

Achieving a Better Life Experience (“ABLE”) Act Board

Request for Proposals No. ABLE 01-18 529A Program/Plan Manager

Notice to Prospective Bidders

May 15, 2018

You are invited to review and respond to this Request for Proposals No. ABLE 01-18 (“RFP”) for 529A Program / Plan Manager Services.

In submitting your proposal, you must comply with all instructions in the RFP. The RFP includes the Sample Standard Agreement the winning bidder will be expected to execute. Note that all agreements entered into with the State of California will include by reference General Terms and Conditions and Contractor Certification Clauses that may be viewed and downloaded online at <http://www.dgs.ca.gov/ols/Resources/StandardContractLanguage.aspx>. **THE TERMS AND CONDITIONS LISTED IN THE STANDARD AGREEMENT OF THIS RFP ARE NOT NEGOTIABLE.** Any proposal submitted with proposed changes to the Standard Agreement’s Terms and Conditions may be considered non-responsive and rejected by the ABLE Act Board. If you do not have Internet access, a hard copy of the RFP, which includes these Terms and Conditions and Certification Clauses, can be provided upon request by contacting the person listed below.

All responses to this RFP must be submitted in electronic form to Dante.allen@treasurer.ca.gov on behalf of the Board no later than **4 p.m. Pacific Time (“PT”) on June 19, 2018**. Faxed submissions will not be accepted. The ABLE Act Board does not accept any responsibility for any proposals that are not submitted to the Board by the indicated deadline. All responsibility for technical difficulties or delays rests with the bidders.

In the opinion of the ABLE Act Board, this RFP is complete and without need of explanation. However, if you have questions or should you need any clarifying information, contact Dante Allen, Executive Director, by email at Dante.allen@treasurer.ca.gov. All questions must be submitted by email by 4 p.m. PT **May 29, 2018**.

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

PLEASE CAREFULLY READ THE RFP AND FOLLOW THE INSTRUCTIONS.

MEMBERS

JOHN CHIANG, CHAIRPERSON
State Treasurer

BETTY T. YEE
State Controller

MICHAEL COHEN
Director of Finance

NANCY BARGMANN
Director of Developmental Services

DR. APRIL LOPEZ
Chairperson of the State Council on
Developmental Disabilities

JOE XAVIER
Director of Rehabilitation

JOSEPH CODY
Chairperson of the State
Independent Living Council

EXECUTIVE DIRECTOR
Dante Allen

TABLE OF CONTENTS

1. PURPOSE AND DESCRIPTION OF SERVICES	4
1.1 Scope Overview	4
1.2 Sample Standard Agreement	4
1.3 Background	4
1.4 Scope of Work	7
1.5 Contract Deliverables and Payment Method.....	10
2. MINIMUM QUALIFICATIONS	11
3. PROPOSAL REQUIREMENTS AND INFORMATION	11
3.1 Schedule (Key Action Dates)	11
3.2 Questions and Answers	12
3.3 Submission of Proposal	12
3.4 Evaluation Process.....	14
3.5 Award and Protest	14
3.6 Disposition of Proposals	15
3.7 Agreement Execution and Performance	15
4. QUALIFICATIONS AND EXPERIENCE	15
4.1 Firm Background and Organization	15
4.2 Compliance	17
4.3 Investment Structure and Experience	17
4.4 Administration, Recordkeeping, Banking and Customer Service	19
4.5 Education and Outreach	21
4.6 Costs	21
4.7 Other Fees.....	23
5. LEGAL, DISCIPLINARY, AND CONFLICT OF INTEREST DISCLOSURES	23
6. CALIFORNIA DISABLED VETERAN BUSINESS ENTERPRISE	24
7. PREFERENCE PROGRAMS.....	24
7.1 Small Business or Microbusiness Preference.....	24
7.2 Non-Small Business Preference	24
7.3 Target Area Contract Preference Act (TACPA)	25
8. REQUIRED ATTACHMENTS	25

REQUIRED ATTACHMENTS

- Attachment 1 - Required Attachment Check List
- Attachment 2 - Proposal/Proposer Certification Sheet
- Attachment 3 - Cost Proposal Worksheet
- Attachment 4 - Bidder References
- Attachment 5 - Minimum Qualifications Certification
- Attachment 6 - Securities and Exchange Commission Form ADV or Proof of Exemption
- Attachment 7 - Key Personnel
- Attachment 8 - Payee Data Record (STD. 204)
- Attachment 9 - Contractor Certification Clauses (CCC 04/2017)
- Attachment 10 - Darfur Contracting Certification
- Attachment 11 - Small Business or Microbusiness Preference (if applicable)
- Attachment 12 - Non-Small Business Preference (if applicable)
- Attachment 13- Target Area Contract Preference Act (TACPA) (if applicable)

Attachment 14 - Audited Financials and SEC Filings
Attachment 15 - Service Organization Controls Reports
Attachment 16 - Bidder Declaration (GSPD-05-105)
Attachment 17 - California Civil Rights Laws Certification
Attachment 18 - Iran Contracting Act Certification
Attachment 19 - Qualification to Do Business in the State of California
Attachment 20 - Statement of Investment Policy

SAMPLE STANDARD AGREEMENT

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

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1. PURPOSE AND DESCRIPTION OF SERVICES

1.1 Scope Overview

The Achieving a Better Life Experience Act Board (“ABLE Act Board”, “Board”, or the “State”) is the administrator of California’s 529A Qualified ABLE Program as defined in Welfare and Institutions Code section 4875(k) (“ABLE Program,” “CalABLE” or “Program”), and the State agency responsible for the effective and efficient administration of the California ABLE Program Trust (“Trust”).

The Board is soliciting proposals from qualified firms, organizations, and/or a consortium of allied financial services companies to serve as Program/Plan Manager for the ABLE Program. A qualified program manager will (i) implement and manage a superior ABLE Program to primarily appeal and be sold directly to the California disability communities and offered nationwide, (ii) offer a range of straightforward investment options with competitive investment performance geared to the anticipated needs and investment objectives of designated beneficiaries, (iii) design a simple and efficient enrollment process, (iv) support the Board’s efforts to reach and educate stakeholders and potential account holders, and (v) provide seamless administration, recordkeeping and responsive customer service, all at the lowest possible cost to investors.

The Program is described in greater detail in Section 1.3 Background. More information about the ABLE Act can be found online at www.treasurer.ca.gov/able. The Board anticipates the Program will be launched in the second quarter of Fiscal Year 2018/2019.

1.2 Sample Standard Agreement

All terms and conditions noted in the Standard Agreement are not negotiable. Proposals that do not accept all items included in the Standard Agreement may be deemed non-responsive and excluded from evaluation. The term of the agreement entered into pursuant to this RFP, if any, will be five (5) years with a Fixed Dollar Cost payment (as defined in Section 1.3 below) by the Board to the Program/Plan Manager to be paid in Fiscal Year 2018/2019 (the “Contract” or the “Agreement”).

1.3 Background

The ABLE Act Board

The California Legislature authorized creation of the Board, Program, and Trust in 2015 (Welfare and Institutions Code section 4875 et seq. (“Act”)), intending it to be a qualified ABLE program as defined in Section 529A of the Internal Revenue Code of 1986, as amended (“Section 529A” or “529A”, and “IRC”, respectively). The Act authorizes Trust investments for a designated beneficiary’s qualified disability expenses. The Board was established to administer the State’s ABLE Program and is the State entity responsible for effective and efficient administration of the Trust. The seven-member Board currently meets monthly. Meetings are held in accordance with the California Bagley-Keene Open Meeting Act and will generally be held in Sacramento, California at the State Treasurer’s Office, 915 Capitol Mall, but may be held at other locations.

In 2016, the California Legislature agreed to provide approximately \$1.5 million over the course of Fiscal Years 2016/2017 and 2017/2018 to the Board for start-up, implementation and administrative costs related to the ABLE Program. An additional \$2 million is available for Fiscal Year 2018/2019 to pay additional Board implementation costs, including up to \$1.1 million for start-up and initial operating costs proposed by the Program/Plan Manager selected as a result of this RFP. The actual payment to the Program/Plan Manager will be the costs proposed in Section 4.6(a) of this RFP (the “Fixed Dollar Cost”) by the Bidder selected, pursuant to this RFP. The Board will be expected to repay all funds to the State from revenues generated by the Program. To that end, the Board will collect revenues in the form of an asset-based State Administrative Fee.

California ABLE Program

The federal Achieving a Better Life Experience Act of 2014 was enacted in December 2014 as Section 529A to provide for tax-advantaged savings programs established and maintained by state entities for eligible individuals with disabilities. In 2015, the State of California passed legislation to create and authorize the Board to establish, implement, and maintain a qualified California ABLE Program (also referred to as "CalABLE") for the residents of California and other contracting states. The California ABLE Program will be established to assist eligible individuals with disabilities to save and pay for qualified disability expenses without jeopardizing their federal means-tested benefits, including Supplemental Security Income ("SSI") benefits. In 2017, the State passed additional legislation to (i) offer CalABLE nationwide, (ii) protect CalABLE accounts from Medi-Cal recovery upon the owner's passing, and (iii) protect CalABLE accounts from money judgments.

CalABLE Education and Outreach

Since July 2016, staff has had a total of 542 stakeholder engagements. Of these, 96 were presentations to various agencies throughout California. In these engagements, especially with potential ABLE account owners, staff asked for preferences for Program features, which we have incorporated into this RFP.

In November 2016, CalABLE hosted its first webinar on the CalABLE Program, which had a total of 294 people attending live, with a total 499 registrants. Since then, another 151 people watched this archived webinar via the GotoWebinar platform. As of April 2018, there have been an additional 733 views of the webinar on YouTube.

The focus of the outreach effort was to incorporate the desires of CalABLE's target population into the design of the Program. For too long, programs have been designed for people with disabilities without much input from the disability community around how those programs will play out in real life for these millions of people and their families. Along with program design features outlined this RFP, the stakeholders we engaged assisted with the creation of the Board's Vision, Mission, and Values Statements. They are as follows and lay the foundation for the Program:

VISION: To provide greater financial security to people living with a disability.

MISSION: To meet the diverse needs of our customers and their families. We pledge to be customer driven, accountable, and a trusted partner in providing financial services. We are committed to transparent, accessible services that meet the needs of our participants.

VALUES:

- **Adaptability and Flexibility** – We will encourage an entrepreneurial mindset to consistently improve and solve problems through creativity and feedback from our customers
- **Humility** – We seek to listen and learn from our participants and our peers.
- **Integrity** – We are committed to operating business in a reliable and trustworthy fashion.
- **Transparency and Accountability** – We will always take ownership and responsibility for our actions and outcomes.
- **Sustainability** – We are committed to growing CalABLE accounts in a responsible manner that will promote long term sustainability of the program and long term growth of account balances.
- **Collaboration** – We will not operate in a silo; we will engage stakeholders at multiple levels to ensure consistency across impacted federal and state agencies.

Survey of Potential Participants

Data on the number of potential eligible Californians, accounts, account size, or transactions has been and remains unavailable. However, from September 19, 2016 to December 23, 2016, the Board conducted a Survey of Potential Participants ("CalABLE Survey") to gain clarity on potential CalABLE participants' demographics, use of public benefits, anticipated contributions, preferred method of contribution, expected use of CalABLE accounts and any concerns regarding the Program. The Survey was developed and administered through SurveyMonkey and distributed electronically and in hard-copy to 60,000 individuals through the following channels: CalABLE electronic listserv, social media (e.g., Facebook and Twitter) and through stakeholder mailing lists and/or their social media.

Based upon a total of 924 respondents, a majority (67%) of whom are parents of potential ABLE account owners, the Board expects that an average CalABLE potential participant may have the following characteristics:

Characteristic	Description	Percent of Respondents
Age	6 to 26 years old	57%
Race	Identifies as "White"	60%
Primary Language	English	93%
Annual Household Income	\$24,999	62%
Use of Public Benefits	Receives SSI/SSDI, Medicaid/Medi-Cal, and low-income housing assistance	70%
Expected Use of CalABLE Account	Long-term investment and/or savings	60%
	Transactional account	38%
Expected Contribution	\$0 to \$14,999	45%

Approximately sixty percent of Survey respondents reported an intent to use CalABLE for long-term investments and savings, while nearly forty percent reported an intent to use their accounts for short-term transactional purposes. With these uses in mind, Survey respondents expressed a strong preference for the following CalABLE account features:

- Low or no fees
- Broad range of investment options
- Debit card or prepaid card
- Safeguards and protective features to help prevent fraud
- Contributions through electronic transfers from a bank account
- Online/website interface in terms of communicating with customer service

Concerns shared by respondents were related to:

- Medi-Cal/Medicaid recovery upon the account owner's death
- Misuse of funds in CalABLE accounts by account owners or legal representatives
- Responsibility of tracking and documenting "qualified disability expenses," in particular because some participants may have cognitive challenges related to their disability that hinder their ability to manage finances adequately

CalABLE Participation Projections

According to the United States Census Bureau, six percent of the California population, or approximately 2.4 million Californians, have a disability. Other estimates vary, for example, the Kaiser Family Foundation estimates that about ten percent of Californians have a disability, or approximately 4 million people. Considering the eligibility criteria for ABLE accounts and consumer report data from the State Department of Developmental Services and the federal Social Security Administration ("SSA"), a conservative assumption would show that about 400,000 people in California might qualify for an ABLE account:

Estimate	Population
2017 California Population	40,000,000

Individuals with Disabilities¹	2,400,000
Potential ABLE-Eligible Individuals²	400,000+

¹ Six percent of total California population.

² One percent of total California population. Includes all forms of ABLE eligibility, including age of onset and self-certification.

1.4 Scope of Work

The following Scope of Work details the Board's services expectations for the Program / Plan Manager.

(a) General Compliance

(i) The Contractor will provide, under the supervision and direction of the ABLE Act Board, all program management services for the compliance, investment, education, administration, banking (including transaction processing), recordkeeping and customer service functions in compliance with all RFP requirements and the resulting contract.

(ii) The Contractor will manage CalABLE in compliance with State and federal laws, including Section 529A, applicable Treasury and SSA requirements and regulations, applicable Municipal Securities Rulemaking Board ("MSRB") and Securities Exchange Commission ("SEC") requirements and other State and federal requirements.

(iii) In the event applicable final Treasury and SSA rules and regulations are not issued prior to the launch of CalABLE, the Contractor will undertake to comply with final rules and regulations once issued within a commercially reasonable period of time to the satisfaction of the Board.

(iv) On an ongoing basis, the Contractor will monitor for changes in the legal and regulatory environment that may materially affect the Plan, and it will make recommendations for amendments or supplements to the Plan processes and offering materials.

(v) The Contractor must adhere to the Board's applicable standards and policies, as and when adopted by the Board. The Contractor must comply with the Americans with Disabilities Act ("ADA") and Section 508 of the Rehabilitation Act ("Section 508") for any disclosures, plan descriptions, participation agreements and Program forms, and website.

(vi) Services shall be performed at the offices of the Contractor, appropriate affiliates, subsidiaries and subcontractors. The Contractor, affiliates, subsidiaries and subcontractors must provide services in compliance with all federal and State regulatory bodies.

(vii) The Contractor will designate a dedicated key personnel team to serve the Board and it will notify the Board of any changes to the management or composition of that team as they occur. Such changes include re-assignments, resignations, terminations, additions or other changes to the employment status or composition of the professionals assigned to the team.

(viii) All work to be performed by the Contractor will be reviewed by the Board or its designee. Such review will not relieve the Contractor of any liability in connection with such work.

(ix) The Contractor must assist the Board with launching CalABLE as soon as possible in Fiscal Year 2018/2019.

(b) Investment Services

(i) The Contractor must develop and recommend investment options which, first and foremost, are consistent with the objectives of the Program, and within that constraint, encompass a range of expected risk and return opportunities, to allow for an expected rate of return commensurate with an expected level of risk to meet the investment goals of eligible participants. To that end, recommended investment options, underlying funds and fee structures must appeal to both long-term savers and short-term transactional users with various risk tolerances, investment objectives, account owner ages, liquidity needs and varying contribution levels. Investments should be simple yet offer maximum flexibility to satisfy various account owner objectives and needs. The

recommended investment options should present low-cost choices that are easily communicated to, and understood by, eligible participants (or, where applicable, their authorized legal representatives). The Board must approve any and all recommended investment options.

(ii) The Contractor must include a suite of Target-Risk portfolios as part of the proposed investment options. At a minimum, these investment options should include a Conservative, Moderate and Aggressive investment option.

(iii) The Contractor must offer a federally-insured checking and/or traditional savings account option, with the opportunity to offer a debit card or prepaid card feature to CalABLE account owners.

(iv) The Contractor must recommend underlying investments from recognizable and well-regarded investment managers. Recommended underlying investments may come from a single mutual fund company or from multiple investment managers. In either case, the Contractor must support its recommendations to the Board, demonstrating the superiority of the recommendation over other possible underlying investments. To that end, underlying investments must have at least \$500 million AUM and a minimum 3-year track record so that investment merit can be analyzed prior to inclusion in the Program.

(v) The Contractor must strive to include low-cost underlying funds within the Program, and in general, assess the relative operating costs of a fund against the relative benefit of utilizing that specific fund in the Program.

(vi) The Contractor will comply with the Statement of Investment Policy (“Investment Policy Statement”) approved by the Board and included as Attachment 20 to this RFP.

(vii) The Contractor will comply with Monitoring Procedures and Criteria to be established by the Board and by which the Contractor’s performance will be measured. The Contractor must also demonstrate that it (and any investment management subcontractor(s)) has rigorous internal monitoring procedures in place for the funds and investment vehicles proposed as underlying investments.

(viii) The Contractor shall provide regularly scheduled investment performance reports compared to agreed-upon benchmarks. The Contractor should expect to provide these reports on a quarterly basis, at a minimum.

(ix) On at least a quarterly basis, and more frequently as necessary, the Contractor must inform the Board about significant changes in the investment climate, market conditions or investment philosophies that could affect CalABLE investments.

(c) Administration, Recordkeeping, Banking, and Customer Service

(i) The Contractor will administer the Program, maintain all records, and comply with all applicable laws and reporting requirements set forth under Section 529A, the SSA, the California Franchise Tax Board (“FTB”), federal and State securities regulators, and Board-imposed administrative performance criteria. The Contractor’s reporting requirements include the annual report and audit of the Plan as may be required in Section 4881 of the Welfare and Institutions Code.

(ii) Required Administrative Services include the following:

A. Provide enrollment online and make available a central mailing location that can receive express deliveries and deliveries by normal U.S. postal services.

B. Maintain contact information for account beneficiaries and authorized legal representatives, as applicable.

C. Provide separate accounting for each account, including account payment and distribution history.

D. Provide banking services to process contributions through ACH or physical delivery of checks, and process withdrawals via check or, if possible, ACH transfers to designated and allowable payees.

E. Monitor limitations on maximum annual contributions, twice-per-year investment changes, account balances for SSI benefit purposes (currently \$100,000), and maximum limits for overall account balances.

F. Provide daily NAVs; generate and distribute periodic statements and Internal Revenue Service ("IRS") forms (e.g., 1099-QAs and 5498-Qs).

G. Provide 24/7 online account access and account maintenance.

H. Provide account information on a monthly basis to SSA and IRS.

I. Implement a fraud prevention program.

J. Process rollovers to/from Qualified ABLE programs; SSI and SSDI direct deposits; payroll direct deposits; and requests for Program literature and forms and any other reasonably-related administrative services necessary to operate CalABLE.

K. Develop and provide a secure and ADA-compliant website, which provides access to account information.

L. Develop and provide updates to official disclosure statements.

(iii) The Contractor must keep and protect the confidentiality of personal information, including identification numbers or account codes in accordance with all applicable federal and State laws.

(iv) The Contractor's customer service representatives must be knowledgeable about CalABLE, provide information about the impact of ABLE account on any assets on federal means-tested benefits, and engage in responsive phone conversation.

(v) At a minimum, live customer service will be required from 9:00 a.m. to 5:00 p.m. PT, Monday through Friday, except holidays. These customer service representatives must be available on the phone and, if possible, through an online/website interface, as indicated by the CalABLE Survey respondents. There also must be a voice response unit and online servicing access in all other hours.

(vi) The Contractor shall provide required monthly reports to federal and State entities regarding accounts and account activity. The Contractor will also provide regularly scheduled reports to the Board regarding the number of new accounts and assets generated for the agreed-upon time period and currently in existence, any relevant account activity, and other program administration information prescribed by the Board.

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

(viii) The Contractor must attend or be represented at all Board meetings (currently held monthly) unless otherwise notified by the Board Chair or his or her designee, and provide Program-related reports as requested by the Board or its staff.

(ix) The Contractor must also respond to the need for telephone consultation within a 24-hour period and be available at minimum to the Board and the staff between the hours of 9 a.m. to 5 p.m. PT.

(x) Upon request, the Contractor shall provide the Board access to all files, records, documents and data pertaining to the Plan that are in its possession and control, regardless of how that information is stored ("Plan Records"). The Plan Records shall be provided in a reasonable time and in a form acceptable to the Board. At its expense, the Contractor also shall provide the Board

all Plan Records in a useable electronic form after notice from the Board that the Agreement will terminate.

(xi) The Contractor’s performance will be measured by administrative performance criteria, which the Board will establish (“Administrative Benchmarks”) once a Bidder is chosen and which will be included in the Agreement. The Board and/or the Contractor may review and recommend modifications to the Administrative Benchmarks on an annual basis based on industry norms and national trends; any modifications will require approval by the Board.

(d) Education and Outreach

(i) The Contractor must support the Board in its efforts to reach and educate eligible individuals nationwide about the CalABLE Program.

(ii) The Contractor must provide or otherwise enable investor education and outreach across California specifically, including at a minimum, a tri-fold brochure (or similar introductory piece), an enrollment guide, and disclosure documents, all of which must be offered in Spanish.

(iii) In connection with the Program launch, the Contractor will develop and provide collateral including, at a minimum, banners, posters and exhibit materials.

(iv) The Contractor will provide regularly scheduled reports on program metrics including, among other items to be agreed upon, enrollment and contribution rates, withdrawal rates, and investment option choices by account owners.

1.5 Contract Deliverables and Payment Method

The Contractor will be expected to deliver each element outlined in the Scope of Work included in Section 1.4. The Scope of Work translates generally into the following Deliverables:

Categories of Deliverables	
General Compliance	
1	Program management in accordance with all applicable laws, rules and regulation
2	Delivery of all services in accordance with agreed-upon performance standards
Investment Services	
3	Confirmation of Investment Options
4	Identification and approval of Underlying Investments
Administration, Recordkeeping, Banking, and Customer Service	
5	Development and testing of enrollment platform
6	Design and testing of public website
7	Operation of recordkeeping System
8	Agreement on Board reporting
9	Installation and training of customer service center and personnel
10	Integration of trust and custodial services
11	Establishment of banking and transaction services
12	Design and integration of debit or prepaid card
Education and Outreach	
13	Development of key materials in English and Spanish
14	Production of key materials, including materials for the launch
Other Contractor Deliverables	

Categories of Deliverables
Ongoing Operations

The Contractor will use the general Deliverables to establish a project plan for a projected Program launch during the second quarter of Fiscal Year 2018/2019. The project plan, which will reflect all Deliverables consistent with the Scope of Work, will be provided in the Bidder's response to Question 4.1(g). Ultimately, the project plan will form the basis for the Cost Proposal Worksheet in Attachment 3. Based on the Cost Proposal Worksheet, the Contractor will submit invoices for review and approval (as described in Exhibit B of the Sample Standard Agreement). Invoices will clearly identify and certify the milestones achieved in connection with the specified Deliverables (including ongoing operations) and the Scope of Work, from the effective date of the Contract through June 30, 2019.

2. MINIMUM QUALIFICATIONS

Bidder must complete Attachment 5 certifying that the Bidder meets the following minimum qualifications.

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

- (a) Bidder(s) must hold and maintain all licenses and registrations required by or otherwise comply with applicable federal and State laws for businesses offering securities, investment and municipal advisory services. All licenses and registrations must be current and in good standing.
- (b) Bidder must be qualified to do business in the State of California and must provide either (i) evidence of registration from the California Secretary of State or (ii) certification that no impediments to registration exist.
- (c) Bidder(s) may not currently or during the term of the Agreement executed pursuant to this RFP have a contractual or other business relationship with the Board's ABLE consultant (AKF Consulting) or with its investment consultant (Pension Consulting Alliance).
- (d) Bidder must provide or include subcontractors or partners that collectively can provide the services detailed under Section 1.4 Scope of Work, including (i) general compliance, (ii) investment services, (iii) administration, recordkeeping, banking and customer service, and (iv) education and outreach.
- (e) Each underlying investment proposed by the Bidder must have at least \$500 million in assets under management and at least a three-year track record.

3. PROPOSAL REQUIREMENTS AND INFORMATION

3.1 Schedule (Key Action Dates)

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

Date	Action
May 15, 2018	RFP Available to Prospective Bidders
May 29, 2018, 4pm PT	Deadline for Written Question Submissions
June 1, 2018	Answers to Written Questions Distributed
June 19, 2018, 4pm PT	Deadline for Proposal Submissions

Date	Action
June 20 – July 8, 2018	Evaluation of Proposals
July 9, 2018	Notice of Intent to Award
July 17, 2018	Proposed Award Date
August 16, 2018	Commencement of Contract (pending Board and DGS approval)
Second Quarter Fiscal Year 2018/2019	Launch of CalABLE

The Board reserves the right to change the above dates and times, and, if so, an addendum to the RFP will be issued, available online at www.treasurer.ca.gov/ABLE, and potential Bidders that submit contact information in accordance with Section 3.3(l) of this RFP will be notified via email. The Board also reserves the right to reject all bids and not to award an agreement at all.

3.2 Questions and Answers

In the opinion of the Board, this RFP is complete and needs no further explanation. However, if you have questions, or should you need any clarifying information, you may submit written questions no later than 4pm PT on **May 29, 2018** by email to Dante.allen@treasurer.ca.gov or by fax to (916) 589-2860.

Answers to all written questions received by 4pm PT on **May 29, 2018** will be available online at www.treasurer.ca.gov/able by close of business on **June 1, 2018**.

3.3 Submission of Proposal

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

(b) In preparing proposals, Bidders must:

(i) Include a cover letter stating:

- A. The name, address, email, phone and fax numbers of the principal contact responsible for the oversight of the engagement. Indicate the availability of this person for meetings with Board and Board staff.
- B. The name, address, email, phone and fax numbers of the project representative who will be available to the Board and its staff on a day-to-day basis during the term of the Agreement.
- C. The name, address, email, phone, fax number and name of a key contact at each partner, if a consortium, and subcontractor, and what the person would be responsible for under the Agreement.

(ii) List responses to each Question in Sections 4 and 5 in the same order as listed in this RFP.

(c) All proposals must be submitted in electronic copy via email to Dante.allen@treasurer.ca.gov by **4pm PT on June 19, 2018**, unless the Board provides notice that the date has been changed. **Proposals received after this date and time will not be considered.** Proposals received by fax will be rejected. Bidder takes full responsibility for any technical difficulties that may prevent timely delivery of a proposal.

(d) **Proposals that omit the Minimum Qualifications Certification that is included in Attachment 5 of Section 8 will not be considered.** Proposals shall include each of the required attachments on the Required Attachment Check List. Proposals that do not comply with the requirements of the RFP shall be deemed non-responsive. This includes not meeting the minimum qualifications outlined in Section 2 of this RFP and failure to submit all required attachments outlined in Section 8 of this RFP. A proposal deemed non-responsive will be rejected.

- (e) The Board reserves the right to reject all bids and not to award a Contract pursuant to this RFP.
- (f) Proposals must be submitted for the performance of all the services described herein. Any deviation from the work specifications will not be considered and will cause a proposal to be rejected.
- (g) A proposal may be rejected if it is conditional or incomplete, or if it contains any alterations of form or other irregularities of any kind. The Board may reject any or all proposals and may waive any immaterial deviation in a proposal. The Board's waiver of immaterial defects shall in no way modify the RFP document or excuse the Bidder from full compliance with all requirements if awarded the Agreement.
- (h) The Bidder is solely responsible for the costs of developing proposals and costs incurred in anticipation of award of the Agreement. Such costs shall not be charged to the Board.
- (i) An individual who is authorized to bind the proposing firm contractually shall sign Required Attachment 2 in Section 8, the Proposal/Proposer Certification Sheet. The signature must indicate the title or position that the individual holds in the firm. An unsigned proposal may be rejected.
- (j) A Bidder may modify a proposal after its submission by withdrawing its original proposal and resubmitting a new proposal prior to the proposal submission deadline as set forth in the Schedule (Key Action Dates) in Section 3.1 of this RFP. The submission of a new proposal must comply with the requirements in this section. Proposal modifications offered in any other manner, oral or written, will not be considered.
- (k) A Bidder may withdraw its proposal by submitting a written withdrawal request to the Board, signed by the Bidder or an agent authorized in accordance with subsection j) in this Section 3.4 above. A Bidder may thereafter submit a new proposal prior to the proposal submission deadline. Proposals may not be withdrawn without cause subsequent to the proposal submission deadline.
- (l) The Board may modify this RFP prior to the date fixed for submission of proposals by the issuance of an addendum to all interested Bidders providing contact information, including an email address and phone number. The contact information should be provided to Dante Allen at Dante.allen@treasurer.ca.gov by June 1, 2018, when the Board will provide answers to any questions submitted in accordance with Section 3.2 of this RFP. The Board will also provide updates by email to all Bidders who have expressed interest and provided contact information.
- (m) Upon announcement and release of this RFP and until selection of the winning Bidder (and notice of intent to award the agreement), Bidders (or potential Bidders) are not permitted to communicate with the Board, its staff or its Consultants with respect to the RFP except in connection with process and procedures related to the RFP. Any communication must be directed to Dante Allen at Dante.allen@treasurer.ca.gov.
- (n) Bidders are cautioned to not rely on the Board to discover and report to the Bidder any defects and errors in the submitted documents. Before submitting their proposals, Bidders should carefully review them, correct all errors, and confirm compliance with all of the RFP requirements.
- (o) More than one proposal from any firm, organization, partnership, corporation or association under the same or different names, will not be considered. Reasonable grounds for believing that any Bidder has submitted more than one proposal for the work contemplated herein will cause the rejection of all proposals submitted by that Bidder. If there is reason for believing that collusion exists among the Bidders, none of the participants in such collusion will be considered in this or future procurements.
- (p) Where applicable, Bidder should carefully examine work sites and specifications. No additions or increases to the agreement amount will be made due to a lack of careful examination of work sites and specifications.

(q) No oral understanding or agreement shall be binding on either party.

3.4 Evaluation Process

(a) All proposals will be reviewed by an Evaluation Committee. The initial review of the proposals will confirm that all information has been submitted in conformity with the requirements of this RFP. The absence of required information will cause a proposal to be deemed nonresponsive and may result in the proposal's disqualification. Responsive proposals will then be scored according to criteria herein. Proposals that do not accept the Terms and Conditions contained in the Standard Agreement may be considered non-responsive and rejected by the ABLE Act Board. The scored categories and the corresponding weighting of each scored category is as follows:

Evaluation Criteria	Weighting
Firm Background, Organization and Compliance	10 points
Investment Structure and Experience	25 points
Administration, Recordkeeping, Banking and Customer Service	25 points
Education and Outreach	10 points
Costs: 15 points for Fixed Dollar Cost 15 points for Account Maintenance Fees	30 points
Total	100 points

The Evaluation Committee will allot points for each component of the RFP, up to 100 points. If necessary, the Evaluation Committee will provide all Bidders with a common list of questions it deems necessary to clarify the written proposal.

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

Percent of Maximum Score Allotted to Particular Weighted Criterion

100% - Excellent response backed by demonstrated ability.

85% - Good response backed by demonstrated ability.

75% - Fair response backed by demonstrated ability.

60% - Poor response.

0% - Bidder does not demonstrate ability.

(c) Proposals that contain false or misleading statements or provide references that do not support an attribute or condition claimed by the Bidder may be rejected. If, in the opinion of the Board, such information was intended to mislead the Board in its evaluation of the proposal, and the attribute, condition, or capability is a requirement of this RFP, it will be the basis for rejection of the proposal.

(d) The Evaluation Committee will review all proposals for the quality of the written proposal, including clarity and thoroughness of the responses.

(e) The Contract will be awarded to the responsible and responsive Bidder with the highest total score.

(f) The Board is not required to award an Agreement.

3.5 Award and Protest

(a) Notice of the proposed award shall be posted in a public place at the Office of the Board, 915 Capitol Mall, Room 590, Sacramento, CA 95814 and online at www.treasurer.ca.gov/able for five (5) working days prior to awarding the agreement.

(b) If any Bidder, prior to the award of the agreement, files a protest with the Board and the DGS Office of Legal Services, 707 Third Street, 7th Floor, Suite 7-330, West Sacramento, CA 95605, on the grounds provided under Public Contract Code Section 10345(b), the agreement shall not be awarded until either the protest has been withdrawn or DGS has decided the matter. It is suggested that any protest be submitted by certified or registered mail.

(c) Within five (5) days after filing the initial protest, the protesting Bidder shall file with the Board and the DGS Office of Legal Services a detailed written statement specifying the grounds for the protest. It is suggested that this detailed written statement be submitted by certified or registered mail.

3.6 Disposition of Proposals

(a) Upon proposal opening, all documents submitted in response to this RFP will become the property of the Board and the State, and will be regarded as public records under the California Public Records Act (Government Code Section 6250 et seq.) and subject to review by the public.

(b) The Board has the right to use any or all ideas or concepts presented in any proposal. Selection or rejection of the proposal does not affect this right.

3.7 Agreement Execution and Performance

(a) Performance shall start on the agreement start date, or on the express date set by the Board and the Contractor, after all approvals have been obtained and the agreement is fully executed. If the Contractor fails to commence work at the agreed upon time, the Board, upon five (5) days written notice to the Contractor, reserves the right to terminate the agreement. In addition, the Contractor shall be liable to the State for the difference between Contractor's proposal price and the actual cost of performing work by another contractor.

(b) All performance under the agreement shall be completed on or before the termination date of the agreement.

(c) The Sample Standard Agreement contains the language that the Board expects to utilize for this engagement. Once this RFP has been issued, the terms of the Standard Agreement are non-negotiable. The term of the agreement entered into pursuant to this RFP, if any, will be five (5) years from the date the Contract is executed. The Agreement may require approval by the Department of General Services ("DGS"). In no event shall services be performed prior to approval by the DGS Office of Legal Services, if required.

4. QUALIFICATIONS AND EXPERIENCE

Questions in this Section 4 are intended to demonstrate the Bidder's qualifications. Points will be awarded for the Bidder's response(s) to each question. The allocation of points is defined in Section 3.4 of this RFP entitled "Evaluation Process." Questions should also be answered for each relevant partner or subcontractor. In preparing proposals, the Bidder must list each question and then provide the Bidder's response to that question in the same order listed in this RFP.

4.1 Firm Background and Organization

(a) Explicitly identify the entity that will serve as the Agreement party, as well as all affiliates, subsidiaries, subcontractors and other entities that will provide services to meet the requirements of this engagement.

(b) If the Agreement party is not a parent entity, indicate your willingness to provide a parent guarantee, irrevocable letter of credit, surety bond, or specify an alternative to ensure performance of the services to be provided pursuant to the Agreement.

(c) Please provide evidence of your firm’s registration with the California Secretary of State in Attachment 19. If your firm is not already registered, please acknowledge your awareness that qualification to do business in the State of California is a minimum requirement of this RFP and the failure to evidence qualification upon award of the Agreement will preclude the Board from moving forward with an Agreement.

(d) Please describe your California presence, if any. From what geographic location or locations would you provide the services sought by this RFP?

(e) Complete the table in Attachment 7 of Section 8 identifying all key personnel who will be responsible for performing services pursuant to this RFP. This should include: the executive with overall responsibility for the firm’s engagement to the Board, the day-to-day manager, the investment professional responsible for the overall investment structure, and the senior-most professional(s) responsible for administration, recordkeeping and customer service (hereafter referred to as Key Personnel). Please also include the individual who will assist with education and outreach. Provide professional resumes for each of these individuals in Attachment 7.

(f) Please indicate in the following table whether your firm currently manages or otherwise provides services similar to those sought by this RFP to a 529, 529A or comparable plan. If so, list the details, including type of program (529 prepaid, 529 savings, ABLE or other), number of accounts and assets, services provided (specify if acting as a subcontractor), and the start and expiration dates of your current contract(s).

State Client	Plan Type	12/31/2017		Services Provided	Length of Service
		Assets	Accounts		

(g) In light of the details included in the Scope of Work in Section 1.4 and the Categories of Deliverables outlined in Section 1.5, please provide a project plan showing necessary activities for a launch in the second quarter of Fiscal Year 2018/2019 (October 1 – December 31, 2018). Please note that the project plan should be used to establish milestones for the Cost Proposal Worksheet included in Attachment 3. Do you have any issues or concerns that could impede a Program launch by December 31, 2018?

(h) Are you registered or exempt from registration under the Investment Advisors Act of 1940, the Securities Exchange Act of 1934, as amended, any state regulatory agency, or any federal department or agency? If you claim exemption, please explain the basis for your exemption.

(i) The Securities Exchange Commission (“SEC”) has determined that investments held in 529 and 529A accounts are municipal securities. As a result, the SEC’s rules related to municipal advisors apply to firms engaged as advisors or consultants to 529A plans. Please explain how your firm intends to comply with those rules if selected as the CalABLE program manager.

(j) Are you current on all required SEC and other regulatory filings? If no, please explain.

(k) Are you a member of SIPC, FDIC, or NCUA? If SIPC, state the amount of SIPC protection.

(l) Attach a copy of or provide an online link to your most recent audited financial statements and the immediately preceding two years. If audited financial statements are not available, provide a copy of or access to your most recent unaudited financial statements or annual report and the immediately preceding two years as compiled, reviewed and attested by an independent certified public accountant or certified accurate by your Chief Financial Officer.

(m) What will distinguish your service in support of CalABLE and how will you make CalABLE the most attractive option for Californians?

(n) If your firm was involved in the launch of or currently provides services to another ABLE Plan, please describe any suggestions regarding the launch of CalABLE, drafting of program rules or other aspects of an ABLE plan that would benefit from your experience.

4.2 Compliance

(a) Describe how you will ensure that all access to services and materials will be compliant with ADA, Web Content Accessibility Guidelines (“WCAG”) 2.0 (Level AA), and Section 508 of the Rehabilitation Act, use person-first language, and be easily understandable by individuals who are not sophisticated investors.

(b) Describe your firm’s procedures to ensure compliance with the requirements of Section 529A and other applicable laws, including the IRS, SSA, MSRB, the SEC, and California statutes and regulations. Do you have a procedures manual in place for 529A programs?

(c) Upon Program launch, identify whether you would offer a distribution process that allows a withdrawal to be made through a debit card or prepaid card. If so, describe your Payment Card Industry Data Security Standard (“PCI DSS”) compliance status and program. Do you have current PCI DSS certification? If yes, what level certification do you have?

(d) Identify the independent accounting firm that provides audit and other attestation services to your firm or your affiliates, if applicable. Please provide copies of the most recent SOC1 and SOC2, Type 2 reports covering the activities of your organization that will provide the applicable services to the Program under your proposal (Attachment 15 in Section 8). If your proposal includes subcontractors, indicate if the SOC1 report is performed under SSAE16 or SSAE18. If SSAE 16, describe your oversight and risk management procedures to ensure the operating effectiveness of your subcontractors. To the extent your firm does not have either of the SOC1 or SOC2 reports, describe your plans and timing to provide such reports in the future.

4.3 Investment Structure and Experience

(a) Please complete the following table showing the investment options you propose to offer, including the asset allocations of Target-Risk, multi-asset investments (the “Proposed Investment Options” or the “Investment Options”). Your response should distinguish between passive and active Options.

Proposed Investment Option	Multi-Asset Class (Y/N)	Asset Allocation (% to each Asset Class)

(b) Complete the following table for each underlying investment that you propose to include in the Investment Options identified in 4.3(a) immediately above. If the underlying investment is not a registered mutual fund, then write "N/A" on the categories that do not apply. Attach additional sheets if necessary.

Underlying Investment	Investment Option Included in:	Ticker	Share Class	Total Annual Fees (bps)	Revenue Sharing (bps)	AUMs as of 12/31/2017

(c) In the context of asset allocation, discuss how the Proposed Investment Options and the underlying investments identified in your responses to 4.3(a) and 4.3(b), respectively, are consistent with your understanding of the investment objectives of the ABLE Plan and the expected needs of eligible participants.

(d) If the underlying investments in 4.3(b) above include proprietary funds, would you agree to multiple, non-proprietary investment managers and, if so, is there a maximum number or percentage of unaffiliated investment managers you would accept? If you do not agree with a multi-manager platform at the start, would you consider substituting non-proprietary funds in the future if proprietary funds consistently underperform their benchmarks?

(e) If the underlying investments in 4.3(b) are from non-affiliated investment managers, explain the choices you have made and why. If not already included under "Revenue Sharing" in the chart in 4.3(b), please provide information about revenue sharing arrangements, if any, that you intend to establish. The Board expects to be informed of any such arrangements currently in place or to be implemented in the future.

(f) Complete the following table showing the proposed fee structure for each Proposed Investment Option included in your response to 4.3(a) above. If your proposed fee structure cannot be captured in this chart, please explain the structure and specify the fees.

Proposed Investment Option	Estimated or Actual Investment Expense (bps)
[List all options included in your response to 4.3(a) above]	

(g) Please describe the structure of the Investment Option that would be offered for account owners who intend to use the account for transactional purposes. Will the investment be guaranteed (whether through federal insurance or otherwise)? Please provide its yield as of March 31, 2018.

(h) If you don't already have a financial services institution proposed for a federally-insured Investment Option, please indicate your willingness to work with a California-based financial or other institution to offer a federally-insured Investment Option.

(i) While the Board is interested in offering a suite of low-cost Target-Risk Investment Options and an Investment Option for transactional account owners, if your firm believes other investment options should be considered, please provide your reasoning and recommendation. Please specify how these other options would help meet the needs of CalABLE participants.

(j) The Board has learned that ABLE programs throughout the nation experience a significant drop in the enrollment process when people reach the page where investment options are chosen. This aligns with information the Board gathered during its stakeholder engagement. Since investment decisions can be intimidating to people, how can your firm make that decision less daunting for prospective participants?

(k) Describe the internal procedures your firm uses to monitor the performance of its funds and its fund managers.

(l) Describe your firm's risk management governance and integration of risk management across your organization. Detail the reporting chain for the risk team when issues are identified.

(m) Describe in detail the data, information, and advice you will provide the staff and Board on a monthly or quarterly basis to analyze and interpret the investment results of CalABLE. Provide at least one recent client report, similar to what you would provide to the Board.

4.4 Administration, Recordkeeping, Banking and Customer Service

(a) Describe the recordkeeping system that you propose to use for the Program. Do you currently use the system, and if so, how long have you used it?

(b) Describe your technical environment, including hardware, application and database software. Include the security features of your operating systems, including daily back-up procedures, disaster recovery plans, and business continuity plans. Indicate when a disaster recovery test was last performed. Confirm your disaster recovery location is off-site in a secure location.

(c) What are your fraud protection practices? Describe how you will prevent misuse of funds in CalABLE accounts by either the account owner or by the individual who has legal authority to manage it.

(d) Please confirm that you will be able to comply with and provide the following reports:

- (i) Monthly reports to SSA as required
- (ii) Quarterly reports to the Board on new accounts and assets, investment performance, fees, administrative, customer service and other agreed-upon Program metrics
- (iii) Ad hoc reports on a periodic basis
- (iv) Audited financial statements annually
- (v) 1099-QA, 5498-Q and other requirements of the IRS
- (vi) Quarterly and annual account statements by mail and or electronically if approved by the recipient

(e) Describe the enrollment processes (both paper and online) you would offer. Include your process for maximizing the accuracy of the information entered into your database.

(f) The Program Manager will be required to provide direct banking services for the processing of contributions and withdrawals and will not be able to utilize the State's banking relationships for such purposes. Please identify the banking institution you will use to process contributions and withdrawals. Does this banking institution offer a debit card that can be linked to an ABLE Account or a prepaid card that can otherwise receive transfers from an ABLE Account?

(g) If you do not have a banking institution that you work with regularly, please describe the process you would use to solicit banking services. Would you be willing to partner with a California-based institution?

(h) What do you propose as the minimum initial investment and the minimum subsequent investment in the ABLE Plan? Specify whether different minimum initial and subsequent investments apply to accounts with automatic contributions.

(i) Would you agree to provide the Board with electronic access to account information? If so, would that access be real time? If not, what would be the delay in providing account information?

(j) Describe in detail the account information and transaction history that would be accessible on the "My Account" website. Would you provide online/website interface in terms of communicating with customer service?

(k) Can you provide the ability to direct distributions to be made via electronic transfer, paper check and a debit or prepaid card? If a debit or prepaid card is not available at launch, when would it be available?

(l) Include any relevant information you will provide or require regarding rollovers to and from other 529A programs.

(m) Describe your process for identifying when a recipient of program-to-program rollover is an eligible individual who is also a member of the family of the current designated beneficiary or when the 60-day requirement described in the Treasury proposed regulations to implement Section 529A has been satisfied.

(n) Describe how you would handle accounts when notified of the death of an account owner.

(o) Describe how you would respond to claims filed by a state Medicaid agency for repayment of Medicaid services.

(p) Describe whether dedicated customer service staff will be assigned to CalABLE. Where is the customer service staff located?

(q) Describe your procedures for monitoring account owner satisfaction, including your process for tracking, monitoring, and handling customer complaints.

(r) Is the customer service you provide under other contracts evaluated or audited by any third-parties? If permissible, provide the last two audits or evaluations.

(s) Confirm that you will be able to provide, at a minimum, customer service from 9 a.m. to 5 p.m. PT Monday through Friday, except for days that the NYSE is closed. Describe your ability to provide additional customer service during hours outside of 9 a.m. to 5 p.m. PT.

(t) Provide the following call center statistics for the quarter ended December 31, 2017. Identify the program(s) for which Call Center statistics are related to.

- (i) Number of calls
- (ii) Number of calls answered
- (iii) Number of calls abandoned
- (iv) Average wait time
- (v) Average talk time
- (vi) Average hold time

(u) Indicate any additional staffing, including customer service staff that you would add if you are

awarded a contract.

(v) Describe the credentials and training of your proposed customer service staff.

(w) Describe your online account services for use by account holders for account inquiry and maintenance, including any transactional capabilities. How often is it updated?

4.5 Education and Outreach

(a) Please describe your firm's experience (i) providing outreach and educational materials to persons with disabilities or (ii) working with any organization that represents persons with disabilities? If applicable, provide work samples of such materials.

(b) Describe any ways in which you would propose to work with national and California-based disability advocacy and service provider groups to reach eligible individuals and their family members to promote CalABLE awareness and participation.

(c) Are you currently under contract to provide services for another ABLE program? If so, how would you differentiate between education and outreach materials for CalABLE versus the other ABLE program?

(d) The Board has limited internal resources; please describe how you would advise the Board to market CalABLE. Please also describe how you will support the Board's efforts to reach and educate CalABLE stakeholders.

(e) Please indicate whether you would be willing to provide other educational supplements or resources in addition to the required web-site development, tri-fold and enrollment guide. Does your firm have California-based employees who would be available to provide information to the general investing public?

(f) Describe what your firm or entity does on an ongoing basis to market your organization and any research demonstrating name brand recognition of your firm. With this in mind, how do you envision the interplay between your firm's brand and the CalABLE brand for marketing materials?

(g) Describe your views on using the Internet (and specifically social media) to market CalABLE. What information or tools will you make available online?

(h) Please provide your targets for CalABLE assets and accounts at the end of Years 1 to 5. Each year's figures should be cumulative.

Year End	Assets	Accounts
1		
2		
3		
4		
5		

4.6 Costs

The formulas described below shall be used for the award of points for a) the **Fixed Dollar Cost** proposal, and b) the annual **Account Maintenance Fee**. Note that any fees not included in your responses to 4.6 (a) or (b) **will not** be accepted.

The Board will impose an asset-based fee to repay all funds advanced by the State for CalABLE's start-up and operating costs, and to recover the ongoing expenses of administering the Program.

(a) Fixed Dollar Cost – 15 maximum points

Using the Cost Proposal Worksheet in Attachment 3, please provide the Fixed Dollar Cost to be charged to cover the Scope of Work and Deliverables (including ongoing operations) set forth in Sections 1.4 and 1.5 of this RFP.

The proposal with the lowest **Fixed Dollar Cost** shall be awarded a maximum 15 points. Other proposals shall be awarded Fixed Dollar Cost points based on the following calculation:

- $(\text{Lowest Bidder's Fixed Dollar Cost}) / (\text{Other Bidder's Fixed Dollar Cost}) = (\text{Factor})$
- $\text{Fee Points awarded to Other Bidder} = (\text{Factor}) \times (\text{Maximum Points})$

EXAMPLE:

- A maximum of 15 points is available. The Bidder with the lowest Fixed Dollar Cost receives the maximum 15 points.
- Lowest Bidder's Fixed Dollar Cost = \$875,000
Other Bidder's Fixed Dollar Cost = \$1,000,000
- $(\text{Lowest Fixed Dollar Cost proposal} / \text{Other Fixed Dollar Cost proposal}) = \$875,000 / \$1,000,000 = 0.875$
- $\text{Points awarded to Other Bidder} = 0.875 \times 15 \text{ maximum points} = 13.125 \text{ points}$

(b) Account Maintenance Fee – 15 maximum points

Please indicate the annual dollar-based Account Maintenance Fee you will charge each account. Also, please specify when the Fee will be charged against each account (e.g., monthly, quarterly, etc.). Finally, please indicate whether any break-points will be provided for the stated annual Fee during the term of the Contract.

The proposal with the lowest **Account Maintenance Fee** shall be awarded a maximum 15 points. Other proposals shall be awarded Account Maintenance Fee points based on the following calculation:

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

EXAMPLE:

- A maximum of 15 points is available. The Bidder with the lowest Account Maintenance Fee receives the maximum 15 points.
- Lowest Bidder's Account Maintenance Fee = \$30
Other Bidder's Account Maintenance Fee = \$60
- $(\text{Lowest Account Maintenance Fee proposal} / \text{Other Total Account Maintenance Fees proposal}) = \$30 / \$60 = \frac{1}{2}$

➤ Points awarded to Other Bidder = $\frac{1}{2} \times 15$ maximum points = 7.5 points

4.7 Other Fees

Provide any account opening or other transaction-related fees that could be charged to the account owners. These fees will not be part of the evaluation, but any fee not included in your proposal will not be accepted.

5. LEGAL, DISCIPLINARY, AND CONFLICTS OF INTEREST DISCLOSURES

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

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

1) Since January 1, 2013, advise if your firm or any related entity, any partner, officer, principal, investment officer, portfolio manager, research analyst, trader, or management level employee of your firm has (i) been subject to criminal action under either federal or state law or (ii) been convicted or pleaded no contest in a case stemming from a felony indictment under federal or state law. Any such action, conviction, or plea must be disclosed and must be accompanied by a full explanation of the circumstances surrounding it.

2) Since January 1, 2013, advise if your firm or any related entity was or is a defendant in litigation relating to any services which it proposes to provide to the Board, including without limitation where there was an allegation of violation of fiduciary responsibility. Any final settlement, administrative decision, or judgment made in connection with this litigation must be disclosed and must be accompanied by a full explanation of the circumstances surrounding it.

3) Advise if your firm or any related entity has ever been terminated for cause from any contract. If the answer is yes, cite the background of the contract, reason for the termination, and what your firm has done to change operations or personnel to preclude the circumstances regarding the termination from re-occurring.

4) Disclose any business relationships, that may be construed to be potential or actual conflicts of interest. The Contractor will have a continuing requirement to disclose any business relationships that may be construed to be a potential or actual conflict. The disclosure must be sufficiently detailed to inform the Board of the nature, implications and potential consequences of each conflict and must include an explanation of how the Contractor addresses, or intends to manage or mitigate, each conflict.

5) Since January 1, 2013 has (i) your firm or any related entity, (ii) any affiliated mutual fund, separate account, commingled fund, or other investment vehicle, or (iii) any owner, partner, principal, director, officer, investment officer, portfolio manager, research analyst, trader, or management level employee of your firm, been a defendant in a litigation or subject to any enforcement or disciplinary action or investigation by, or entered into settlements or is party to litigation with, or in arbitration before, or been subject to any audits or regulatory or investigative inquiries (collectively "Proceedings") by the IRS, the SEC, the New York Stock Exchange, FINRA or any other self-regulatory organization, the California Department of Corporations, or any other governmental, state regulatory or investigative agency, in connection with your firm's business(es) that apply to the services proposed in this RFP (e.g., investment management, administration, recordkeeping, custody, banking, 529 or ABLE businesses)? The response

should include any such Proceedings arising from such businesses, including without limitation, the purchase, sale or distribution of taxable or tax-exempt municipal securities or other municipal securities obligations, market timing, late trading, collusion with third parties, preferential fund family treatment, directed brokerage payments or other sales practices, or a failure to supervise sales professionals. If yes, explain in detail.

6) Has your firm ever filed for protection under federal or state bankruptcy laws?

6. CALIFORNIA DISABLED VETERAN BUSINESS ENTERPRISE

The Disabled Veteran Business Enterprise (DVBE) participation requirement, including DVBE incentive, for this RFP have been waived.

7. PREFERENCE PROGRAMS

7.1 Small Business or Microbusiness Preference (if applicable)

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

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

Once each proposal has been scored, if the highest scored proposal is from a non-certified small business, then 5% of the highest scoring proposal is added to the total "earned" points for each proposal submitted by a certified small business. These final numbers, with the 5% included, are then used to determine the highest scoring proposal.

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

7.2 Non-Small Business Preference (if applicable)

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

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

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

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

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

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

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

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

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

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

- TACPA (STD. 830)
- Bidder's Summary of Contract Activities and Labor Hours (DGS/PD 525)
- Manufacturer Summary of Contract Activities and Labor Hours (DGS/PD 526)

8. REQUIRED ATTACHMENTS

Refer to the following pages for additional Required Attachments.

ATTACHMENT 1

REQUIRED ATTACHMENT CHECK LIST

Complete this checklist to confirm the inclusion of attachments listed below. Place a check mark or "X" next to each item that you are submitting to the Board. **For your proposal to be responsive, all required attachments must be included in a binder separate from the rest of the written proposal. Two (2) copies of this binder must be submitted to the Board. RETURN THIS CHECKLIST WITH YOUR PROPOSAL PACKAGE.**

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

ATTACHMENT 2

PROPOSAL/PROPOSER CERTIFICATION SHEET

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

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

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

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

Completion Instructions for Proposal/Proposer Certification Sheet

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

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

ATTACHMENT 4

BIDDER REFERENCES

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

Bidder must submit at least five (5) references (if a Bidder is a consortium or will use subcontractors, it should submit three (3) references for each member of the consortium, partner or subcontractor) for services performed within the last five (5) years, which are similar to the scope of work to be performed in this contract. If the Bidder (or any of its subcontractors) manages or otherwise is engaged by one or more 529A programs, then it must provide references for each 529A engagement. Other references should include governmental agencies, preferably State of California agencies or agencies located in California, which are charged with overseeing the investment of funds held in trust for others.

REFERENCE 1			
Name of Firm			
Street Address	City	State	Zip Code
Contact Person		Telephone Number	
Dates of Service		Value or Cost of Service*	
Brief Description of Service Provided			
REFERENCE 2			
Name of Firm			
Street Address	City	State	Zip Code
Contact Person		Telephone Number	
Dates of Service		Value or Cost of Service*	
Brief Description of Service Provided			
REFERENCE 3			
Name of Firm			
Street Address	City	State	Zip Code
Contact Person		Telephone Number	
Dates of Service		Value or Cost of Service*	
Brief Description of Service Provided			
REFERENCE 4			
Name of Firm			
Street Address	City	State	Zip Code
Contact Person		Telephone Number	
Dates of Service		Value or Cost of Service*	
Brief Description of Service Provided			

*Optional

REFERENCE 5

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

Brief Description of Service Provided

SUBCONTRACTOR REFERENCES (if applicable)

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

REFERENCE 1

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

Brief Description of Service Provided

REFERENCE 2

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

Brief Description of Service Provided

REFERENCE 3

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

Brief Description of Service Provided

*Optional

ATTACHMENT 5

MINIMUM QUALIFICATIONS CERTIFICATION

The Bidder certifies that it fulfills all the minimum qualifications outlined in Section 2 of this Request for Proposals No. ABLE 01-18 (“RFP”). By signing this attachment, the Bidder also agrees that if selected as the Program Manager for California’s ABLE Program, it will notify the ABLE Act Board immediately upon its failure to continue to meet the minimum qualifications.

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

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

(Authorized Signature of Firm)

(Firm Name)

(Print Name)

(Date)

(Title)

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ATTACHMENT 6

SECURITIES AND EXCHANGE COMMISSION FORM ADV OR PROOF OF EXEMPTION

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

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ATTACHMENT 7

KEY PERSONNEL

Name	Location	Title and Responsibility	Total Years Experience	Years With Firm	Years In Current Capacity	Expected % of Time Committed to Program

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ATTACHMENT 8

PAYEE DATA RECORD

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

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ATTACHMENT 9

CONTRACTOR CERTIFICATION CLAUSES (CCC 04/2017)

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

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

CONTRACTOR CERTIFICATION CLAUSES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6. SWEATFREE CODE OF CONDUCT:

a. All Contractors contracting for the procurement or laundering of apparel, garments or corresponding accessories, or the procurement of equipment, materials, or supplies, other than procurement related to a public works contract, declare under penalty of perjury that no apparel, garments or corresponding accessories, equipment, materials, or supplies furnished to the state pursuant to the contract have been laundered or produced in whole or in part by sweatshop labor, forced labor, convict labor, indentured labor under penal sanction, abusive forms of child labor or exploitation of children in sweatshop labor, or with the benefit of sweatshop labor, forced labor, convict labor, indentured labor under penal sanction, abusive forms of child labor or exploitation of children in sweatshop labor. The contractor further declares under penalty of perjury that they adhere to the Sweatfree Code of Conduct as set

forth on the California Department of Industrial Relations website located at www.dir.ca.gov, and Public Contract Code Section 6108.

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

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

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

DOING BUSINESS WITH THE STATE OF CALIFORNIA

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

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

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

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

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

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

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

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

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

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

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

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

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

5. CORPORATE QUALIFICATIONS TO DO BUSINESS IN CALIFORNIA:

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

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

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

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

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

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

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ATTACHMENT 10

DARFUR CONTRACTING ACT CERTIFICATION

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

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

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

1. _____ We do not currently have, or we have not had within the previous
Initials three years, business activities or other operations outside of the United States.
- OR**
2. _____ We are a scrutinized company as defined in Public Contract Code
Initials section 10476, but we have received written permission from the Department of General Services (DGS) to submit a bid or proposal pursuant to Public Contract Code section 10477(b). A copy of the written permission from DGS is included with our bid or proposal.
- OR**
3. _____ We currently have, or we have had within the previous three years,
Initials business activities or other operations outside of the United States,
+ certification but we certify below that we are not a scrutinized company

CERTIFICATION For # 3.

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

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

ATTACHMENTS 11, 12 & 13

PREFERENCE PROGRAMS (IF APPLICABLE)

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

Small Business or Microbusiness Preference

www.dgs.ca.gov/pd/Programs/OSDS.aspx

Non-Small Business Preference

www.dgs.ca.gov/pd/Programs/OSDS.aspx

Target Area Contract Preference Act Program

www.dgs.ca.gov/pd/Programs/DisputeResolution.aspx

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ATTACHMENT 14

AUDITED FINANCIALS AND SEC FILINGS

Attach the audited financials and SEC filings for the Bidder or Subcontractor(s).

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ATTACHMENT 15

SERVICE ORGANIZATION CONTROLS REPORTS

Attach copies of the most recent SOC1 and SOC2, Type 2 reports covering the activities of the Bidder or its Subcontractors that will provide the applicable services to the Program.

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ATTACHMENT 16

BIDDER DECLARATION (GSPD-05-105)

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

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ATTACHMENT 17

CALIFORNIA CIVIL RIGHTS LAWS CERTIFICATION

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

1. **CALIFORNIA CIVIL RIGHTS LAWS**: For contracts over \$100,000 executed or renewed after January 1, 2017, the contractor certifies compliance with the Unruh Civil Rights Act (Section 51 of the Civil Code) and the Fair Employment and Housing Act (Section 12960 of the Government Code); and

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

CERTIFICATION

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

ATTACHMENT 18

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

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

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

OPTION #1 - CERTIFICATION

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

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

OPTION #2 – EXEMPTION

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

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

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

ATTACHMENT 19

QUALIFICATION TO DO BUSINESS IN THE STATE OF CALIFORNIA

Attach a copy of this certificate of registration with the California Secretary of State or otherwise establish that the Bidder's firm will be qualified to do business in the State of California.

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ATTACHMENT 20

STATEMENT OF INVESTMENT POLICY

California ABLÉ Program Trust Statement of Investment Policy

(November 20, 2017)

PROGRAM PURPOSE

In accordance with Section 529A of the Internal Revenue Code of 1986, as amended, the California ABLÉ Program Trust (the "Trust") offers a qualified ABLÉ program (the "Program" or "CalABLE") to people with disabilities nationwide. The purpose of the Program is to encourage and assist individuals and families in saving private funds for the purpose of supporting individuals with disabilities to maintain health, independence, and quality of life; and to provide a tax-advantaged way to save for disability-related expenses of beneficiaries with disabilities that will supplement, but not supplant, benefits provided through private insurance, Title XVI (Supplemental Security Income) and Title XIX (Medicaid) of the Social Security Act, the beneficiary's employment, and other sources.

PURPOSE OF THIS STATEMENT

This Investment Policy Statement ("Policy") defines the Program's investment objectives and establishes policies and procedures so that investment objectives can be met in a prudent manner. This Policy is intended to:

- Articulate objectives of the Program and its investment portfolio
- Identify roles of specific entities having a fiduciary responsibility to the Program
- Define policies regarding permitted investments, benchmarks, and asset allocation strategies
- Describe current investment options available to holders of individual savings accounts ("Accounts") established as part of the Program

PROGRAM OBJECTIVES

The primary goal of the Program is to provide eligible participants with investment options ("Investment Portfolios") for investment of Accounts in the Trust that

- Meet the various saving needs of eligible participants who are Program account owners and beneficiaries,
- Encompass a range of risk and return opportunities,
- Allow for a rate of return commensurate with an appropriate level of risk to meet the investment goals of each Portfolio,
- Establish objectives for structuring investment options offered in the Program; and
- Formulate policies for selecting appropriate investment managers and the use of specific investment vehicles ("Underlying Investments") in the Portfolios within the framework of the structure as stated in this Policy.

RESPONSIBILITIES

California ABLE Act Board

The California Achieving a Better Life Experience (ABLE) Act Board (the “CalABLE Act Board” or the “Board”) will conduct its responsibilities as a trustee and fiduciary of the Program. The Board may delegate functions that a prudent entity acting in a like capacity and familiar with those matters could properly delegate under the circumstances.

Under this Policy, the Board will generally be responsible for the following:

- Developing a sound and consistent Policy
- Reviewing and refining the Policy as needed
- Employing qualified investment managers, custodians, and investment advisors
- Reviewing and approving investment proposals by the Program Manager(s), including an annual review of the Program’s investment lineup
- Approving procedures for monitoring investment performance criteria and other investment related contractual obligations of the Program Manager and other vendors
- Monitoring adherence to policies, procedures, and criteria as set forth in this document and in Program Fund Monitoring Procedures and Criteria.

Program Manager(s)

The Board has determined that it is necessary and reasonable to retain a program manager that provides professional investment management to invest the assets of the Program (the “Program Manager”). Under this Policy, the Program Manager(s) and its (their) affiliates and subcontractors will generally be responsible for the following:

- Overseeing Investment Portfolios and their Underlying Investments such that performance is consistent with performance criteria as shown in the Investment Performance Criteria Schedules of the Monitoring Procedures and Criteria
- Reviewing, analyzing, and making recommendations regarding the Program’s investment options
- Implementing the Program’s investment policies
- Providing monthly and quarterly reports as contractually obligated or directed by Law, the Board, or the Executive Director

Investment Consultant(s)

The Board has determined that it is necessary and reasonable to retain a professional investment consultant to advise the Board with regard to the investments of the Trust (the “Investment Consultant”). Under this Policy, the Investment Consultant(s) will generally be responsible for the following:

- Providing general and/or specific investment advice to the Board and its staff
- Making recommendations on investment policies, objectives, and strategies
- Monitoring Program Managers and their investment performance in accordance with the Investment Performance Criteria Schedules of the Monitoring Procedures and Criteria
- Maintaining the list of investments on “Watch” status and provide updated reports to the Board
- Reviewing and providing recommendations regarding any investment-related items being presented to the Board by the Program Manager

PROGRAM POLICIES

The CalABLE Act Board will pursue the following policies to allow the Program to meet Program Objectives.

Investment Objectives

The primary goal of the Program is to provide eligible participants with a range of investment options suitable for the various savings needs and risk tolerances of eligible participants. The investment options made available to participants shall be selected and managed in accordance with fiduciary standards of care. As such, the Program taken as a whole shall seek to achieve the following objectives and considerations:

1. Meet the various savings needs of eligible participants;
2. Offer investment options which, first and foremost, are consistent with the objectives of the Program, and within that constraint, encompass a range of expected risk and return opportunities, to allow for an expected rate of return commensurate with an expected level of risk to meet the investment goals of eligible participants;
3. Offer a range of investment options that take into consideration risk tolerances, investment objectives, the age of the account owner, liquidity needs, etc.;
4. Strive to include "low-cost" funds within the Program, and in general, assess the relative operating costs of a fund against the relative benefit of utilizing that specific fund in the Program;
5. Offer investments that each exhibit a clear purpose and objective and a clear definition of success in determining whether the portfolio fulfills that purpose and meets that objective;
6. Offer investments that each have a clear investment strategy that includes a reasonable set of assumptions about expected risks and expected returns;
7. Recognize that investment theory is often at odds with behavioral tendencies, necessitating the adoption of a disciplined investment system and specific investment goals;
8. Offer investments that have sufficient track records by which investment merit can be analyzed prior to inclusion in the Program;
9. Achieve a straightforward and meaningful philosophy that guides the investment management firm and its investment process;
10. Follow the investment manager's investment process, which should be a reflection of its philosophy and should be consistent over time;
11. Offer investment vehicles that are consistent with the purpose of ABLE accounts; and
12. Strive to provide low cost investment options with terms and choices that are easily communicated to, and understood by, eligible participants (or, where applicable, their authorized legal representatives).

Permitted Investments

There are no statutory restrictions on the types of investments that can be made by the Trust. The money in the Trust is not California state money and, therefore, not subject to the statutory and constitutional restrictions that apply to state funds. Thus, the universe of possible investment options for the Trust includes: equities (both domestic and foreign); real estate; fixed income investments (of any maturity or credit quality); commodities; FDIC-insured bank products; and any other investment vehicle utilized in the marketplace. Since all mutual fund assets are subject to the provisions of the Investment Company Act of 1940 (the "1940 Act"), the Program's assets (excluding FDIC-insured bank products) must be managed in a manner consistent with the 1940 Act. The Board has further limited investments in the Underlying Investments of the Program to the following broad asset categories (collectively known as "Permitted Investments"):

- Domestic equities and international equities
- Fixed Income investments of varying maturities and credit quality

- Real estate commingled funds that invest in publicly traded real estate securities
- Money market instruments, cash, and money market mutual funds that are registered in the U.S. and denominated in U.S. dollars
- Investments in mutual funds, registered in the United States and denominated in U.S. dollars, with existing data in one or more nationally recognized mutual fund monitoring services, such as Morningstar and Lipper, so that comparative peer group data is available for the Board's ongoing review
- FDIC-insured bank products

When evaluating current and potential funds and proxy voting proposals, the Board cares greatly about geopolitical and social issues as they relate to investment options offered to Program participants. The following is a partial, though not exhaustive list of such issues:

- Respect for human rights
- Respect for civil liberties
- Respect for political rights
- Discrimination based on race, sex, disability, language or social status
- Worker rights
- Environmental
- War, conflicts, and acts of terrorism

While funds will not be selected, rejected, or divested from based solely on the basis of the aforementioned factors, the Board will give serious consideration to such issues when reviewing and approving investments for the Program.

Benchmarks

The Board shall evaluate investment performance relative to an assigned benchmark. The Program Manager shall at all times seek to provide performance consistent with performance criteria as shown in the Investment Performance Criteria Schedules of the Monitoring Procedures and Criteria. When evaluating investment performance, a benchmark will be used to provide relative results with the following stipulations:

- Evaluations shall be against an industry standard benchmark.
- Program Investment Portfolios are to be displayed against an appropriate benchmark or policy benchmark as outlined in the Program Fund Monitoring Procedures and Criteria.
- All Underlying Investments and Investment Portfolios shall be considered against their respective benchmarks over an identical time period.

Banking Option

The Program has included the option for participants for a short-term investment vehicle in the form of a Demand Deposit or Savings Account (the "Banking Option"). The Banking Option will be an FDIC-insured bank account whose primary objective is the preservation and safety of the principal and the provision of a stable and low-risk rate of return. This Option allows the eligible participants the ability to execute recurring transactions with greater ease.

AGREEMENT NUMBER ABLE 01-18
REGISTRATION NUMBER

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

STATE AGENCY'S NAME

California ABLÉ Act Board

CONTRACTOR'S NAME

2. The term of this Agreement is: **2018** through **2023**
 Pending DGS approval, the term of the agreement will be five (5) years.

3. The maximum amount of this Agreement is: **TO BE COMPLETED UPON AWARD**

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

Exhibit A – Scope of Work	5 pages
Exhibit B – Budget Detail and Payment Provisions	2 page
Exhibit C* – General Terms and Conditions	GTC 04/2017

Check mark one item below as Exhibit D:

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

Exhibit - D* Special Terms and Conditions

Exhibit E – Additional Provisions Resumes 35 pages

RFP No. ABLE 01-18 and Contractor's Response to this RFP are hereby incorporated by reference and deemed to be part of this Agreement.

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

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

CONTRACTOR

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

BY (Authorized Signature)

DATE SIGNED (Do not type)

PRINTED NAME AND TITLE OF PERSON SIGNING

ADDRESS

STATE OF CALIFORNIA

AGENCY NAME

California ABLE Act Board

BY (Authorized Signature)

DATE SIGNED (Do not type)

PRINTED NAME AND TITLE OF PERSON SIGNING

Dante Allen, Executive Director

ADDRESS

915 Capitol Mall, Room 590, Sacramento, CA 95814

California Department of General Services Use Only

Exempt per:

**EXHIBIT A
(Standard Agreement)**

SCOPE OF WORK

1. Contractor agrees to provide to the California ABLE Act Board (the "Board" or "State") program management services as described in Section 1.4 of Request for Proposals No. ABLE 01-18 ("RFP") and as restated herein:

a) General Compliance

(i) The Contractor will provide, under the supervision and direction of the ABLE Act Board, all program management services for the compliance, investment, education, administration, banking (including transaction processing), recordkeeping and customer service functions in compliance with all RFP requirements and the resulting contract.

(ii) The Contractor will manage CalABLE in compliance with State and federal laws, including Section 529A, applicable Treasury and SSA requirements and regulations, applicable Municipal Securities Rulemaking Board ("MSRB") and Securities Exchange Commission ("SEC") requirements and other State and federal requirements.

(iii) In the event applicable final Treasury and SSA rules and regulations are not issued prior to the launch of CalABLE, the Contractor will undertake to comply with final rules and regulations once issued within a commercially reasonable period of time to the satisfaction of the Board.

(iv) On an ongoing basis, the Contractor will monitor for changes in the legal and regulatory environment that may materially affect the Plan, and it will make recommendations for amendments or supplements to the Plan processes and offering materials.

(v) The Contractor must adhere to the Board's applicable standards and policies, as and when adopted by the Board. The Contractor must comply with the Americans with Disabilities Act ("ADA") and Section 508 of the Rehabilitation Act ("Section 508") for any disclosures, plan descriptions, participation agreements and Program forms, and website.

(vi) Services shall be performed at the offices of the Contractor, appropriate affiliates, subsidiaries and subcontractors. The Contractor, affiliates, subsidiaries and subcontractors must provide services in compliance with all federal and State regulatory bodies.

(vii) The Contractor will designate a dedicated key personnel team to serve the Board and it will notify the Board of any changes to the management or composition of that team as they occur. Such changes include re-assignments, resignations, terminations, additions or other changes to the employment status or composition of the professionals assigned to the team.

(viii) All work to be performed by the Contractor will be reviewed by the Board or its designee. Such review will not relieve the Contractor of any liability in connection with such work.

(ix) The Contractor must assist the Board with launching CalABLE as soon as possible in Fiscal Year 2018/2019.

b) Investment Services

(i) The Contractor must develop and recommend investment options which, first and foremost, are consistent with the objectives of the Program, and within that constraint, encompass a range of expected risk and return opportunities, to allow for an expected rate of return commensurate with an expected level of risk to meet the investment goals of eligible participants. To that end, recommended investment options, underlying funds and fee structures must appeal to both long-term savers and short-term transactional users with various risk tolerances, investment objectives, account owner ages, liquidity needs and varying contribution levels. Investments should be simple yet offer maximum flexibility to satisfy various account owner objectives and needs. The recommended investment options should present low-cost choices that are easily communicated to, and understood by, eligible participants (or,

EXHIBIT A
(Standard Agreement)

where applicable, their authorized legal representatives). The Board must approve any and all recommended investment options.

(ii) The Contractor must include a suite of Target-Risk portfolios as part of the proposed investment options. At a minimum, these investment options should include a Conservative, Moderate and Aggressive investment option.

(iii) The Contractor must offer a federally-insured checking and/or traditional savings account option, with the opportunity to offer a debit card or prepaid card feature to CalABLE account owners.

(iv) The Contractor must recommend underlying investments from recognizable and well-regarded investment managers. Recommended underlying investments may come from a single mutual fund company or from multiple investment managers. In either case, the Contractor must support its recommendations to the Board, demonstrating the superiority of the recommendation over other possible underlying investments. To that end, underlying investments must have at least \$500 million AUM and a minimum 3-year track record so that investment merit can be analyzed prior to inclusion in the Program.

(v) The Contractor must strive to include low-cost underlying funds within the Program, and in general, assess the relative operating costs of a fund against the relative benefit of utilizing that specific fund in the Program.

(vi) The Contractor will comply with the Statement of Investment Policy ("Investment Policy Statement") approved by the Board and included as Attachment 20 to this RFP.

(vii) The Contractor will comply with Monitoring Procedures and Criteria to be established by the Board and by which the Contractor's performance will be measured. The Contractor must also demonstrate that it (and any investment management subcontractor(s)) has rigorous internal monitoring procedures in place for the funds and investment vehicles proposed as underlying investments.

(viii) The Contractor shall provide regularly scheduled investment performance reports compared to agreed-upon benchmarks. The Contractor should expect to provide these reports on a quarterly basis, at a minimum.

(ix) On at least a quarterly basis, and more frequently as necessary, the Contractor must inform the Board about significant changes in the investment climate, market conditions or investment philosophies that could affect CalABLE investments.

c) Administration, Recordkeeping, Banking, and Customer Service

(i) The Contractor will administer the Program, maintain all records, and comply with all applicable laws and reporting requirements set forth under Section 529A, the SSA, the California Franchise Tax Board ("FTB"), federal and State securities regulators, and Board-imposed administrative performance criteria. The Contractor's reporting requirements include the annual report and audit of the Plan as may be required in Section 4881 of the Welfare and Institutions Code.

(ii) Required Administrative Services include the following:

- A. Provide enrollment online and make available a central mailing location that can receive express deliveries and deliveries by normal U.S. postal services.
- B. Maintain contact information for account beneficiaries and authorized legal representatives, as applicable.
- C. Provide separate accounting for each account, including account payment and distribution history.
- D. Provide banking services to process contributions through ACH or physical delivery of checks, and process withdrawals via check or, if possible, ACH transfers to designated and allowable payees.

**EXHIBIT A
(Standard Agreement)**

E. Monitor limitations on maximum annual contributions, twice-per-year investment changes, account balances for SSI benefit purposes (currently \$100,000), and maximum limits for overall account balances.

F. Provide daily NAVs; generate and distribute periodic statements and Internal Revenue Service ("IRS") forms (e.g., 1099-QAs and 5498-Qs).

G. Provide 24/7 online account access and account maintenance.

H. Provide account information on a monthly basis to SSA and IRS.

I. Implement a fraud prevention program.

J. Process rollovers to/from Qualified ABLE programs; SSI and SSDI direct deposits; payroll direct deposits; and requests for Program literature and forms and any other reasonably-related administrative services necessary to operate CalABLE.

K. Develop and provide a secure and ADA-compliant website, which provides access to account information.

L. Develop and provide updates to official disclosure statements.

(iii) The Contractor must keep and protect the confidentiality of personal information, including identification numbers or account codes in accordance with all applicable federal and State laws.

(iv) The Contractor's customer service representatives must be knowledgeable about CalABLE, provide information about the impact of ABLE account on any assets on federal means-tested benefits, and engage in responsive phone conversation.

(v) At a minimum, live customer service will be required from 9:00 a.m. to 5:00 p.m. PT, Monday through Friday, except holidays. These customer service representatives must be available on the phone and, if possible, through an online/website interface, as indicated by the CalABLE Survey respondents. There also must be a voice response unit and online servicing access in all other hours.

(vi) The Contractor shall provide required monthly reports to federal and State entities regarding accounts and account activity. The Contractor will also provide regularly scheduled reports to the Board regarding the number of new accounts and assets generated for the agreed-upon time period and currently in existence, any relevant account activity, and other program administration information prescribed by the Board.

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

(viii) The Contractor must attend or be represented at all Board meetings (currently held monthly) unless otherwise notified by the Board Chair or his or her designee, and provide Program-related reports as requested by the Board or its staff.

(ix) The Contractor must also respond to the need for telephone consultation within a 24-hour period and be available at minimum to the Board and the staff between the hours of 9 a.m. to 5 p.m. PT.

(x) Upon request, the Contractor shall provide the Board access to all files, records, documents and data pertaining to the Plan that are in its possession and control, regardless of how that information is stored ("Plan Records"). The Plan Records shall be provided in a reasonable time and in a form acceptable to the Board. At its expense, the Contractor also shall provide the Board all Plan Records in a useable electronic form after notice from the Board that the Agreement will terminate.

(xi) The Contractor's performance will be measured by administrative performance criteria, which the Board will establish ("Administrative Benchmarks") once a Bidder is chosen and which will be included in the Agreement. The Board and/or the Contractor may review and recommend modifications to the

**EXHIBIT A
(Standard Agreement)**

Administrative Benchmarks on an annual basis based on industry norms and national trends; any modifications will require approval by the Board.

d) Education and Outreach

(i) The Contractor must support the Board in its efforts to reach and educate eligible individuals nationwide about the CalABLE Program.

(ii) The Contractor must provide or otherwise enable investor education and outreach across California specifically, including at a minimum, a tri-fold brochure (or similar introductory piece), an enrollment guide, and disclosure documents, all of which must be offered in Spanish.

(iii) In connection with the Program launch, the Contractor will develop and provide collateral including, at a minimum, banners, posters and exhibit materials.

(iv) The Contractor will provide regularly scheduled reports on program metrics including, among other items to be agreed upon, enrollment and contribution rates, withdrawal rates, and investment option choices by account owners.

The Scope of Work is comprised of this Section of Exhibit A, the Contractor's Proposal submitted in response to the RFP, and Exhibit E to this Agreement.

2. The services shall be performed at the offices of the Contractor and at the offices of appropriate affiliates, related entities, subsidiaries and subcontractors.

3. Customer services for the California qualified ABLE program ("CalABLE") will be provided at a minimum from 9:00 a.m. to 5:00 p.m. Pacific Time (PT), Monday through Friday, except for holidays. All other services will be provided continuously as necessary to fulfill the services required under the RFP.

4. The project representatives during the term of this agreement will be:

State Agency: ABLE Act Board	Contractor:
Name: Dante Allen	Name:
Phone: 916-653-4046	Phone:
Fax: 916-589-2860	Fax:

Direct all inquiries to:

State Agency: ABLE Act Board	Contractor:
	Section/Unit:
Attention: Dante Allen	Attention:
Address: 915 Capitol Mall, Room 590 Sacramento, CA 95814	Address:
Phone: 916-653-4046	Phone:
Fax: 916-589-2860	Fax:

**EXHIBIT B
(Standard Agreement)**

BUDGET DETAIL AND PAYMENT PROVISIONS

1. Invoicing and Payment

For services satisfactorily rendered, and upon receipt and approval of invoices in consideration of the services described in Exhibit A, Scope of Work, and in accordance with the Contractor's Cost Proposal Worksheet referenced in Sections 9.1 and 9.2 of Exhibit E and attached as Appendix 4 of Exhibit E, the Board agrees to pay the Contractor the specified percentages of the Fixed Dollar Cost (subject to Section 9.2) in accordance with Contractor's Deliverables and attached hereto as Contractor's Cost Proposal Worksheet, which is made a part of this Agreement.

(a) The Contractor will submit invoices for review and approval that clearly identify the milestones achieved in connection with the Scope of Work and Deliverables Categories (as delineated in Exhibit A, Scope of Work and Exhibit E, Section 9.1 and Appendix 4). The Contractor shall work with CalABLE in an ongoing manner to ensure that invoicing conforms to Contract terms and is conducive to accurate Contract accounting and reporting. Each invoice will include a certification by the Contractor that the milestones achieved represent completion of the activities identified in the project plan, in accordance with the Scope of Work and the Deliverables Categories.

(b) Invoices shall be provided to CalABLE in accordance with the Completion Due Dates indicated in Appendix 4 of Exhibit E, shall include Agreement No. ABLE 01-18, the specific dates (month, day, and year) covered by the invoice, and shall be sent to:

Carrie Fisher Stone, Deputy Executive Director
California ABLE Act Board
915 Capitol Mall, Room 590
Sacramento, California 95814

The Contractor shall only be entitled to such Fixed Dollar Costs as set forth in Section 9.1 and subject to any withholdings provided in Section 9.2 of Exhibit E to this Agreement. In the event that a material default or breach occurs pursuant to the terms of this Agreement prior to July 1, 2019, the Board may suspend payment of Fixed Dollar Costs and authorization for the annual Account Maintenance Fees set forth in Section 9.3 of Exhibit E until such default or breach is cured. Furthermore, if the material default or breach occurs after July 1, 2019, the Board may suspend authorization for the annual Account Maintenance Fees set forth in Section 9.3 of Exhibit E.

2. Budget Contingency Clause

(a) As set forth in Section 9.9 of Exhibit E to this Agreement, the Services provided pursuant to this Agreement are not contingent upon the Budget Act of the current year and/or any subsequent years. At no time will moneys be appropriated under the Budget Act for payments to the Contractor under the Program.

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

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

**EXHIBIT B
(Standard Agreement)**

3. Prompt Payment Clause

The payment provisions contained in Government Code Chapter 4.5 apply to payments of the Fixed Dollar Cost set forth in Section 9.1 of Exhibit E (subject to any allowable withholding described in Section 9.2 of Exhibit E).

4. Fees to Contractor

In addition to the payment of Fixed Dollar Costs described in Section 1 above, the Contractor shall be entitled to receive an annual Account Maintenance Fee per account as set forth in Section 9.3 of Exhibit E to this Agreement.

5. Fees to the Board

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

DRAFT

**EXHIBIT C
(Standard Agreement)**

GENERAL TERMS AND CONDITIONS

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

DRAFT

**EXHIBIT D
(Standard Agreement)**

SPECIAL TERMS AND CONDITIONS

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

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EXHIBIT E
(Standard Agreement)
ADDITIONAL PROVISIONS

1. DEFINITIONS.

"*Account*" shall have the meaning set forth in the California Welfare and Institutions Code section 4875, as amended from time to time.

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

"*Account Owner*" shall be the Beneficiary and shall have the meaning set forth in Section 529A.

"*Act*" shall mean the California Welfare and Institutions Code section 4875 et seq., as amended from time to time.

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

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

"*Agreement*" shall mean this Agreement entered into between the California ABLE Act Board and the Contractor, any exhibits attached hereto, and any other documents incorporated by reference herein.

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

"*Authorized Legal Representative*" shall mean a Person who may act on behalf of the Account Owner with respect to the Account if the Account Owner (1) is unable to exercise signature authority over his or her Account, or (2) chooses not to exercise signature authority over his or her Account. The Authorized Legal Representative may be a parent or legal guardian of the Account Owner or may be a Person granted a valid durable power of attorney to manage banking and investment matters on behalf of the Account Owner and to take all necessary actions on behalf of the Account Owner with respect to the Account.

"*Beneficiary*" shall have the same meaning as "Designated Beneficiary" set forth in Section 529A and the Act.

"*Board*" shall mean the California ABLE Act Board established pursuant to the Act.

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

"*CalABLE Administrative Fee*" shall mean the monthly administrative fee payable to the Board from the Trust, included in Section 9.4 of this Agreement.

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

"*Contractor's Proposal*" shall mean the Contractor's response to the RFP.

EXHIBIT E
(Standard Agreement)

"*Executive Director*" shall mean the Executive Director, or designee, of the California ABLE Act Board.

"*FINRA*" shall mean the Financial Industry Regulatory Authority.

"*Giftor*" shall mean any Person other than an Account Owner or Authorized Legal Representative who contributes an amount to an Account for an Account Owner.

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

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

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

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

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

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

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

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

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

"*Other Board Programs*" shall mean other programs that may be established by the Board as part of the Program under Section 529A.

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

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

"*Program*" shall mean the California Qualified ABLE Program authorized by the Act to be developed and implemented by the Board as a Qualified ABLE Program under Section 529A.

"*Program Disclosure Statement*" means the offering document provided to prospective and existing Account Owners that contains substantive disclosure of the terms and conditions of an investment in the Program."

"*Program Lists*" shall mean all lists, compilations and summaries of Authorized Legal Representatives and/or Account Owners and/or Giftors and/or Prospects.

"*Program Materials*" shall mean all documents and materials in hard copy or electronic form used in

EXHIBIT E
(Standard Agreement)

connection with management and administration of the Program and public education and outreach efforts, including at a minimum an enrollment guide or Program brochure, the Program Disclosure Booklet, the Participation Agreement, the Program website maintained by the Contractor, the application used to establish an Account, and any other material used in acquiring new Accounts.

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

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

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

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

"*Qualified ABLE Program*" shall have the meaning set forth in Section 529A.

"*Qualified Disability Expense*" shall have the meaning set forth in Section 529A.

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

"*RFP*" shall mean Request for Proposals No. ABLE 01-18, for Plan/Program Manager (investment manager and program administrator services) for the California Qualified ABLE Act Program.

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

"*Section 529A*" shall mean Section 529A of the Code, as amended from time to time, and any regulations and official guidance issued by a Governmental Authority pursuant thereto.

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

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

"*SSA*" shall mean the Social Security Administration.

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

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

"*Term*" shall have the meaning set forth in Section 13.1 of this Agreement.

"*Trust*" shall mean the California ABLE Program Trust, an instrumentality of the State of California established by the Act.

EXHIBIT E
(Standard Agreement)

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

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

2. INCORPORATION OF ADDITIONAL DOCUMENTS; RULES OF CONSTRUCTION.

(a) The RFP, the Contractor's Proposal, and the terms of the Award are hereby incorporated by reference and made a part of this Agreement.

(b) This Agreement, including documents that have been incorporated herein by reference, contains all representations and the entire understanding between the parties hereto with respect to the subject matter hereof. Any prior correspondence, memoranda or agreements are replaced in total by this Agreement. In the event there are any inconsistencies or ambiguities among the terms of this Agreement and incorporated documents, the following order of precedence shall be used: (i) Applicable Law; (ii) the terms of the Award; (iii) the terms and conditions of all exhibits to this Agreement, including attachments; (iv) the RFP; (v) Contractor's Proposal; and (vi) any other provisions, terms, or materials incorporated herein.

(c) For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(i) Singular words shall connote the plural as well as the singular, and vice versa (except as indicated), as may be appropriate.

(ii) References within this Agreement to articles, sections, paragraphs or clauses are references to articles, sections, paragraphs or clauses in or to this Agreement.

(iii) The words "herein," "hereof" and "hereunder" and other words of similar import used in this Agreement refer to this Agreement as a whole and not to any particular article, section, paragraph or clause.

(iv) References to any Person shall include such Person, the Person's successors and permitted assigns.

3. APPOINTMENT OF CONTRACTOR TO PROVIDE SERVICES.

3.1 Appointment and Acceptance. The Board hereby appoints the Contractor, either alone or in conjunction with a Subcontractor appointed by the Contractor in compliance with Section 3.3, to provide the Services. The Contractor accepts this appointment and agrees to perform the Services in accordance with this Agreement. The Contractor agrees that it shall cooperate with the Board, the Executive Director, the employees of the State and any consultants, advisors, auditors or legal counsel designated by the Board to review, evaluate or otherwise advise regarding the Trust or the Program.

3.2 General Duties.

(a) The Contractor will provide overall management services for the compliance, investment, administration, recordkeeping and customer service functions of the Program in compliance with all RFP requirements and this Agreement.

(b) The Contractor will manage the Program in compliance with all Applicable Law, including Section 529A, applicable U.S. Treasury Department ("Treasury"), IRS, and SSA requirements and proposed and existing regulations, applicable MSRB and SEC requirements, and other state and federal requirements.

(c) In the event applicable final Treasury and SSA rules and regulations are not issued prior to the launch of the Program, the Contractor will undertake to comply with final rules and regulations once issued within a commercially reasonable period of time to the satisfaction of the Board.

(d) On an ongoing basis, the Contractor will monitor for changes in the legal and regulatory environment

EXHIBIT E
(Standard Agreement)

that may materially affect the Program, and it will make recommendations for amendments or supplements to the Program processes and offering materials.

(e) The Contractor must adhere to the Board's applicable standards and policies, as and when adopted by the Board. The Contractor must comply with the Americans with Disabilities Act ("ADA") and Section 508 of the Rehabilitation Act for any disclosures, plan descriptions, Participation Agreements, Program forms, and website.

(f) Services shall be performed at the offices of the Contractor, appropriate affiliates, subsidiaries and Subcontractors. The Contractor, affiliates, subsidiaries and Subcontractors must provide services in compliance with Applicable Law and the guidance of all federal and state regulatory bodies.

(g) The Contractor will designate a dedicated Key Personnel (as defined in Section 3.6 below) team to serve the Board and it will notify the Board of any changes to the management or composition of that team as they occur. Such changes include re-assignments, resignations, terminations, additions or other changes to the employment status or composition of the professionals assigned to the team.

(h) All work to be performed by the Contractor will be reviewed by the Board or its designee. Such review will not relieve the Contractor of any liability in connection with such work.

(i) The Contractor must assist the Board with launching CalABLE by the fourth quarter of calendar year 2018.

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

(a) The Board approves the delegation and assignment by subcontract to the specific entities of the particular Services under this Agreement by the Contractor as set forth in the Contractor's Proposal, subject to the terms of a written subcontract approved in writing by the Board. The Contractor may propose additional Subcontractors to perform certain Services at any time, subject to the written approval of such additional Subcontractors and of the applicable subcontract by the Board, which consent shall not be unreasonably withheld or delayed. The Contractor shall not delegate or subcontract the performance of Services for which it is responsible to any affiliate or third party except in accordance with this Section 3.3.

(b) No delegation or subcontract by the Contractor pursuant to this Section 3.3 shall relieve it of its responsibilities hereunder, and the Contractor shall be responsible for the performance of Services by its respective delegates and Subcontractors and shall remain obligated hereunder as if no delegation or assignment by subcontract had been made.

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

(i) the Subcontractor agrees to discharge the Services and perform the obligations of the Contractor to which such subcontract applies in accordance with the applicable provisions of this Agreement;

(ii) the Board is a third-party beneficiary of such subcontract with the right to enforce such subcontract directly against the Subcontractor if in the Board's sole judgment, the Contractor fails to enforce such subcontract;

(iii) the Subcontractor shall in no event have (A) any right to payment from or to impose a lien on the Trust or (B) any right to payment from any other asset of the Board;

(iv) that the subcontract may not be assigned without the prior written consent of the Board;

(v) representations and warranties from the Subcontractor substantially similar to those provided by the Contractor in Section 10 hereof, as applicable;

(vi) such other requirements as the Board may reasonably request.

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

EXHIBIT E
(Standard Agreement)

of the Board, shall assist the Board in enforcing such obligations and provisions.

3.4 Standard of Care.

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

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

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

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

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

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

3.7 Changes in Control, Organization or Key Personnel.

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

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

EXHIBIT E
(Standard Agreement)

notice of such event to the Board, then promptly after such a change.

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

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

4. PROGRAM START DATE. The Contractor and the Board shall take all action necessary for the Program Start Date to be in fourth quarter of calendar year 2018.

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

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

(b) Program Disclosure Booklet.

(i) Completion. The Contractor shall prepare, or cause its Contractor to prepare, a draft of the Program Disclosure Booklet for review and approval by the Board in such form and substance as shall be mutually acceptable to the Board and the Contractor.

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

(iii) Certificate of the Contractor. The Contractor shall have delivered to the Board a certificate, dated the Program Start Date, to the effect that all portions of the Program Disclosure Booklet describing the Contractor's duties and responsibilities with respect to the Program (including such duties and responsibilities which have been delegated or subcontracted pursuant to Section 3.3 of this Agreement) are complete and accurate and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Nothing in this Section 5(b) shall require the Contractor to make any representations as to the portions of the Program Disclosure Booklet describing the duties and responsibilities with respect to the Program of the Board or any other Persons (other than any Person to whom duties are delegated or subcontracted by the Contractor in accordance with Section 3.3 of this Agreement).

(c) Structuring of the Program. The Board and the Contractor shall have developed and agreed to the terms of the Program with the intent that the Program constitutes a Qualified ABLE Program.

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

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

EXHIBIT E
(Standard Agreement)

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

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

(h) Performance Guarantee. Unless otherwise agreed upon, the Contractor shall have delivered a performance guarantee as described in Section 12.11 of this Agreement.

6. INVESTMENT SERVICES.

6.1 Creation of the Trust.

(a) The Contractor shall manage the Program in accordance with all Applicable Law, including without limitation the Code and the Act, this Agreement, the RFP, and the Contractor's Proposal. The assets of the Trust's Investment Options shall be maintained in FDIC-insured federal or state chartered bank accounts registered in the name of the Trust (the "Trust Accounts"). The Trust shall consist of a program fund and an administrative fund. All assets will be deposited in the program fund until such time as the Contractor transfers funds to the administrative fund in accordance with Section 9.5 herein.

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

6.2 Investment Policies.

(a) The Contractor must develop and recommend Investment Options, underlying investments and fee structures to appeal to both long-term savers and transactional users with various risk tolerances and varying contribution levels. Investments should be simple yet offer maximum flexibility to satisfy various Account Owner objectives and needs.

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

(c) The Contractor must offer a federally-insured checking and/or traditional savings account option, with the opportunity to offer a debit card or prepaid card feature to Account Owners.

(d) The Board must approve any and all recommended Investment Options. Per statute, the Board will establish an Investment Policy Statement for the Program. The Contractor shall comply with the terms of the Investment Policy Statement.

(e) The Contractor shall invest and manage the assets of the Trust in a manner to ensure that the Investment Options and the Underlying Investments shall be in compliance with of this Agreement and the Investment Policy Statement. Each Underlying Investment shall be invested in assets described in the Investment Policy Statement. The Board will establish Monitoring Procedures and Investment Performance Criteria with which the Contractor will comply and by which the Contractor's performance will be measured. The Contractor must also demonstrate that it (and any investment management Subcontractor) has rigorous internal monitoring procedures in place for the funds or other investment vehicles proposed as Underlying Investments. The Contractor shall provide regularly scheduled investment performance reports

EXHIBIT E
(Standard Agreement)

compared to agreed-upon benchmarks. The Contractor should expect to provide these reports on a monthly basis, at a minimum.

(f) On at least a quarterly basis, and more frequently as requested or as necessitated by its fiduciary duty, the Contractor must inform the Board about significant changes in the investment climate, market conditions or investment philosophies that could affect Program investments.

(g) The Contractor will provide to the Board a quarterly report describing the Contractor's compliance with the Investment Policy Statement in addition to the information set forth in Section 6.8 of this Agreement.

6.3 Investment Performance and Benchmarks.

(a) Except as otherwise agreed to by the Board and the Contractor, the Contractor shall at all times seek to provide performance consistent with Investment Performance Criteria for each fund or Investment Option managed on behalf of the Board. The Contractor shall at all times adhere to all policies, procedures, and criteria as set forth in the Investment Policy Statement and the Monitoring Procedures. The Contractor does not guarantee that investment performance or attainment of any particular investment return will be achieved.

(b) The Board shall assess the Contractor's overall performance in providing investment management services with consideration of, but not limited to, the following: level of the Board's confidence; material organizational changes pertaining to investment management operations; turnover of Key Personnel; adherence to investment mandates as determined by the Board; modifications to the Trust's active/passive allocation structure (due to performance related issues); relative performance of Investment Options; its compliance with Applicable Law, and the quality and speed of investment reporting functions.

(c) Based on the performance of an Underlying Investment, the Contractor shall consider whether it is appropriate to recommend a change in any Underlying Investment and the Board may require a change in any Underlying Investment if the new investment satisfies the requirements in the Monitoring Procedures and the Investment Policy Statement. In the event that the Contractor determines or the Board directs that a change in an Underlying Investment is appropriate or required, the Contractor shall be responsible for making a recommendation to the Board as to a suitable alternative investment. Such recommended investments shall be reviewed by the Board and its investment consultant to determine if the investments satisfy the criteria for selection of Underlying Investments set forth in the Monitoring Procedures. Any such recommendation made by the Contractor must be approved by the Board in writing prior to its implementation.

(d) The Board shall have the right to require the Contractor to replace an existing Underlying Investment managed by it with an alternative Underlying Investment managed by an entity that is not affiliated with the Contractor if (i) all similar alternative funds managed by the Contractor or an affiliate do not satisfy the criteria for selection of Underlying Investments set forth in the Monitoring Procedures, or (ii) the Board reasonably determines that such a change is in the best interests of the Account Owners.

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

6.5 Contributions; Accounts. The Contractor shall establish an individual Account in the Trust as it relates to the Program, with the Investment Option(s) and for the Account Owner as designated in the Participation Agreement or Account applications, for the receipt of contributions made on behalf of the Account Owner or by any Giftors. The Contractor shall receive contributions from Account Owners and Giftors and shall credit each such contribution received in good order to the Account to which such contribution is made, and to the Trust as it relates to the Program, (a) on the day of receipt of the contribution by the Contractor if received before the close of trading on the New York Stock Exchange or such earlier time as may be reflected in administrative procedures agreed to from time to time by the Contractor and the Board, or as otherwise may be required by Applicable Law, on any Business Day; or (b) on the next Business Day following receipt of the contribution by the Contractor if received on a day other than a Business Day or if received after the

EXHIBIT E
(Standard Agreement)

close of trading on the New York Stock Exchange or such earlier time as may be reflected in administrative procedures agreed to from time to time by the Contractor and the Board. Amounts credited to an Account as a result of contributions shall purchase units or shares of an Investment Option without delay. A Gifter shall forfeit any rights to contributions made to an Account by the Gifter. For purposes of Withdrawals from an Account, changes in the Account Owner and for all other Account-related purposes, only the Account Owner (or his or her legal authorized designee) may give directions to the Contractor regarding the Account.

6.6 Minimum Contribution and Maximum Account Balance Limits.

(a) Contractor shall offer the following minimum initial contribution amounts for Program participants:

Method of Investment	Minimum Investment Level
Rollovers	Transfer accounts with any balance
Lump Sum Investments	
Automatic Investing (Direct Deposit/Payroll Deduction)	

(b) Contractor shall ensure that the maximum Account Balance for an Account Owner shall not exceed the amount approved by the Board and as required by Section 529A and the Act.

6.7 Determination of Net Asset Value.

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

- (i) the Net Asset Value per share or unit of the Underlying Investments as of the market close on that Business Day;
- (ii) adjustments, if any, to the Net Asset Value per share of any Underlying Investment made after the market close;
- (iii) net purchase orders and net redemption orders for each Investment Option received by the Contractor each Business Day;
- (iv) the Contractor's deduction and payment of fees from the Investment Options in accordance with Section 9 of this Agreement; and
- (v) the Contractor's reinvestment, into any Underlying Investment, of any income, dividends and/or capital gain distributions paid by such Investments.

(b) The value of any particular Account for each Investment Option in which the Account is invested shall be determined by multiplying the NAV of the unit of the Investment Option by the number of units of the Investment Option held in the particular Account.

(c) The assets of the Trust and each Investment Option shall be valued as of the close of each Business Day.

6.8 Reports and Financial Information.

(a) The Contractor shall keep adequate records of the Account Balance with respect to each Account, and it shall compile, prepare and deliver to the Board, Account Owners and Authorized Legal Representatives on a timely basis the financial information, reports and statements required of the Contractor under Applicable Law and by this Agreement. In particular, the Contractor shall prepare and deliver to the Board, within thirty (30) calendar days immediately following the end of each calendar quarter unless another time period is otherwise agreed upon, reports in a form satisfactory to the Board including: (i) the type of investment, name of the issuer, the dollar amount invested, and, to the extent applicable, the date of maturity and par value of each security, investment and money within the Trust; (ii) to the extent applicable, the weighted average

EXHIBIT E
(Standard Agreement)

maturity of the investments in the Trust; (iii) any amounts in the Trust that are under the management of an investment manager; (iv) the market value as of the date of the report and the source of this valuation for any security within the Trust; (v) its compliance with the Investment Policy Statement, and (vi) any other information mandated by the Act or reasonably requested by the Board.

(b) The Contractor shall provide oral or written progress reports and attend meetings as requested by the Executive Director to determine if the Contractor is performing to expectations, and is on schedule, or to present findings, conclusions, and recommendations, or to afford occasions for discussing and resolving problems encountered. At a minimum the Contractor shall provide quarterly reports that include information on Accounts, assets, contributions, investment trends, investment results, compliance with the Investment Policy Statement, administrative performance, and such other matters as may be specified by the Executive Director.

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

7. EDUCATION AND OUTREACH; COMMUNICATIONS AND MATERIALS.

7.1 Education and Outreach.

(a) The Contractor shall use commercially reasonable efforts to provide support for the Board's efforts to provide public education and outreach for the Program.

7.2 Branding of Program Materials; the Contractor Promotions.

(a) During the Term of this Agreement, the Contractor may be identified as the "Manager" for the Program, and the Contractor's brand name and logo may be displayed, on (i) each application to open an Account and each Participation Agreement; (ii) each Program Disclosure Booklet and any disclosure supplemental thereto; (iii) each Account statement; (iv) each pamphlet, brochure and other materials promoting or advertising the Program or the Trust; (v) each advertising of the Program in newspapers, periodicals and newsletters; and (vi) other Program Materials with the prior written consent of the Executive Director, and such approval will not be unreasonably withheld or delayed to the extent consistent with the purposes of the Program.

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

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

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

7.3 Educational Materials. If applicable, the Contractor agrees that all Program promotional materials shall comply with all Applicable Law regarding disclosures for Qualified ABLE Programs, including generalized disclosure on (a) the investment objectives, risks, charges and expenses associated with the Program, (b) availability of and the need to read carefully the Program Disclosure Booklet, (c) whether Section 529A programs offered by the home state(s) of the Account Owner offer tax or other benefits not available through the Program, and (d) the provision that neither the principal deposited nor the investment return, if any, of the Program is guaranteed by the State, the Board, the Contractor or any of its affiliates, or the federal government or any agency thereof, or any other Person. All Program Materials also must refer to the Trust as the issuer of the securities offered in connection with the Program.

7.4 Non-Program Communications. During the Term and following any termination or expiration of this Agreement, the Contractor shall not direct non-Program communications of any kind to Authorized Legal Representatives, Account Owners, Giftors or Prospects unless the Board approves. Notwithstanding the

EXHIBIT E
(Standard Agreement)

foregoing, the Contractor may direct non-Program communications to any Account Owner, Giftor or Prospect that either (a) expressly consents to receive solicitations from the Contractor; (b) requests information about or opens non-Program accounts with a Contractor; (c) at any time was or becomes the owner of a product of the Contractor other than pursuant to a Participation Agreement or Account application; or (d) has been contacted based upon information obtained through a source independent of the Program.

7.5 Other Section 529A Programs. The Contractor shall not actively market or solicit the purchase of Investment Options for Section 529A programs other than the Program in California or to or by California residents generally. Notwithstanding the foregoing, nothing in this Agreement shall prevent the Contractor from responding to unsolicited requests from California residents for information concerning Section 529A programs other than the Program.

8. ADMINISTRATIVE SERVICES.

8.1 Records Administration and Customer Service. During the Term of the Agreement, the Contractor shall perform all necessary Administrative Services for the Program in a manner not inconsistent with the terms of the Program Disclosure Booklet, including but not limited to the following:

- (a) Develop rules and procedures for all processes related to the Program operations and implement a fraud protection program and provide a copy of such rules, procedures, and program to the Board on or before the Program Start Date, and as such rules, procedures, and fraud protection program is updated or otherwise modified;
- (b) The Contractor will administer the Program, maintain all records, and comply with all Applicable Laws and reporting requirements including without limitation per Section 529A, the SSA, the California Franchise Tax Board ("FTB"), federal and state tax, securities, and benefits regulatory requirements and guidance, and the Board- imposed Administrative Performance Criteria. The Contractor's reporting requirements include the annual report and audit of the Program as may be required in section 4881 of the Welfare and Institutions Code;
- (c) Facilitate compliance with Section 529A by imposing appropriate monitoring safeguards on contributions to and Withdrawals from Accounts, and on changes to Account Owners, including monitoring limitations on maximum annual contributions, twice-per-year investment changes, Account Balances for SSI benefit purposes (currently \$100,000), and maximum limits for overall Account Balances;
- (d) Calculate daily NAVs, provide Account information on a monthly basis to SSA and IRS, and implement a fraud prevention program;
- (e) Create and distribute appropriate training materials to agents, customer service representatives, and other interested parties;
- (f) Accept Prospect calls and inquiries, and maintain an electronic record of such inquiries if the Prospect provides contact information;
- (g) Accept and process Account applications from any individuals eligible to be Account Owners under the Code received in good order online and to accommodate, upon request, print applications received in good order through a central mailing location that can receive express deliveries and deliveries by normal US postal services;
- (h) Accept and process initial and subsequent contributions received in good order and ensure that annual and aggregate contributions do not exceed the maximum allowed by Section 529A;
- (i) Deposit funds received as contributions in an FDIC-insured federal or state chartered bank account registered in the name of the Trust and arrange for the transfer of such contributions to the investment manager or other provider of Underlying Investments for the benefit of the appropriate Account Owner;
- (j) Maintain contact information for Account Owners and Authorized Legal Representatives, as applicable;
- (k) Maintain separate accounting for each Account and Account Owner; and Account payment and distribution history;

EXHIBIT E
(Standard Agreement)

- (l) Create or designate a customer call center in accordance with the RFP and the terms of the Award to respond to Account Owner inquiries. These customer service representatives must be available live on the phone. There also must be a voice response unit and online servicing access in all other hours. The Contractor's customer service representatives must be knowledgeable about the Program, provide information about the impact of an ABLE account on any assets for federal means-tested benefits, and engage in responsive conversation;
- (m) Accept and process Withdrawals and rollovers for Accounts, including (i) Withdrawals for Qualified Disability Expenses; and (ii) process rollovers to/from Qualified ABLE Programs; transactions via ACH; SSI and Social Security Disability Income; direct deposits; payroll direct deposits; and any other reasonably-related Administrative Services necessary to operate the Program;
- (n) Redeem funds from Underlying Investments in accordance with standard industry procedures and issue checks payable to the appropriate Account Owner drawn on an FDIC-insured federal or state-chartered bank account registered in the name of the Trust;
- (o) Establish aggregation procedures for the Program and Other Board Programs, if any, to satisfy Section 529A;
- (p) Prepare and provide all required monthly reports to federal and state entities regarding Accounts and Account activity (e.g., reports on Account information on a monthly basis to the SSA and the IRS), State and federal tax reporting documents (e.g., IRS forms 1099-QAs and 5498-Qs), and regularly scheduled reports to the Board regarding the number of new Accounts and assets generated for that month and currently in existence, any relevant Account activity, and other Program administration information prescribed by the Board;
- (q) Provide a quarterly report outlining customer service inquiries and results, the number and types of complaints and the manner in which they were resolved, and such other information as the Board requests, including prior year comparisons on requested information;
- (r) Maintain a secure 24/7 online Account access and Account maintenance on a ".com" California ABLE Program ADA-compliant website and create or establish a web address with its own URL separate and unique to California ABLE Program, which provides access to Account information, including enabling users (i.e., prospective and existing Account Owners, as applicable) to:
- (i) receive information about the Trust and the Program;
 - (ii) enroll online;
 - (iii) download an Application to establish an Account with the Trust;
 - (iv) access all Account information;
 - (v) process Withdrawals online; and
 - (vi) make certain Account changes online;
- (s) Accept direct deposits from employers (including the State) on behalf of Account Owners by payroll deduction and automatic checking/savings account Withdrawals;
- (t) Provide accurate quarterly and annual statements to Account Owners including opening and closing asset balances and units held as well as Account activity during the quarter or year as applicable, and such other matters as the Board reasonably requests;
- (u) Provide an annual report to Account Owners to satisfy the requirements of the Act;
- (v) Provide a way for Account Owners to make changes to their Accounts, including but not limited to, address changes, telephone number changes, and change of Account Owner, while still maintaining the confidentiality of information as required by Section 16 of this Agreement;
- (w) Provide a means for Account Owners to view or retrieve Account activity, and to express concerns, comments or complaints on a daily basis through a voice response unit and a secure website;
- (x) Provide timely fulfillment of Program Materials, including but not limited to the Program Disclosure

**EXHIBIT E
(Standard Agreement)**

Booklet, and other promotional materials and forms, and maintain a systematic history of fulfillment activity at the customer service center established by the Contractor for each Prospect and Account Owner;

(y) Maintain a systematic history of Prospect and Account Owner comments, calls, and other communications and inquiries at the customer service center established by the Contractor;

(z) Attend or be represented at all Board meetings (monthly) unless otherwise notified by the Board Chair or his or her designee, and provide Program-related reports as requested by the Board or its staff;

(aa) Respond to the need for telephone consultation within a 24-hour period and be available at minimum to the Board and the staff between the hours of 8 a.m. – 5 p.m. PT; and

(bb) Upon request, provide the Board access to all Program Records. The Program Records shall be provided in a reasonable time and in a form acceptable to the Board. At its expense, the Contractor also shall provide the Board all Program Records in a useable electronic form after notice from the Board that the Agreement will terminate.

8.2 Administrative Performance Criteria. The Contractor's performance will be measured by mutually agreed upon Administrative Performance Criteria, which the Board will establish ("Administrative Benchmarks") and which will be incorporated by reference into this Agreement. The Board and/or the Contractor may review and recommend modifications to the Administrative Benchmarks on an annual basis based on industry norms and national trends; any modifications will require approval by the Board.

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

8.4 Administrative and Other Reports. The Contractor shall compile, prepare and provide to the Board a report or reports of records administration and customer service activities of the Contractor during the preceding period, which reports shall be in form and substance as approved by the Board. The reports of activity shall include, among other things, the items set forth by the Board. The Contractor shall provide such reports in electronic and hard copy form to the Board fifteen (15) Business Days immediately following the end of each calendar month or quarter as applicable, and shall use commercially reasonable efforts to provide such reports within a shorter period following the end of each calendar month or quarter as requested by the Board as necessary to meet the Board's needs for such reports. A summary of reports of reports is attached as Appendix 1 to this Agreement. The Board reserves the right to request additional reports from time to time.

9. CONTRACTOR'S DELIVERABLES AND PAYMENT METHOD; CAIABLE ADMINISTRATIVE FEE.

9.1 Contractor's Deliverables and Payment Method. The Contractor's deliverables and milestones shall be set forth in accordance with the terms of Attachment 3 of the RFP, the final version of which has been completed by the Contractor and approved by the Board and is attached as Appendix 4 to this Agreement.

9.2 Invoicing. In accordance with the terms of Attachment 3 of the RFP, the Contractor will submit invoices for review and approval together with the required certifications that applicable milestones have been achieved as described in Appendix 4 of the Agreement. The Contractor shall work with the Executive Director in an ongoing manner to ensure that invoicing conforms to the terms of this Agreement and is conducive to accurate contract accounting and reporting. The Board reserves the right to withhold payment of (i) up to 10% of any invoiced amount until the successful launch of the Program, and (ii) up to 100% of any invoiced amount during any period of time the Contractor is in material breach of this Agreement.

9.3 Annual Account Fee. The Contractor will be entitled to withdraw annually an account maintenance fee of \$ ___ per Account.

EXHIBIT E
(Standard Agreement)

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

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

9.6 Penalties or Charges.

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

(b) If required by Applicable Law or Section 529A, or by prior agreement between the State and Contractor, the Contractor may collect federal or State penalties on behalf of the Program.

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

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

9.9 Budget Contingency Clause.

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

(b) If funding for any fiscal year is reduced or deleted by the Budget Act for purposes of this Program, the State shall have the option to either cancel this Agreement with no liability occurring to the State, or offer an agreement amendment to Contractor to reflect the reduced amount.

EXHIBIT E
(Standard Agreement)

10. REPRESENTATIONS AND WARRANTIES OF THE CONTRACTOR.

(a) Organization. [Note: This representation will be modified for the Contractor selected pursuant to the RFP.] The Contractor is a [TO COME] company, duly organized, validly existing and in good standing under the laws of the State of [TO COME]. The Contractor is duly qualified and in good standing under the laws of each jurisdiction (including California) where its ownership or lease of property or the conduct of its business requires such qualification. The Contractor has been and is in material compliance with, all governmental approvals, consents, licenses, permits, certificates, franchises and requirements under Applicable Law, that are necessary for such Contractor to conduct its business generally and in the State of California and to enter into and perform its obligations under this Agreement and the other documents relating to the Program and the Trust. The Contractor has full corporate power and authority to execute and deliver this Agreement and to perform its obligations hereunder and to consummate the transactions contemplated hereby. The Contractor meets and will continue to meet the minimum qualifications of the RFP, and as certified in Contractor's Proposal (Attachment 5, Minimum Qualifications Certification), throughout the Term of the Agreement.

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

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

(d) No Relationships. The Contractor shall not have a contractual relationship with any entity engaged by the Board, including its investment advisor and its 529A advisor (AKF Consulting).

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

(f) No Litigation. There is no action, suit, investigation or proceeding pending or, to the best knowledge of the Contractor, threatened against the Contractor before any court, arbitrator or administrative or governmental body which might result in any material, adverse change in the operations of the Contractor or which might materially and adversely affect the ability of the Contractor to perform the respective Services or otherwise comply with its obligations under this Agreement.

(g) Investment Advisers Act. The Contractor is, or will engage an approved Subcontractor that is, a registered investment adviser under the Investment Advisers Act of 1940, as amended, to perform Investment Services. The Contractor's or approved Subcontractor's personnel responsible for performing

EXHIBIT E
(Standard Agreement)

Investment Services will have the necessary licenses under applicable federal and state securities law and regulatory requirements.

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

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

(j) Municipal Advisor. If the Contractor (or any applicable Subcontractor) is required under the Securities and Exchange Act of 1934 to be registered as an SEC- and MSRB- registered municipal advisor to perform any Services under this Agreement, the Contractor or such Subcontractor (as applicable) will maintain such registration during the Term. The Contractor's and any approved Subcontractor's personnel responsible for this engagement will have all necessary licenses under Applicable Law (e.g., applicable federal and state securities law and regulatory requirements).

11. REPRESENTATIONS AND WARRANTIES OF THE CALIFORNIA ABLE ACT BOARD.

(a) The Board. The Board was created under the Act and granted the power and authority to carry out the duties and obligations of the Trust under the Act and Section 529A of the Internal Revenue Code and federal regulations issued pursuant to that code, and was granted by the Act any other powers as may be reasonably necessary for the effectuation of the purposes, objectives, and provisions of the Act.

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

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

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

(e) Section 529A Status; Compliance with Act. The Act establishes and creates the Trust pursuant to which the Program has been created. As of the Program Start Date, the Program and the Trust will be designed to be a Qualified ABLE Program. The Board shall not knowingly take any action that would jeopardize the compliance of the Program and the Trust with the requirements of the Act or the treatment of the Program and the Trust as a Qualified ABLE Program.

12. COVENANTS OF THE CONTRACTOR.

EXHIBIT E
(Standard Agreement)

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

(a) The Contractor or any Subcontractor shall not knowingly take any action that would jeopardize: (i) the compliance of the Trust with the requirements of the Act; (ii) the treatment of the Trust as a Qualified ABLE Program; and (iii) the exemption from registration under and compliance with the federal or state securities law of the Participation Agreements or the Trust. The Contractor also shall not take any action in connection with federal or State legislative or regulatory proposals which may directly or indirectly have a material adverse effect on the Program.

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

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

(d) The Contractor shall use the Program Disclosure Booklet in connection with the Trust's offer and sale of interests in the Trust only so long as the certificate delivered by the Contractor to the Board pursuant to Sections 5(b)(iii) of this Agreement remains true and correct at the time of such offer and sale.

(e) The Board may seek such legal advice concerning the status of the Program and the Trust as it deems advisable, including (i) preparing and filing on behalf of the Trust an IRS Private Letter Ruling request, and (ii) preparing and filing a request for an SEC No-Action Letter. The costs and expenses of the Board in obtaining such advice shall be shared equally between the Board and the Contractor. The Contractor shall render assistance to the Board in the preparation of a request for an IRS Private Letter Ruling and/or SEC No-Action Letter. At no time during the Term shall the Contractor seek an IRS Ruling, SEC No-Action Letter, or any other interpretation of Applicable Law by any Governmental Authority or Regulatory Body specifically relating to the Trust or the Program independent of the efforts of the Board to obtain such interpretation and without the express written consent of the Board, which consent shall not be unreasonably withheld to the extent consistent with the Board's obligations under the Act. Nothing in this Section shall be deemed to prohibit the Contractor from seeking an interpretation relating to another state-administered Qualified ABLE Program.

(f) In the event that the Trust or objectives of the Trust are adversely affected due to interpretations of existing federal tax law (including, without limitation, if a Private IRS Letter Ruling negatively impacts the Trust or the IRS refuses to issue a IRS Private Letter Ruling), State tax law or federal or State securities laws, (i) the Board shall use commercially reasonable efforts to restructure the Trust and the Contractor shall use commercially reasonable efforts to restructure the Services hereunder within the constraints of Applicable Law to address such adverse consequences, and (ii) each of the parties hereto shall pay its own expenses in connection with such efforts through the date of such restructuring.

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

EXHIBIT E
(Standard Agreement)

12.3 Compliance with Applicable Securities Law Requirements. The Contractor currently complies, and during the Term of this Agreement, the Contractor shall comply, in all material respects with all Securities Law Requirements applicable to any Services provided hereunder.

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

(a) Receipt or actual knowledge of any subpoena, summons, complaint, order instituting proceedings, notice of investigation, indictment, criminal information or other legal process, involving any Governmental Authority or Regulatory Body with jurisdiction over federal or state securities laws, with respect to any alleged violation of securities laws applicable to any Services provided by the Contractor, its affiliates, related entities or any Subcontractor;

(b) Entry into a settlement agreement by the Contractor or by any affiliate, related entity or Subcontractor in any proceeding described in subparagraph (a), or the issuance by any Governmental Authority or Regulatory Body of any "consent order," "cease and desist order" or similar order or sanction applicable to the Contractor, any affiliate, related entity or Subcontractor with respect to any alleged securities law violation(s) described in subparagraph (a);

(c) Any admission by the Contractor, any affiliate, related entity or Subcontractor in any proceeding described in subparagraph (a) that the Contractor, affiliate, or related entity or Subcontractor has violated any applicable securities laws;

(d) Any administrative determination or entry of judgment in any proceeding described in subparagraph (a), above, that the Contractor, affiliate, related entity or Subcontractor has violated any applicable securities laws; or

(e) Any of the foregoing as it relates to any Applicable Law.

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

12.6 Tax Reports. As required by the Act, the Contractor shall:

(a) report to the IRS, the FTB, an Account Owner, or any other Person to the extent required by Applicable Law, if there are any Withdrawals from the Trust by any individual or for the benefit of any individual during a calendar year and generally comply with all tax law reporting as is or may be required under Section 529A, by the FTB, or any other federal or State regulations, including aggregation for federal tax law purposes;

(b) provide an annual listing to the FTB on magnetic tape or in other suitable electronic form, and in a manner agreed upon by the FTB and the Trust, of all Withdrawals, including payment of benefits and refunds, to any individual with respect to an interest in an Account; and

(c) prepare and file statements and information relating to the Trust and the Accounts to the extent required by federal and State tax law, with written confirmation of such filing provided to the Board.

12.7 Audits.

EXHIBIT E
(Standard Agreement)

(a) Financial and Related Audits. At its cost and expense, the Contractor shall provide at the Board's request:

- (i) Draft annual audited financial statements for the Program no later than thirty (30) Business Days prior to the Board's required filing date, if any.
- (ii) Final annual audited financial statements for the Program no later than fifteen (15) Business Days prior to the Board's required filing date, if any.

Such annual statements shall be audited by a certified public accountant or firm of such accountants duly licensed to practice and practicing as such under the laws of the State, who is independent and not under the control of the Contractor, and who does not have any substantial interest, direct or indirect, in the Contractor. Selection of the certified public accountant or firm of such accountants as well as the scope of the audit will be subject to approval by the Executive Director. Contractor also shall provide the Board with any SSAE 16 audit report received in connection with the Program.

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

(c) Required Access to Information and Audit. In accordance with Section 4 of Exhibit C, the Contractor agrees that the Board, the Department of General Services, the Bureau of State Audits, or their designated representative shall have the right to review and to copy any books and records and supporting documentation pertaining to the performance of this Agreement. Contractor agrees to maintain such records for possible audit for a minimum of three (3) years after final payment, unless a longer period of records retention is stipulated. Contractor agrees to allow the auditor(s) access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. Further, Contractor agrees to include a similar right of the State to audit records and interview staff in any subcontract related to performance of this Agreement.

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

12.8 Continuing Disclosure Undertaking. At the Board's request, the Contractor shall deliver to the Board on a timely basis such information concerning the Trust, including but not limited to information concerning investment performance of the Trust and other facts related to the Trust which are in the control of the Contractor to enable the Board to submit the Program Disclosure Booklet and other updates on the Program to the MSRB. Further, on a quarterly basis, the Contractor shall certify its absence of knowledge of any uncured material default in the performance of its Services.

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

12.10 Insurance Coverage.

(a) The Contractor shall, during the Term, maintain insurance coverage that is reasonable and customary in light of all its responsibilities and obligations under this Agreement and that, at a minimum, meets the

EXHIBIT E
(Standard Agreement)

following requirements unless otherwise approved by the Board:

(i) Errors & Omissions Insurance. With respect to the Services provided by the Contractor hereunder, Errors & Omissions insurance coverage, provided by an insurance carrier with an AM Best's rating of A- or better, and the Contractor agrees to maintain Errors & Omissions insurance coverage in accordance with this Section 12.10(a)(i) for at least five (5) years beyond the termination of this Agreement.

(ii) Criminal Acts. Coverage against criminal acts, provided by an insurance carrier with an AM Best's rating of A- or better and the Contractor agrees to maintain this coverage for at least five (5) years beyond the termination of this Agreement.

(iii) General Liability Insurance. The Contractor agrees to maintain general liability insurance coverage, with a policy which contains, or is endorsed to contain, the following provisions:

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

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

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

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

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

(i) The "Retro Date" must be shown and must be before the date of the Agreement or the beginning of Agreement Services;

(ii) Insurance must be maintained, and evidence of insurance must be provided for at least five (5) years after completion of the Term of this Agreement. Insurance carrier must have an AM Best's rating of "A-" or better.

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

(a) an irrevocable Letter of Credit in an amount sufficient to meet the Contractor's obligations hereunder pursuant to the Agreement for a period of one year. Such Letter of Credit shall be issued by a bank doing business in California and insured by the Federal Deposit Insurance Corporation. The Contractor shall further provide for honor of a draft or demand for payment presented with the Board's written statement certifying that there has been loss, damage, or liability resulting from the Contractor's performance or non-performance of duties and obligations under the Agreement, or from the negligence or act of omission by the Contractor or its agents, servants, and employees, and that the amount of the demand or draft is, therefore, now due and payable;

(b) a Surety Bond payable to the Board in an amount sufficient to meet the Contractor's obligations hereunder pursuant to the Agreement for a period of one year. The Surety Bond must be maintained in current status at all times throughout the Term of the Agreement. If the term of the Surety Bond is less than the Term of the Agreement, the Board will require that evidence of renewal be submitted to the Board no less than sixty (60) days prior to the expiration date of the Surety Bond; or

EXHIBIT E
(Standard Agreement)

(c) other alternative means to reasonably ensure performance by the Contractor that is mutually agreeable to the parties.

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

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

13. TERM OF AGREEMENT; TERMINATION.

13.1 Term of Agreement. The Term of this Agreement shall be for a period of five (5) years, beginning on [term to be inserted], unless terminated earlier in accordance with its terms.

13.2 Termination by the Board for Deficient Performance.

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

(i) If at any time the Contractor has failed to meet the Administrative Performance Criteria for two months in any rolling three-month period, and if the performance would be curable but it remains uncured for more than sixty (60) days after the Board has given written notice thereof to the Contractor (unless the Board reasonably determines such deficient performance would be curable over a longer period of time), then the Board may treat such deficient performance as a material breach and it may terminate this Agreement.

(ii) If at any time the Board finds the Contractor in material breach of its obligations under Section 6.2 herein, then the Board may terminate this Agreement.

(iii) If at any time the Board finds the Contractor's investment performance is otherwise deemed inadequate as set forth in Section 6.3 herein, and such performance remains uncured for more than a one (1) year period after the Board has given written notice thereof to the Contractor, then the Board may treat such inadequate performance as a material breach and it may terminate this Agreement.

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

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

13.3 Termination for Insolvency. The Contractor shall notify the Board immediately in writing in the event that it, any parent, affiliate, related entity, subsidiary or Subcontractor files any federal bankruptcy action or state receivership action, any federal bankruptcy or state receivership action is commenced against any of these parties, or any of these parties is adjudged bankrupt, or a receiver is appointed and qualifies. In the event of any of the foregoing events, or if the Board determines, based on reliable information, that there is a substantial probability that the Contractor, parent, affiliate, related entity, subsidiary, or Subcontractor will be financially unable to continue performance under this Agreement, the Board may terminate this Agreement and all further rights and obligations immediately by giving five (5) days' notice in writing to the

EXHIBIT E
(Standard Agreement)

Contractor. Insolvency shall constitute cause for purpose of termination pursuant to paragraph 7 of Exhibit C.

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

13.5 Transition upon Termination.

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

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

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

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

13.6 Additional Termination at Board's Option. Unless otherwise specified by the provisions of paragraph 7 of Exhibit C, this Agreement may not be terminated by the Board without cause during the first five (5) years of its Term. For avoidance of doubt, a termination under Section 13.2, Section 13.3, or Section 13.4 shall be deemed a termination "for cause" within the meaning of the immediately preceding sentence. Upon receipt of a termination notice, the Contractor shall promptly discontinue all Services affected unless the notice specifies otherwise.

13.7 Contractor Rights upon Termination. In the event of termination of this Agreement for any reason set forth in this Section 13, the Contractor will be entitled to receive payment in accordance with Section 9 for satisfactory Services performed prior to the termination. The Contractor shall not be entitled to additional compensation.

13.8 Software and Other Program Records to be Available to Trust. At the termination of this Agreement, the Contractor will cooperate with the Board to effect an efficient transition of Program Records and data to a new contractor, including the granting of nonexclusive, royalty free, nontransferable limited use licenses

EXHIBIT E
(Standard Agreement)

for all software which permits participants and/or Account Owners to participate in and interact with the Program. Prior to the commencement of the transition, the Contractor and the new contractor will enter into reasonable and customary arrangements in writing to protect proprietary information. These limited use licenses will be used to effect the transition of data, including testing and reconciliation, and will expire upon successful transition of Program Records and data to a new contractor. All Program Records and data shall be readily accessible to the Board and a successor contractor, at the Contractor's expense, in a reasonable and sortable electronic form within a medium mutually agreed upon by the Contractor and the Board.

13.9 Post-Term Restrictions. Upon termination or expiration of this Agreement, the Contractor agrees that it shall not make any direct solicitation of any Account Owner, Authorized Legal Representative, Giftor, and/or Prospect except to the extent permitted by and in accordance with Section 7.4 of this Agreement. The Contractor further agrees that it shall not use the Program Records after termination or expiration of this Agreement for any purpose other than as may be required in connection with on-going Services to Accounts or regulatory and compliance requirements, if any.

14. CONTACT PERSONS; MEETINGS.

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

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

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

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

15.2 Ownership of Program Records; Contractor's Internal Information. The Board shall own, and as such shall have all right, title, interest in and beneficial ownership of, the Program Records. Although the Contractor shall not own the Program Records, the Contractor shall be and remain the sole owner of all of its respective internal records, books, documents, files, know-how and other intellectual property developed and utilized by the Contractor to perform the Services under this Agreement (including without limitation investment allocation methodologies and know-how, and any software and analytical tools as are otherwise owned by the Contractor and utilized and developed by or for the management and administration of the Program); provided, however, that the Board shall not be restricted in any manner in connection with the continuation of the Program after the Term of this Agreement in using the same or substantially the same structure of the Program or portions thereof (including the investment and Allocation Guidelines components) as have been in effect prior to termination or expiration of this Agreement, and the Contractor shall be deemed to have granted the Board a non-exclusive, perpetual, royalty-free, non-transferable license to so use the same or substantially the same structure of the Program or portions thereof (including the investment and Allocation Guidelines components) as have been in effect prior to termination or

EXHIBIT E
(Standard Agreement)

expiration of this Agreement.

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

15.4 Ownership and Use of Names and Property by Contractor. The Board shall own and have all right, title, interest in and exclusive beneficial ownership of, any logo, any slogan developed for and any trade names, trademarks or service marks in connection with the Program during and after the Term of this Agreement, including ownership of any website or toll-free phone number used for servicing and promotion of the Program. The Board will be deemed to grant the Contractor a royalty-free and non-transferable (other than to a Subcontractor) license to use the name, the logo, any slogans, trademarks, service marks, trade names, the websites and the toll-free numbers throughout the Term of the Agreement necessary to perform the Services. The Contractor shall not use the names of the Program, the State or the Board, or material relating to the Program in any manner other than in a manner approved prior thereto by the Executive Director; provided, however, the Executive Director shall not withhold approval of such use when the use merely refers to such names in accurate terms (and in type no larger or bolder than in the textual material in the document in which its name appears) and is in connection with a description of the appointment of the Contractor hereunder or is required by the SEC, a state securities commission, or any federal or state bank regulatory authority.

16. CONFIDENTIALITY.

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

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

- (i) Secure systems development practices utilizing industry standards.
- (ii) Software testing program utilizing industry best practices prior to production to ensure system and data

EXHIBIT E
(Standard Agreement)

integrity.

(iii) Operating system security patches, upgrades, and anti-virus software.

(iv) Access controls to Program data with no generic Account access.

(v) Disaster recovery plan to protect Program data in the event of data loss or destruction.

(vi) Standards for the transmission and storage of data. At a minimum, confidential information must be encrypted in transit, and at rest on portable storage devices.

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

(i) Section I of Article I of the State of California Constitution;

(ii) Information Practices Act of 1977 (Civil Code Sections 1798 – 1798.78);

(iii) Customer Records (Civil Code Sections 1798.80 – 1798.84);

(iv) California Financial Information Privacy Act (Fin. Code 4050 – 4060)

(v) Financial Information Privacy Act (Financial Code Sections 4050 – 4060);

(vi) California Public Records Act (Government Code Sections 6250 – 6268); and

(vii) Online Privacy Protection Act of 2003 (Business and Professions Code Sections 22575 – 22579).

(d) State Administrative Manual Section 5300 Information Security.

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

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

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

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

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

(j) Contractor will arrange for its relevant subject matter experts to meet with the relevant subject matter experts of the Board once annually to review Contractor's security controls. The Board may view Contractor's security-related policies and procedures, however, no documentation may be copied, shared, transmitted or removed from Contractor's premises, except as mutually agreed. The parties shall mutually agree upon a convenient time and place for such meeting. Not more than once each year, and subject to Contractor's reasonable security requirements and availability of personnel, Contractor will at the Board's request arrange a tour of Contractor's data processing facilities for the Board's subject matter experts. Contractor will also, subject to its reasonable security requirements, permit site visits of its data processing facilities by governmental agencies with regulatory authority over the Board. The Contractor shall promptly notify the Board and the State Treasurer's Office Chief Information Security Officer promptly upon learning of a security incident involving the Board or Program's data such as breach or loss of data. Notification to the Board and the State Treasurer's Office Chief Information Security Officer must occur no more than twenty-four hours after a confirmed security incident.

EXHIBIT E
(Standard Agreement)

17. LIABILITY AND INDEMNIFICATION.

17.1 Indemnification by the Contractor. Notwithstanding paragraph 5 of the General Terms and Conditions, Contractor shall indemnify, defend and save harmless the State of California, the State Treasurer's Office, the Board and all of the officers, trustees, agents and employees of the foregoing (the "Indemnified Parties") from and against any and all losses, costs, liabilities, damages or deficiencies, including interest, penalties and attorney's fees ("Losses"), which (a) arise out of or are due to a breach by Contractor or a Subcontractor of any of its representations, warranties, covenants or other obligations contained in this Agreement, or (b) are caused by or resulting from Contractor's or a Subcontractor's acts or omissions constituting bad faith, willful misfeasance, negligence or reckless disregard of its duties under this Agreement. The Contractor's aggregate indemnification obligation for Losses hereunder shall not exceed \$5 million dollars until the Program's net assets reach \$50 million (the "Indemnification Cap"). In the event that the Program's net assets exceed \$50 million, the Indemnification Cap shall automatically increase by 10% of the increase in the Program's net assets. For example, if, and when, the Program's net assets increase to \$100 million, the Indemnification Cap would be \$10 million. Notwithstanding anything in this Agreement to contrary, the Indemnification Cap shall not apply to Losses caused by or resulting from Contractor's acts or omissions constituting bad faith, willful misfeasance, gross negligence or reckless disregard of its duties under this Agreement. If a conflict arises between the provisions of this paragraph and paragraph 5 of the General Terms and Conditions, the provisions of this paragraph shall prevail.

17.2 Payment of Costs. The Contractor shall pay its own costs associated with the defense of actions brought against the Contractor or its employees for actions or inactions which are within the Contractor's scope of responsibility. The Board shall pay its own costs associated with the defense of actions brought against the Board arising out of actions or inactions which are within the Board's scope of responsibility.

17.3 LIMITATION ON LIABILITY. IN NO EVENT WILL THE CONTRACTOR (ITS DIRECT OR INDIRECT SUBSIDIARIES, CONTROLLED AFFILIATES) BE LIABLE HEREUNDER TO THE INDEMNIFIED PARTIES FOR SPECIAL, INDIRECT, PUNITIVE, EXEMPLARY, OR CONSEQUENTIAL DAMAGES NOR FOR ANY LOST PROFITS OR REVENUES IN CONNECTION WITH OR ARISING OUT OF THIS AGREEMENT UNLESS THE CONTRACTOR'S ACTS OR OMISSIONS CONSTITUTE BAD FAITH, WILLFUL MISFEASANCE, GROSS NEGLIGENCE, OR RECKLESS DISREGARD OF DUTIES UNDER THIS AGREEMENT.

18. DOCUMENT REVIEW.

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

19. NOTICES.

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

If to the Board:

Dante Allen, Executive Director
California ABLE Act Board
915 Capitol Mall, Room 590

EXHIBIT E
(Standard Agreement)
Sacramento, CA 95814
Phone: (916) 653-4046
Fax: (916) 589-2860

If to the Contractor: [TO COME]

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

20. CONTINGENCY PROGRAM.

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

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

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

21. DISPUTES.

(a) In the event of a dispute, the Contractor shall file a "Notice of Dispute" with a Deputy Treasurer of the State Treasurer's Office within ten (10) days of discovery of the problem. Within ten (10) days, the Deputy Treasurer shall meet with the representatives of the Contractor and the Board identified in Paragraph 4 of Exhibit A for purposes of resolving the dispute. The decision of the Deputy Treasurer shall be final. In the event of a dispute, the language contained within this Agreement shall prevail over any other language including that of the RFP or the Contractor's Proposal. Contractor shall continue with the responsibilities under this Agreement during any dispute.

(b) As provided in Section 14 of Exhibit C, this Agreement is governed by and shall be interpreted in accordance with the laws of the State of California (without regard to any conflict of laws provisions).

(c) Any suit brought under this Agreement (including any action to compel arbitration or to enforce any award or judgment rendered thereby) shall be brought in State court sitting in Sacramento, California, the parties hereby waiving any claim or defense that such forum is not convenient or proper. Each party agrees

EXHIBIT E
(Standard Agreement)

that any such court shall have in personam jurisdiction over it and consents to service of process in any manner authorized by State law.

(d) The rights and remedies provided herein are cumulative and are not exclusive of any rights or remedies that any party may otherwise have at law or in equity.

22. MISCELLANEOUS.

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

22.2 No Third Party Beneficiaries. Except as otherwise specifically provided for herein, nothing in this Agreement is intended or shall be construed to give any Person, other than the parties hereto, their successors and permitted assigns, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision contained herein, provided that the foregoing shall not deprive any Account Owner of any right, remedy or claim which such Person may have under Applicable Law, independent of this Agreement.

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

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

22.5 Entire Agreement. This Agreement (including any exhibits and documents incorporated by reference herein) incorporates, merges and supersedes any and all prior understandings and communications, whether written or oral, with respect to such subject matter.

22.6 Survival. Any provision of this Agreement which, either by its terms or to give effect to its meaning, must survive, including Sections 13.5, 13.9, 15, 16, 17, 19 and 22.6 of this Agreement, shall survive the termination or expiration of this Agreement.

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

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

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

22.10 Force Majeure. Except for payment obligations hereunder, neither party shall be liable to the other for any failure to comply with the terms of this Agreement, for any delays in the performance thereof or for

EXHIBIT E
(Standard Agreement)

failure to perform under the terms and provisions of this Agreement, where such failure or delay is due to causes beyond such party's reasonable control including, but not limited to, acts of God, acts of civil or military authority, acts of the State in its sovereign capacity, fires, floods, power failures, suspension of trading, epidemics, quarantine restrictions, wars, terrorism, riots, strikes, delays in transportation and freight embargoes.

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

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

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

22.14 Political Reform Act. Contractor acknowledges that the Board is subject to the provisions of the California Political Reform Act (Government Code Sections 81000 et seq., and all regulations adopted thereunder, including, but not limited to, California Code of Regulations, Sections 18700 et seq.) and Contractor shall comply promptly with any requirement thereunder. If required by law, the Contractor shall require its personnel, including without limitation, its Key Personnel and all later substitutions thereof, to file Statements of Economic Interests in compliance with the Conflict of Interest Code for the Office of the State Treasurer and the various boards, authorities, commissions, and committees chaired by the State Treasurer, including the Board (California Code of Regulations, Title 2, Division 2, Chapter 4, Section 1897). All such reports shall be filed simultaneously with the Board.

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

22.16 No Additional Services or Procurements. Neither the Contractor, nor any of its affiliates, related entities, subsidiaries, officers or directors, may submit a bid or be awarded a contract for the provision of services, procurement of goods or supplies, or any other related action which is required, suggested, or otherwise deemed to be an outgrowth of the advice or recommendations that the Contractor provides under this Agreement.

22.17 Darfur Contracting Act. Effective January 1, 2009, all Invitations for Bids or Requests for Proposals for goods or services must address the requirements of the Darfur Contracting Act of 2008 ("Darfur Act"). (Public Contract Code section 10475 et seq.) The Darfur Act was passed by the California Legislature and signed into law by the Governor to preclude State agencies generally from contracting with "scrutinized" companies that do business in the African nation of Sudan of which the Darfur region is a part, for the reasons described in Public Contract Code section 10475. A scrutinized company is a company doing business in Sudan as defined in Public Contract Code section 10476. Scrutinized companies are ineligible to, and cannot, bid on or submit a proposal for a contract with a State agency for goods or services. (Public Contract Code section 10477(a).) Therefore, Public Contract Code section 10478(a) requires a company that currently has (or within the previous three (3) years has had) business activities or other operations outside of the United States to certify that it is not a "scrutinized" company when it submits a bid or proposal to a State agency. A scrutinized company may still, however, submit a bid or proposal for a contract with a State agency for goods or services if the company first obtains permission from DGS according to the criteria set forth in Public Contract Code section 10477(b).

22.18 Iran Contracting Act. Effective June 1, 2011, Contractor must address the requirements of the Iran

EXHIBIT E
(Standard Agreement)

Contracting Act of 2010 (the "Iran Contracting Act"). The Iran Contracting Act was passed by the California Legislature and signed into law by the Governor to preclude State agencies generally from contracting with companies that engage in investment activities in Iran as defined in Public Contract Code section 2202.5. Effective June 1, 2011, a Contractor engaged in investment activities in Iran is ineligible to, and shall not, bid on, submit a proposal for, or enter into or renew, a contract with a State agency for goods or services. (Public Contract Code section 2203). Contractor must certify that it is not engaged in investment activities in Iran as defined in Public Contract Code section 2202.5. A Contractor engaged in investment activities in Iran, however, may submit a bid or proposal for a contract with a State agency for goods or services if it has been granted permission by the State Treasurer's Office pursuant to the criteria set forth in Public Contract Code sections 2203(c) and/or 2203(d). Note that additional findings by the State Treasurer's Office are required and will be made solely at the discretion of the State Treasurer's Office.

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

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EXHIBIT E
(Standard Agreement)
APPENDIX 1

ADMINISTRATIVE AND OTHER REPORTS

Performance

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

Investments

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

Administration

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

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EXHIBIT E
(Standard Agreement)

APPENDIX 2

INVESTMENT POLICY STATEMENT

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EXHIBIT E
(Standard Agreement)

APPENDIX 3

MONITORING PROCEDURES AND INVESTMENT PERFORMANCE DATA

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EXHIBIT E
(Standard Agreement)

APPENDIX 4

COST PROPOSAL WORKSHEET FROM ATTACHMENT 3 TO CONTRACTOR'S RFP SUBMISSION

DRAFT