



## SCHOLARSHARE INVESTMENT BOARD

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**EXECUTIVE DIRECTOR**  
Julio Martinez

### ScholarShare Investment Board

### Request for Proposals No. SIB03-22 Investment Consulting Services

### Notice to Prospective Proposers

February 8, 2023

You are invited to review and respond to this Request for Proposals No. SIB03-22 (RFP) for investment consulting services.

Proposals for these services must comply with the instructions included in this RFP. The RFP includes the Sample Standard Agreement the selected firm will be expected to execute. The agreement that will be entered into with the State of California ("State") will include by reference the General Terms and Conditions and Contractor Certification Clauses which may be viewed and downloaded online at <https://www.dgs.ca.gov/OLS/Resources/Page-Content/Office-of-Legal-Services-Resources-List-Folder/Standard-Contract-Language>. The General Terms and Conditions and all Exhibits that are a part of the Sample Standard Agreement are not negotiable. By submitting a proposal, your firm agrees to the terms and conditions stated in this RFP.

All responses to this RFP must be submitted in hard copy and received by SIB no later than **4:00 p.m. Pacific Time (PT) on March 8, 2023**. Email or faxed submissions will not be accepted. All proposals must be delivered to:

ScholarShare Investment Board  
915 Capitol Mall, Room 590  
Sacramento, California 95814  
Attention: James Millward

In the opinion of the ScholarShare Investment Board, this RFP is complete and without need of explanation. However, if you have questions, or should you need any clarifying information, contact James Millward by email at [scholarshare@treasurer.ca.gov](mailto:scholarshare@treasurer.ca.gov). Please note that no *verbal* information given will be binding upon the State unless such information is issued in writing as an official addendum.

The State of California will not contract or otherwise do business with publicly-held U.S. expatriate corporations without a compelling public interest. This policy is designed to ensure that companies with which the State of California does business meet threshold standards of corporate accountability.

On behalf of the ScholarShare Investment Board, thank you for your interest.

Julio Martinez  
Executive Director

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## A) Purpose and Description of Services

### 1) Scope Overview

The ScholarShare Investment Board (SIB or Board) is the administrator of California's 529 college savings plan, the ScholarShare 529 College Savings Plan (ScholarShare 529 or Plan) and the California Kids Investment and Development Savings Program (CalKIDS or Program). SIB is the State agency responsible for the effective and efficient administration of the Golden State ScholarShare College Savings Trust (Trust). As of December 31, 2022, there are more than 390,500 ScholarShare 529 accounts with over \$11.5 billion in assets under management.

A qualified investment consultant is needed to assist SIB in its role as fiduciaries to the Trust. The investment consultant would assist SIB with revising (as needed) the statement of investment policy for the Trust and monitoring the investment performance of the ScholarShare program manager(s), currently TIAA-CREF Tuition Financing, Inc. (TFI). The current ScholarShare Statement of Investment Policy (Investment Policy) and Monitoring Procedures and Criteria are provided as Appendices A and B to the RFP. More information about ScholarShare 529 and CalKIDS can be found online at [www.scholarshare529.com](http://www.scholarshare529.com) and [www.calkids.org](http://www.calkids.org), respectively.

### 2) Background

The California Legislature authorized creation of the Trust in 1997 (Education Code Sections 69980-69994 (Act)), intending it to be a "qualified tuition program" as defined in Section 529 (Section 529) of the Internal Revenue Code of 1986, as amended (Code). The Act authorizes Trust investments for a specific beneficiary's advance savings for qualified higher education expenses in a postsecondary educational institution. The Board was established to administer the state's qualified tuition program.

SIB is the state entity responsible for effective and efficient administration of the Trust. The seven-member Board meets four to five times annually, with additional meetings if deemed necessary. Meetings are generally held in Sacramento, California at the State Treasurer's Office, 915 Capitol Mall, but may be held at other locations.

### 3) Scope of Work

The following scope of work details SIB's expectations for an investment consultant. These investment consultant services include the following:

- Under the direction of SIB or its designee, analyze and evaluate asset allocation plans for the Trust based on age groups of its beneficiaries as well as allocation for risk reduction.
- Review and analyze the investment performance of the program manager(s) of the Trust using criteria developed by SIB as well as criteria developed by the program manager(s) or outside consultants. Periodically, there may be additional evaluations comparing ScholarShare 529 investment performance and fees to the performance between the national plans and/or other 529 state plans. Regularly review and propose changes to the Investment Policy and Monitoring Procedures as needed.
- Conduct monthly evaluations of the Trust which compare monthly investment results to appropriate indices and SIB policies, including compliance by the program manager(s) to these policies, and provide evaluations to SIB or its designee within 10 business days of receiving the data from each program manager.
- Advise SIB or its designee of which data should be reported from the program manager(s).
- Provide clarification and assistance to SIB in understanding various investment vehicles and the investment market. This may include providing training seminars, as necessary, on rates of return, investment products, strategies or other fundamental concepts of investing to SIB and its staff.

- Inform the SIB or its designee in the event of significant changes in the investment climate or market conditions that could affect Trust investments.
- Provide general advice, counsel, and recommendations on a variety of investment related matters regarding the Trust including investment personnel, investment strategy, investment portfolio addition or division, as well as overall investment health of the program manager(s), other 529 vendors, and 529 industry issues and trends.
- Participate in the development of request for proposals and subsequent selection process.
- Work with SIB's consultants and program manager(s) if needed.
- Attend SIB meetings unless notified otherwise by the SIB or its designee. It is anticipated that the SIB will meet approximately four times per year.
- Be available to consult with SIB members and the Executive Director from 8:00 a.m. to 5:00 p.m. Pacific Time, Monday through Friday.
- Respond to the need for telephone consultation within a 24-hour period and be available for meetings with SIB with no greater than 10 days' notice.

The services shall be performed at the offices of the selected Contractor and at the offices of appropriate affiliates, related entities, subsidiaries and subcontractors; however, there will be some mandatory meetings at 915 Capitol Mall, Sacramento, California 95814.

The selected Contractor shall ensure that the quality and availability of its personnel assigned to this agreement will be maintained over the term of the agreement. Any changes in assigned personnel are at the discretion of the firm, provided that any replacements have substantially the same as or better qualifications and experience than the original personnel.

The performance of the selected Contractor will be evaluated based on the criteria outlined below.

- Responsiveness and timeliness in responding to inquiries made by SIB (members, Executive Director, and staff).
- Availability to SIB for conference calls and board meetings, as needed.
- Quality, completeness and timeliness in providing reports, memos, analyses and recommendations to SIB for review and consideration.
- Quality and accuracy of information, data and support included in all products submitted to SIB.
- Ability to provide SIB with, or direct SIB, to appropriate resources for information.
- Ability to provide SIB with up-to-date information on industry standards, changes in the law and state comparisons.
- Availability of resources to adequately perform on contract requirements (staff, consultants, etc.).
- Demonstrates working relationships with industry peers and organizations.
- Demonstrates the ability to provide day-to-day management of tasks, coordination of support and administrative activities, and supervision of all employees.
- Possesses the technical and functional skills, and knowledge to direct all aspects of the contract.

#### **4) Terms of Agreement**

The term of the agreement entered into pursuant to this RFP, if any, will be April 17, 2023 through April 16, 2025 with a maximum amount of \$250,000. At the option of the State, the agreement may be extended for one additional year and an additional \$125,000. The agreement is subject to the approval of SIB and the Department of General Services (DGS). In no event shall services be performed prior to the approval of the agreement by the DGS Office of Legal Services.

**B) Minimum Qualifications for Proposers**

**Proposer must complete Attachment 5 of the RFP certifying that the firm meets the following minimum qualifications.** Failure to meet these minimum qualifications will cause your proposal to be considered non-responsive and the proposal will be rejected.

- Must have been actively providing advice on investment options for at least the last five years. Investment expertise must include knowledge and experience in a wide range of investment vehicles, including investments not currently permitted by SIB's Investment Policy.
- Must have been providing consultation to or on behalf of individuals or governmental agencies that have been investing funds totaling at least \$1 billion.
- Must agree in writing to serve as fiduciary with respect to its work.
- Must hold and maintain all licenses and registrations required by applicable federal and state laws for businesses offering investment and municipal advisory services. All such licenses and registrations must be current and in good standing.
- Must maintain registration as a Municipal Advisor with the Securities and Exchange Commission for the duration of the agreement.
- Must be qualified to do business in the State of California. Firm must also be able to provide evidence of qualification (e.g., registration with the California Secretary of State) to do business in the State of California, including qualification of any subcontractors, upon proposal submission for this RFP.
- May not currently or during the term of a contract that may be executed pursuant to this RFP have a contractual or other business relationship with any program management services contractor (currently TFI) that provides services for the Trust or any investment manager directing funds in the ScholarShare 529 portfolio, either on its own or in partnership, with other entities. Ownership of a ScholarShare 529 account does not constitute a business relationship for the purposes of this minimum qualification.

**C) Proposal Requirements and Information**

**1) Schedule (Key Action Dates)**

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

<b>Date</b>	<b>Action</b>
February 8, 2023	RFP available to Prospective Proposers
February 15, 2023, 12:00 p.m. PT	Written Question Submittal Deadline
February 23, 2023	Answers to Written Questions Distributed
March 8, 2023, 4:00 p.m. PT	Deadline for Proposal Submission
March 9 - March 14, 2023	Evaluation of Proposals
March 15, 2023	Oral Interviews (if applicable)
March 16, 2023	Notice of Intent to Award
April 17, 2023	Commencement of Agreement (Pending DGS approval)

SIB reserves the right to change the above dates and times, and, if so, SIB may modify this RFP prior to the date fixed for submission of proposals by the issuance of an addendum. SIB will also provide post updates online at <http://treasurer.ca.gov/scholarshare/> and <https://caleprocure.ca.gov/>. SIB also reserves the right not to award an agreement at all.

## 2) Questions and Answers

In the opinion of SIB, this RFP is complete and needs no further explanation. However, if you have questions, or should you need any clarifying information, contact James Millward by phone at (916) 651-6380 or by e-mail at [scholarshare@treasurer.ca.gov](mailto:scholarshare@treasurer.ca.gov). Prospective proposers may submit written questions, if any, no later than by 12:00 p.m. PT on February 15, 2023 by email to [scholarshare@treasurer.ca.gov](mailto:scholarshare@treasurer.ca.gov).

A copy of the responses to all written questions received by 12:00 p.m. PT on February 15, 2023 will be provided to prospective proposers via email and posted online at [www.treasurer.ca.gov/scholarshare](http://www.treasurer.ca.gov/scholarshare) and <https://caleprocure.ca.gov/> by close of business on February 23, 2023.

## 3) Content and Format of Proposals

In preparing proposals, firms should:

- Use standard 8½" x 11" white paper with a minimum type size of 12 points. Consecutively number all pages in the response (including attachments and/or appendices).
- Include a cover letter stating:
  - The name, address, email, phone and fax numbers of the principal contact responsible for the oversight of the agreement. Indicate the availability of this person for meetings with SIB staff.
  - The name, address, email, phone and fax numbers of the project representative who will be available to SIB and its staff on a day-to-day basis during the term of the agreement.
  - The name, address, email, phone, fax number and name of a key contact at each partner, if a consortium, and subcontractor and what the aforementioned would be responsible for under the agreement.
  - That the firm accepts the terms of the Sample Agreement attached to this RFP. Please note that the General Terms and Conditions in Exhibit C are not negotiable.
- List responses to each Question related to the firm's Qualifications and Experience as identified below. Points will be awarded for the firm's response(s) to each question. The allocation of points is defined in Evaluation Process, Section C(5) of this RFP. Questions should be answered for each relevant partner or subcontractor to the extent applicable if a firm is a consortium or is using subcontractors. In preparing proposals, the firm shall list each question and then provide the firm's response to that question in the same order listed in this RFP.

### a) Required Information (Zero (0) points)

SIB 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.

- (i) Disclose any legal or disciplinary event that is material to the Board's evaluation of the firm or the integrity of the firm's management or advisory personnel by either: (1) identifying the specific type of event and specifically referring to the relevant portions of the firm's most recent Forms MA or MA-I (and, if doing so, providing detailed information specifying where the Board may electronically access such forms), or (2) providing a writing that fully and fairly discloses the information required to be disclosed under MSRB Rule G-42(c)(ii) and (b).

- (ii) Advise if any partner, officer, investment officer, portfolio manager, research analyst, or trader of the firm has been convicted or pleaded no contest in a case stemming from a felony indictment. Any such conviction or plea must be disclosed and must be accompanied by a full explanation of the circumstances surrounding it.
- (iii) Advise if the firm is or was a defendant in litigation relating to any services which it proposes to provide to the SIB. 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.
- (iv) Advise if the firm, any partner, related company (parent, subsidiary, sister), affiliate or joint venture, or any owner, officer, director, principal, or management level employee of the firm has been involved in any enforcement action by the Securities and Exchange Commission or any other governmental regulatory agency or been named a defendant in litigation where there was an allegation of violation of fiduciary responsibility. If yes, explain in detail.
- (v) Advise if the firm 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 the firm has done to change operations or personnel to preclude the circumstances regarding the termination from re-occurring.
- (vi) Disclose any business relationships, which 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 firm addresses, or intends to manage or mitigate, each conflict. 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.

b) Background and Personnel Information (Maximum of twenty (20) points)

- (i) Provide an overview of the firm including mission statement and vision statement, number of years experience providing consultation, and what services the firm will bring to this contract.
- (ii) Describe the organizational structure and explain how this structure will be used to perform the requirements of this contract. Explain the advantages of this structure.
- (iii) Within the past three years, have there been any significant developments in your organization (e.g., changes in ownership, personnel reorganization)? If so, please describe.
- (iv) Complete the following table for professionals who will be responsible for providing the consulting activities to be performed pursuant to this contract.

Name & Location	Title & Responsibility	Total Years' Experience	Years with Firm	Most Advanced Degree



- (v) Provide professional resumes of each of the individuals who will be assigned to this account and the professional resumes of all individuals who will be responsible for reviewing or otherwise influencing the work of individuals assigned to this account.
  - (vi) Indicate who will have ultimate responsibility for this contract. Indicate the availability of this person for live or telephone meetings with the SIB or its designee. Describe the firm's backup procedures if the primary person assigned to this account leaves the firm or is otherwise unavailable.
- c) Experience / Expertise in 529 Consulting (Maximum of thirty-five (35) points)
- (i) Describe the firm's experience in advising boards on 529 industry matters. Include the names of the boards, the size of the plans (number of accounts), types of plans (savings or prepaid), the number of years that the firm has provided this service, the number of agencies or boards to which the firm is currently providing 529-related advice and the approximate dollar value of the portfolios for which consultative services are provided. Explain how this experience will benefit the SIB.
  - (ii) Describe the firm's understanding of the objectives of the ScholarShare program. What does the firm see as the biggest challenge for California and how would the firm address it? What special expertise does the firm bring to advising SIB?
  - (iii) Explain your views on how the 529 marketplace is evolving and what programs need to be considered to remain competitive.
  - (iv) Affirm the firm's ability to perform every item in Section A, Scope of Work. List any items the firm would not be able to provide and if the firm would subcontract these items. If the firm has been involved with the issuance of a request for proposals for a 529 program manager, please describe the experience in detail.
  - (v) Provide at least two recent examples within the past three years of client research or reports prepared by the firm regarding 529 industry strategies or analysis.
  - (vi) Discuss any changes/material refinements in the firm's advising philosophy which have occurred within the past three years. What prompted the changes/refinements?
  - (vii) Provide the name, address, telephone number, contact name and title for five (5) firms to serve as references for the firm, using the format in Attachment 4. Provide three (3) references for any subcontractors you plan to use. Identify the individuals at the firm who were responsible for providing consulting services to these agencies. Submission of Attachment 4 is mandatory. Proposals that fail to submit Attachment 4 shall be considered non-responsive and rejected.
- d) Cost Proposal (Maximum of thirty (30) points)

Use Attachment 3 (Cost Proposal) to complete your cost proposal for each year of the contract term (including the potential extension year), which will be a full and final estimate. **SIB expects the total amount of the contract not to exceed \$375,000 for this potential three-year contract.** Review this section and the calculations in your Cost Proposal carefully. Mathematical errors may be corrected by SIB. **Do not make any modifications to the Cost Proposal form, including the 200 total annual hours and the \$10,000 total annual travel costs.** The cost proposal shall:

- (i) Follow the template outlined in Attachment 3 (Cost Proposal), completing all of the cost proposal forms listed below:
  - Cost Proposal Detail (Year One)
  - Cost Proposal Detail (Year Two)
  - Cost Proposal Detail (Year Three – Potential Extension Year)
- (ii) **Assume a total of 200 hours of staff work (including subcontractor staff work) per year.** Estimate the number of hours out of the 200 each level of staff who will be assigned to the contract will work. Note that the total number of hours for identified staff must equal 200 per year.
- (iii) Identify and include an hourly rate for each level of staff who will be assigned to work on the services outlined in this RFP. The hourly rates identified will be utilized in the resulting contract for reimbursement for services performed. **All-inclusive flat fees and/or retainer fees will not be accepted for consideration.**
- (iv) **Travel costs are capped at \$10,000 per year. This amount may not be modified.** The rates for travel costs shall be set in accordance with the California Department of Human Resources (CalHR) rates for comparable classes and no travel outside the State of California shall be reimbursed unless prior written authorization is obtained from SIB.

Proposals submitted with a cost proposal that fails to meet any of the specified requirements outlined above, or in a form other than as provided for in Attachment 3, will be considered non-responsive and rejected.

#### 4) Submission of Proposals

- a) Proposals should provide straightforward and concise descriptions of the firm'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) All proposals must be submitted under sealed cover and received by SIB by 4:00 pm PT on March 8, 2023, unless SIB provides notice that the date has been changed. **Proposals received after this date and time will not be considered.** Proposals received by fax or email will be rejected.
- c) A minimum of one (1) unbound original and three (3) copies of the proposal, in addition to an electronic copy of the proposal on one (1) USB flash drive, must be submitted.
- d) The original proposal must be marked "**ORIGINAL COPY**". All documents contained in the original proposal package must have **original signatures** and must be signed by a person who is authorized to bind the proposing firm. All additional proposal sets may contain photocopies of the original package.
- e) The proposal envelopes must be plainly marked with the RFP number and title, your firm name and address, and must be marked with "**DO NOT OPEN**", as shown in the following example:

**Request for Proposals No. SIB03-22**  
**Investment Consulting Services**  
**Firm Name**  
**Firm Address**  
**Contact Person and Phone Number**  
**"DO NOT OPEN"**

If the proposal is made under a fictitious name or business title, the actual legal name of the firm must be provided.

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

- f) Proposals that omit the Minimum Qualifications Certification that is included in Attachment 5 of Section F will not be considered. Proposals shall include each of the attachments (if applicable) on the Required Attachment Check List in Section F. Proposals that do not comply with the requirements of the RFP shall be deemed non-responsive. A non-responsive proposal is one that does not meet the basic proposal requirements and will be rejected.
- g) One (1) unbound original and three (3) copies of the proposal, an electronic copy of the proposal on one (1) USB flash drive, shall be mailed or delivered to the following address:

**ScholarShare Investment Board**  
**915 Capitol Mall, Room 590**  
**Sacramento, California 95814**  
**Attention: James Millward**  
**Phone: (916) 651-6380**

- h) 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.
- i) 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. SIB may reject any or all proposals and may waive an immaterial deviation in a proposal. SIB's waiver of an immaterial deviation shall in no way modify the RFP document or excuse the firm from full compliance with all requirements if awarded the agreement.
- j) The proposing firm is entirely responsible for the costs of developing proposals and costs incurred in anticipation of award of the agreement. Such costs shall not be charged to SIB.
- k) An individual who is authorized to bind the proposing firm contractually shall sign Required Attachment 2, 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.
- l) A firm 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 C(1). The submission of a new proposal must comply with the requirements of this section. Proposal modifications offered in any other manner, oral or written, will not be considered.
- m) A firm may withdraw its proposal by submitting a written withdrawal request to SIB, signed by the proposing firm or an authorized agent in accordance with Section C(4)(l). A firm 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.
- n) SIB may modify this RFP prior to the date fixed for submission of proposals by the issuance of an addendum. SIB will also post updates online at <http://treasurer.ca.gov/scholarshare/> and <https://caleprocure.ca.gov>.

- o) Upon announcement and release of this RFP and until selection of a Contractor (and notice of intent to award the agreement), proposing firms (or potential proposing firms) are not permitted to communicate with SIB 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 James Millward at [scholarshare@treasurer.ca.gov](mailto:scholarshare@treasurer.ca.gov).
- p) SIB reserves the right to reject all proposals. SIB is not required to award an agreement.
- q) Firms are cautioned against relying on SIB to discover and report any defects or errors in submitted documents to the Bidder. Before submitting a response to this RFP, firms should carefully review the response, correct all errors and confirm compliance with the RFP requirements.
- r) Where applicable, firms 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.
- s) 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 firm has submitted more than one proposal for the work contemplated herein will cause the rejection of all proposals submitted by that firm. If there is reason for believing that collusion exists among the proposing firms, none of the participants in such collusion will be considered in this or future procurements.
- t) No oral understanding or agreement shall be binding on either party.

## 5) 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 non-responsive and may result in the proposal's disqualification. Responsive proposals will then be scored according to criteria herein. The scored categories and the corresponding weighting of each scored category is as follows:

Scored Category	Weighting
Background and Personnel Information	20 points
Experience in Investment Consulting	35 points
Cost Proposal	30 points
<b>Possible Points Upon Initial Evaluation</b>	<b>85 points</b>
Interview	15 points
<b>Total Possible Points</b>	<b>100 points</b>

The Evaluation Committee will allot points for each scored category of the RFP, up to 100 points.

The lowest cost proposal, based on the Total Cost for Three Year Contract Term (two years and a potential one-year extension) from Attachment 3, is awarded the maximum cost points. Other proposals are awarded cost points based on the following calculation:

$$\text{(Lowest Cost Proposal / Other Cost Proposal)} = (\text{factor})$$

$$\text{Total Cost Points for Other Cost Proposal} = (\text{factor}) \times \text{maximum Cost Points}$$

EXAMPLE: A maximum of 30 points is available.

Lowest Cost Proposal = \$281,250

Other Cost Proposal = \$375,000

(Lowest Cost Proposal / Other Cost Proposal) = \$281,250 / \$375,000 =  $\frac{3}{4}$

Cost Points awarded to Other Cost Proposal =  $\frac{3}{4}$  X 30 maximum points = 22.5 Cost Points

The scoring will be done in two phases:

- First Phase - The first phase will be worth 85 points, with all items being scored except for the Interview portion. Following the initial phase of the evaluation process, the Evaluation Committee will invite the two (2) firms that receive a minimum of 65 points in the first phase and that receive the highest scores based on the point system above.
- Second Phase - All interviews will be conducted pursuant to the specifications below:
  - Interviews will be set for one hour.
  - There will be a maximum of three (3) presenters for each firm interviewed.
  - Only the top two (2) highest scoring firms, scoring a minimum of 65 points in the first phase of the evaluation process, will be interviewed.
  - Responses provided to specific questions during the interview will be the basis for awarding up to 15 points.
  - Interviews will be scored based on the firm's responses to a set of specific questions according to the point scale outlined in Section 5(b). Both firms will be asked the same set of questions. Generally, firms will be asked about the following areas:
    - Background and Personnel Information
    - Experience / Expertise in Investment Consulting
  - No unsolicited information, material, or presentation may be provided at the interview. Firms are limited in their responses to only information provided in their written proposal and may not introduce new services, products, or other information.
  - SIB reserves the right to not conduct interviews if deemed unnecessary to the selection of an investment consultant (e.g., only one (1) firm scored a minimum of 65 points in the first phase).

The second phase score will be added to the first phase score, and the highest scoring firm will be determined.

- b) The following point scale will be used to score the responses to the questions presented under each of the scored category unless otherwise specified. Points earned for each scored category that result in a non-whole number will be rounded to the next whole number. For example, 70% of 35 points is 24.5 points, which would be rounded up to 25 points.

Points Awarded	Interpretation	General Basis for Point Assignment
100%	Excellent	Response fully meets the Board's needs, requirements or expectations with a high degree of confidence in the firm's response. Firm offers one or more enhancing feature, method, or approach exceeding basic expectations.
85%	Very Good	Response fully addresses category being scored. Very good degree of confidence in the firm's response.

Points Awarded	Interpretation	General Basis for Point Assignment
70%	Good	Response addresses category being scored. Good degree of confidence in the firm's response. Minimal weaknesses are acceptable.
50%	Adequate	Response (i.e., content and/or explanation offered) is adequate to meet the Board's needs, requirements or expectations. Any omission(s), flaw(s), or defect(s), are inconsequential and acceptable.
0%	Inadequate	Response fails to address any portion of the category being scored. The omission(s), flaw(s), or defect(s) are significant and unacceptable.

- c) Proposals that contain false or misleading statements, or provide references that do not support an attribute or condition claimed by the firm, may be rejected. If, in the opinion of SIB, such information was intended to mislead SIB 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 contract will be awarded to the responsive and responsible firm with the highest total score.

Tiebreaker - In the event two (2) or more responsive and responsible firms earn the highest score, the contract will be awarded to the responsive and responsible firm earning the higher score in Experience in Investment Consulting. If the scores for Experience in Investment Consulting are the same, the contract will be awarded to the responsive and responsible firm earning the higher score in the Background and Personnel Information. If the scores in the Background and Personnel Information are the same, the contract will be awarded to the responsive and responsible firm earning the higher score for Cost.

- e) SIB is not required to award an Agreement.

## 6) Award and Protest

- a) Notice of the proposed award shall be posted in a public place at the State Treasurer's Office, 915 Capitol Mall, Sacramento, CA 95814, for five (5) working days prior to awarding the agreement. The notice will be posted at the entrance to Room 590 and online at [www.treasurer.ca.gov/scholarshare](http://www.treasurer.ca.gov/scholarshare).
- b) If any firm, prior to the award of agreement, files a protest with SIB and the DGS Office of Legal Services, 707 Third Street, 7<sup>th</sup> Floor, Suite 7-330, West Sacramento, CA 95605, on the grounds that the (protesting) firm would have been awarded the contract had the agency correctly applied the evaluation standard in the RFP, or if the agency followed the evaluation and scoring methods in the RFP, the agreement shall not be awarded until either the protest has been withdrawn or DGS has decided the matter. It is suggested that the firm submit any protest by contacting the Bid Protest Coordinator at [OLSProtests@dgs.ca.gov](mailto:OLSProtests@dgs.ca.gov).
- c) Within five (5) days after filing the initial protest, the protesting firm shall file with the DGS Office of Legal Services, and SIB a full and complete written statement specifying the grounds for the protest. It is suggested that this complete written statement be submitted by certified or registered mail.

## 7) Disposition of Proposals

- a) Upon proposal opening, all documents submitted in response to this RFP will become the property of SIB 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) Proposal packages may be returned only at the firm's expense, unless such expense is waived by SIB.

## 8) Agreement Execution and Performance

- a) Performance shall start not later than 30 days, or on the express date set by the awarding agency 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 awarding agency, 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.

## D) Preference and Incentive Programs

### 1) Small Business or Microbusiness Preference - <https://www.dgs.ca.gov/PD/Services/Page-Content/Procurement-Division-Services-List-Folder/Certify-or-Re-apply-as-Small-Business-Disabled-Veteran-Business-Enterprise>

A five percent (5%) preference will be applied to certified small business firms submitting proposals. To obtain the preference, firms must either be certified as a small business at the time the bid is submitted. The firm MUST include an updated copy of their Small Business Certificate to obtain the preference. The 5% preference is issued only for computation purposes to arrive at the successful firm(s), and does not alter the amount of the actual bids. Once each bid has been scored, if the highest responsible firm is not a certified small business or microbusiness, 5% of the highest scoring bid is added to the total "earned" points for each bid submitted by a certified small business. These final numbers, with the 5% included, are then used to determine the highest scoring bid. Questions regarding the small business certification or preference approval should be directed to the Office of Small Business & DVBE Services (OSDS) at (916) 375-4940 or can be found at the website listed above.

### 2) Non-Small Business Preference – <https://www.dgs.ca.gov/PD/Services/Page-Content/Procurement-Division-Services-List-Folder/Certify-or-Re-apply-as-Small-Business-Disabled-Veteran-Business-Enterprise>

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 bid response must include a list of the small business(es) with which the firm commits to subcontract in an amount of at least 25% of the net bid 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 small business subcontractors must be attached to the bid response 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; and 5) the dollar amount or percentage of the net bid price (as specified in the solicitation) per subcontractor.

Firms claiming the 5% preference must commit to subcontract for at least 25% of the net bid price with one or more California certified small businesses. Completed certification application required support documents must be submitted to the OSDS no later than 5:00 p.m. PT on the bid due date, and the OSDS must be able to approve the application as submitted. Questions regarding certification should be directed to the OSDS at (916) 375-4940. The preference to a non-small business firm that commits to small business or microbusiness subcontractor participation of 25% of its net bid price shall be 5% of either the lowest, responsive, responsible firm's price or the highest response, responsible firm's total score. A non-small business, which qualifies for this preference, may not take an award away from a certified small business.

**3) Disabled Veteran Business Enterprise (DVBE) Participation (OPTIONAL) –**  
<https://www.dgs.ca.gov/PD/Services/Page-Content/Procurement-Division-Services-List-Folder/Certify-or-Re-apply-as-Small-Business-Disabled-Veteran-Business-Enterprise>

This solicitation provides an incentive for DVBE participation. Attachment 6 outlines the DVBE Incentive Program. Firms seeking the DVBE incentive must submit a completed Bidder Declaration (GSPD-05-105) (Attachment 8) that demonstrates DVBE participation and qualification for a DVBE incentive, with bid submittal. Firms who have been certified by California as a DVBE must also complete and submit the DVBE Declarations, STD. 843. All disabled veteran owners and disabled veteran managers of the DVBE(s) must sign the form(s). The DVBE Incentive participation is optional and at the discretion of the proposing firm.

**4) Target Area Contract Preference Act (TACPA) Program**

This solicitation provides for an optional TACPA preference. The TACPA program was established to stimulate business investments in distressed areas of the State and create job opportunities for Californians. Proposing companies are not required to apply for this preference. Both the TACPA workplace and workforce preferences will be evaluated for this solicitation. See Attachment 14 for more information.

**E) Appendix**

**1) ScholarShare Statement of Investment Policy**

Refer to the following pages for the ScholarShare Statement of Investment Policy (Appendix A).

**2) ScholarShare Monitoring Procedures and Criteria**

Refer to the following pages for the ScholarShare Monitoring Procedures and Criteria (Appendix B).

**F) Required Attachments**

Refer to the following pages for additional Required Attachments.



**APPENDIX A**

**Golden State ScholarShare College Savings Trust  
Statement of Investment Policy**

Effective as of February 11, 2022  
(Adopted by the ScholarShare Investment Board on December 7, 2021)

## **PROGRAM PURPOSE**

In accordance with Section 529 of the Internal Revenue Code of 1986, as amended, the Golden State ScholarShare College Savings Trust (the “Trust”) offers a qualified tuition program (the “Program”) to California families. The purpose of the Program is to help California families save for higher education on a tax advantaged basis.

## **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 educational saving needs of Account Owners and Program 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 that Portfolio, and
- Are appropriate for college savings.

In order to achieve this objective, Program Investment Portfolios are to be comprised of Underlying Investments (mutual funds (“Funds”), individual securities, insurance agreements, etc.) as outlined in this document (“Underlying Investments” or “Funds”).

## **RESPONSIBILITIES**

### *ScholarShare Investment Board*

The ScholarShare Investment Board (the “SIB” or the “Board”) will conduct their responsibilities as a trustee and fiduciary of the Program. The SIB 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 SIB 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 Program manager(s), including an annual review of asset allocation strategies and enrollment date portfolio changes
- 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 professional investment manager 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 recommending asset allocation guidelines and any changes in enrollment date portfolios annually submitting a proposal for SIB review and approval
- Implementing SIB investment policies, including asset allocation
- Investing, monitoring, and rebalancing the asset allocation of Investment Portfolios to ensure adherence to target allocations on an as needed basis
- Providing monthly and quarterly reports as contractually obligated or directed by Law, the Board, or the Executive Director

### Investment Consultant(s)

The SIB 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 SIB and staff
- Making recommendations on investment policies, objectives, and strategies, including asset allocation
- Monitoring of Program Managers and their investment performance

## **PROGRAM POLICIES**

The SIB will pursue the following policies to allow the Program to meet Program Objectives.

### 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; corporate and government debt instruments (of any maturity); commodities; FDIC-insured bank products; currency and any other investment vehicle utilized in the marketplace. However, all of the assets in the Program (except for those held in one of the two Funding Agreements) will be allocated to Investment Portfolios which will initially be invested in one or more Funds. 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 Funding Agreement assets) must be managed in a manner consistent with the 1940 Act. The SIB 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
- Medium and long-term debt obligations of domestic corporations
- U.S. government and government sponsored entity debt obligations
- 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, but limited to existing, rated mutual funds, which are registered in the United States and denominated in U.S. dollars
- Insurance agreements
- FDIC-insured bank products

When evaluating current and potential Funds and proxy voting proposals, the SIB cares greatly about geopolitical and social issues as they relate to investment options selected for plan 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 SIB will give serious consideration to such issues when reviewing and approving investments for the plan.

### Benchmarks

The SIB 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

### Asset Allocation

The SIB will pursue asset allocation strategies to allow the Program to meet Program objectives. The Program Manager is responsible for establishing asset allocation guidelines, which SIB must approve, and maintaining these allocations within approved levels. When implementing new asset allocation guidelines or when rebalancing Investment Portfolios, the Program Manager will have a commercially reasonable period of time to complete the task.

Normally, the Program Manager will not exceed three percent (3%) above or below the base percentages of the Underlying Investment's assets included in the asset allocation guidelines of each Portfolio (see Addendum). In the event of unusual or cataclysmic market movements that result in a violation of the three percent target range, a temporary target range of five (5%) will be in effect. The Program Manager will make substantial and prudent efforts to reallocate assets within the normal 3% target range in a commercially reasonable amount of time. The Program Manager will inform the SIB within a period of one (1) business day in the event that there is a cataclysmic event and it is moving to a 5% target range or if there is a 3% or 5% range violation. The Chair or the Chair's designee and Program Manager will monitor the event and report any violations of this guideline to the SIB. If necessary, the Chair or the Chair's designee may issue a written suspension of the guidelines. In this case, the Chair or the Chair's designee will inform the Program Manager and call a public meeting of the entire SIB to confirm whether the suspension is appropriate or rejected. If rejected, the SIB will issue different instructions to the Program Manager to be immediately implemented.

#### Review of Asset Allocation

The SIB shall monitor the asset allocation of the Program's Investment Portfolios relative to approved allocations. Within 30 days following the close of each quarter, the Program Manager will provide to the SIB an exception report showing the Program Manager's non-compliance with target allocations, if any, as designated in the Addendum to this document. In addition, the Program Manager will meet with the Board on a periodic basis to review actual asset allocations of Investment Portfolios.

## ADDENDUM 1

While the investment parameters for all of the Investment Portfolios offered in the Program are approved by the SIB, Account Owners bear the risk of investment results derived from the selected Investment Portfolio specifically and the Program generally. The appropriate Investment Portfolio (or Portfolios) for each Account Owner is (are) a function of multiple factors, including age (of Beneficiary), income, length of time before money is used, and tolerance for investment risk. Investment Portfolios for the Plan are presented below by investment management style (active then passive then Environmental, Social and Governance (ESG)). A list of Funds that may be used in each Portfolio and their respective benchmarks and asset classes may be found in Addendum 2.

### ACTIVE PORTFOLIOS

Active portfolios are comprised of underlying investments, which are predominately managed using active decision-making processes. These active decisions are intended to provide long-term performance beyond that of a benchmark or index. Actively-managed mutual funds have more relative risk due to different exposures relative to the benchmark.

#### Active Enrollment Year Portfolios

The Active Enrollment Year Portfolios seek to match the investment objective and level of risk to the investment horizon by taking into account the number of years before the Beneficiary turns 18 and is expected to enter college. Allocations to the Active Enrollment Year Portfolios will change over time depending on the number of years left until the enrollment date. The Active Enrollment Year Portfolios have evolving investment objectives and investment strategies. The Active Enrollment Year Portfolio for Beneficiaries expected to enter college later in the future will seek a favorable long-term return by investing in Underlying Funds that invest primarily in equity securities, which have a higher level of risk, but greater potential for returns than more conservative investments. As the expected time until starting college decreases, the Active Enrollment Year Portfolio allocates less to Underlying Funds that invest in equity securities and allocate more heavily to Underlying Funds that invest in fixed-income securities and a Funding Agreement to preserve capital.

Participants stay in the same Active Enrollment Year Portfolio as asset allocations shift quarterly. At the end of the glidepath, Active Enrollment Year Portfolios will enter the Enrollment state, which is the final destination portfolio with a static investment allocation for use during expected portfolio distributions.

The Active Enrollment Year Portfolios invest primarily in Underlying Funds that are actively-managed. An actively-managed fund is different from an index fund in that an actively-managed fund is not managed to track its benchmark index, but rather, managed pursuant to the investment style and strategy of its investment adviser. This means that the performance of an actively-managed fund can vary greatly from that of its benchmark index – in either a positive or negative direction. Because of the active management style, actively-managed funds tend to have higher expenses than index funds. See table below for mutual fund allocations by asset class.

**ACTIVELY MANAGED MUTUAL FUND ASSET ALLOCATION PERCENTAGES –  
BY ASSET CLASS**

(Target Asset Allocation to be Implemented on February 11, 2022\*)

Active Enrollment Year Portfolio	Domestic Equity Funds	International Equity Funds	Fixed Income	Real Estate Fund	Short Term/ Cash Equivalent
2038/2039	50.40%	24.00%	20.00%	5.60%	0.00%
2036/2037	50.40%	24.00%	20.00%	5.60%	0.00%
2034/2035	48.00%	22.70%	24.00%	5.30%	0.00%
2032/2033	45.30%	21.60%	28.00%	5.10%	0.00%
2030/2031	42.90%	20.30%	32.00%	4.80%	0.00%
2028/2029	37.80%	18.00%	40.00%	4.20%	0.00%
2026/2027	30.20%	14.40%	52.00%	3.40%	0.00%
2024/2025	22.70%	10.80%	54.00%	2.50%	10.00%
2022/2023	15.70%	7.50%	40.00%	1.80%	35.00%
Enrollment Year	9.40%	4.50%	35.00%	1.10%	50.00%

\* Target asset allocation will change over time.

**Active Diversified Equity Portfolio**

This Investment Portfolio seeks to provide a favorable long-term total return by investing primarily in actively-managed equity Underlying Funds. Because of the high exposure to domestic and foreign equities, and the corresponding high degree of risk, this Investment Portfolio may be appropriate for investors if they already have substantial college savings from less volatile investments (e.g., fixed-income investments), if they have a long investment horizon and they can tolerate a higher level of risk, or for use in conjunction with other Investment Portfolios in the Plan. See table below for mutual fund allocations by asset class.

**MUTUAL FUND ASSET ALLOCATION PERCENTAGES – BY ASSET CLASS**

Domestic Equity Funds	International Equity Funds	Real Estate Fund
63.00%	30.00%	7.00%

**Active Growth Portfolio**

This Investment Portfolio seeks to provide a favorable long-term total return, mainly from capital appreciation, by investing primarily in a combination of actively-managed equity and fixed-income Underlying Funds. Because of the high exposure to equities, and the corresponding high degree of risk, this Investment Portfolio may be appropriate for investors if they already have substantial college savings from less volatile investments (e.g., fixed-income investments), if they have a long investment horizon and they can tolerate a higher level of risk, or for use in conjunction with other Investment Portfolios in the Plan. See table below for mutual fund allocations by asset class.

## MUTUAL FUND ASSET ALLOCATION PERCENTAGES – BY ASSET CLASS

Domestic Equity Funds	International Equity Funds	Fixed Income	Real Estate Fund
42.90%	20.30%	32.00%	4.80%

### Active Conservative Portfolio

This Investment Portfolio seeks to provide preservation of capital along with a moderate rate of return. Approximately half of the Portfolio invests in actively-managed Underlying Funds that invest primarily in fixed-income securities, which have a lower level of risk and corresponding lower potential for returns than more aggressive investments. The rest of the Portfolio is invested in a Funding Agreement. This Investment Portfolio may be appropriate for investors if they have a medium to short investment horizon and can tolerate a conservative to moderate level of risk. See table below for fund allocations by asset class.

## MUTUAL FUND ASSET ALLOCATION PERCENTAGES – BY ASSET CLASS

Fixed Income	Short Term/ Cash Equivalent
50.00%	50.00%

### Active International Equity Portfolio

This Investment Portfolio seeks to provide a favorable long-term total return by investing in actively-managed international equity Underlying Funds. Because of the high exposure to foreign equity investments, and the corresponding high degree of risk, this Investment Portfolio may be appropriate for investors if they already have substantial college savings from less volatile investments (e.g., fixed-income investments) or they have a long investment horizon and they can tolerate a higher level of risk, or for use in conjunction with other Investment Portfolios offered by the Plan.

## MUTUAL FUND ASSET ALLOCATION PERCENTAGES – BY ASSET CLASS

International Equity Fund
100.00%

## PASSIVE PORTFOLIOS

Passive portfolios are comprised of underlying mutual funds, which are managed using passive decision-making processes that are generally less expensive than active management. Decisions are intended to provide long-term performance similar to that of a benchmark or index. Passively-managed mutual funds often have low relative risk due to highly similar exposures relative to the benchmark. On an absolute basis, however, passive (or index) mutual funds can have more or less risk than actively managed mutual funds.



### Passive Enrollment Year Portfolios

The Passive Enrollment Year Portfolios seek to match the investment objective and level of risk to the investment horizon by taking into account the number of years before the Beneficiary turns 18 and is expected to enter college. Allocations to the Passive Enrollment Year Portfolios will change over time depending on the number of years left until the enrollment date. The Passive Enrollment Year Portfolios have evolving investment objectives and investment strategies. The Passive Enrollment Year Portfolio for Beneficiaries expected to enter college later in the future will seek a favorable long-term return by investing in Underlying Funds that invest primarily in equity securities, which have a higher level of risk, but greater potential for returns than more conservative investments. As the expected time until starting college decreases, the Passive Enrollment Year Portfolio allocates less to Underlying Funds that invest in equity securities and allocates more heavily to Underlying Funds that invest in fixed-income securities and a Funding Agreement to preserve capital.

Participants stay in the same Passive Enrollment Year Portfolio as asset allocations shift quarterly. At the end of the glidepath, Passive Enrollment Year Portfolios will enter the Enrollment state, which is the final destination portfolio with a static investment allocation for use during expected portfolio distributions.

The Passive Enrollment Year Portfolios invest primarily in Underlying Funds that are index funds. An index fund is managed to track a specific securities index that the fund uses as a benchmark. The Passive Enrollment Year Portfolios also invests in certain other Underlying Funds (the TIAA-CREF Inflation-Linked Bond Fund and the TIAA-CREF High Yield Fund) and a Funding Agreement. Thus, although a majority of the Underlying Funds in which these Portfolios invest are passively-managed, they do not invest exclusively in passively-managed Underlying Funds (see table below).

#### PASSIVELY MANAGED MUTUAL FUND ASSET ALLOCATION PERCENTAGES – BY ASSET CLASS (Target Asset Allocation to be Implemented on February 11, 2022\*)

Passive Enrollment Year Portfolio	Domestic Equity Fund	International Equity Funds	Fixed Income	Real Estate Fund	Short Term/ Cash Equivalent
2038/2039	50.40%	24.00%	20.00%	5.60%	0.00%
2036/2037	50.40%	24.00%	20.00%	5.60%	0.00%
2034/2035	47.90%	22.80%	24.00%	5.30%	0.00%
2032/2033	45.40%	21.60%	28.00%	5.00%	0.00%
2030/2031	42.80%	20.40%	32.00%	4.80%	0.00%
2028/2029	37.80%	18.00%	40.00%	4.20%	0.00%
2026/2027	30.20%	14.40%	52.00%	3.40%	0.00%
2024/2025	22.70%	10.80%	54.00%	2.50%	10.00%
2022/2023	15.70%	7.50%	40.00%	1.80%	35.00%
Enrollment Year	9.40%	4.50%	35.00%	1.10%	50.00%

\* Target asset allocation will change over time.

### Passive Diversified Equity Portfolio

This Investment Portfolio seeks to provide a favorable long-term total return, mainly from capital appreciation, by investing in Underlying Funds that are primarily equity index funds. Because of the high exposure to domestic and foreign equities, and the corresponding high degree of risk, this Investment Portfolio may be appropriate for investors if they already have substantial college savings from less volatile investments (e.g., fixed-income investments), if they have a long investment horizon and you can tolerate a higher level of risk, or for use in conjunction with other Investment Portfolios in the Plan (see table below).

#### MUTUAL FUND ASSET ALLOCATION PERCENTAGES – BY ASSET CLASS

Domestic Equity Fund	International Equity Funds	Real Estate Fund
63.00%	30.00%	7.00%

### Passive Growth Portfolio

This Investment Portfolio seeks to provide a favorable long-term total return, mainly from capital appreciation, by investing in Underlying Funds that are primarily equity index funds. The Portfolio seeks to invest a relatively small percentage of assets to Underlying Funds that invest primarily in fixed income securities. Because of the high exposure to domestic and foreign equities, and the corresponding high degree of risk, this Investment Portfolio may be appropriate for investors if they already have substantial college savings from less volatile investments (e.g., fixed-income investments), if they have a long investment horizon and they can tolerate a higher level of risk, or for use in conjunction with other Investment Portfolios in the Plan (see table below).

#### MUTUAL FUND ASSET ALLOCATION PERCENTAGES – BY ASSET CLASS

Domestic Equity Fund	International Equity Funds	Fixed Income	Real Estate Fund
44.10%	21.00%	30.00%	4.90%

### Passive Conservative Portfolio

This Investment Portfolio seeks to provide preservation of capital along with a moderate rate of return. Approximately half of the Portfolio invests in active and index Underlying Funds that invest primarily in fixed-income securities, which have a lower level of risk and corresponding lower potential for returns than more aggressive investments. The rest of the Portfolio is invested in a Funding Agreement (see table below). This Investment Portfolio may be appropriate for investors if they have a medium to short investment horizon and can tolerate a conservative to moderate level of risk.

#### MUTUAL FUND ASSET ALLOCATION PERCENTAGES – BY ASSET CLASS

Fixed Income	Short Term/ Cash Equivalent
50.00%	50.00%

Index International Equity Portfolio

This Investment Portfolio seeks to provide a favorable long-term total return, mainly from capital appreciation, by investing in international equity index Underlying Funds. Because of the high exposure to foreign equities, and the corresponding high degree of risk, this Investment Portfolio may be appropriate for investors if they already have substantial college savings from less volatile investments (e.g., fixed-income investments), if they have a long investment horizon and they can tolerate a higher level of risk, or for use in conjunction with other Investment Portfolios in the Plan.

MUTUAL FUND ASSET ALLOCATION PERCENTAGES – BY ASSET CLASS

International Equity Fund
100.00%

The Individual Fund Portfolios

These Investment Portfolios allow investors to choose a passively-managed mutual fund from the following list of offerings:

- Index Bond Portfolio  
This Investment Portfolio seeks to provide preservation of capital along with a moderate rate of return from interest income and capital appreciation. The Index Bond Portfolio invests 100% of its assets in the TIAA-CREF Bond Index Fund, which employs a “passive management” – or indexing – strategy and seeks to match the total return of the Bloomberg U.S. Aggregate Bond Index. This Investment Portfolio may be appropriate for investors if they have a medium to short investment horizon and can tolerate a moderate level of risk.
- Index U.S. Equity Portfolio  
This Investment Portfolio seeks to provide favorable long-term growth, mainly from capital appreciation. The Index U.S. Equity Portfolio invests 100% of its assets in the TIAA-CREF Equity Index Fund, which employs a “passive management” – or indexing – strategy and seeks a diversified portfolio selected to track the overall market for common stocks publicly traded in the U.S., as represented by the Russell 3000 index. Because of the high exposure to equity investments, and the corresponding high degree of risk, this Investment Portfolio may be appropriate for investors if they already have substantial college savings from less volatile investments (e.g., fixed-income investments) or they have a long investment horizon and they can tolerate a higher level of risk, or for use in conjunction with other Investment Portfolios offered by the Plan.

These portfolios are designed for people who seek to customize their college investing through participation in a single mutual fund or several mutual funds.

## ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) PORTFOLIOS

ESG portfolios are comprised of underlying mutual funds that seek to give special consideration to certain environmental, social, and governance criteria. The funds seek to invest in securities with favorable ESG considerations relative to peers while generating returns in line with major market indexes.

### ESG Enrollment Year Portfolios

The ESG Enrollment Year Portfolios seek to match the investment objective and level of risk to the investment horizon by taking into account the number of years before the Beneficiary turns 18 and is expected to enter college. Allocations to the ESG Enrollment Year Portfolios will change over time depending on the number of years left until the enrollment date. The ESG Enrollment Year Portfolios have evolving investment objectives and investment strategies. The ESG Enrollment Year Portfolio for Beneficiaries expected to enter college later in the future will seek a favorable long-term return by investing in Underlying Funds that invest primarily in equity securities, which have a higher level of risk, but greater potential for returns than more conservative investments. As the expected time until starting college decreases, the ESG Enrollment Year Portfolio allocates less to Underlying Funds that invest in equity securities and allocates more heavily to Underlying Funds that invest in fixed-income securities and a Funding Agreement to preserve capital.

Participants stay in the same ESG Enrollment Year Portfolio as asset allocations shift quarterly. At the end of the glidepath, ESG Enrollment Year Portfolios will enter the Enrollment state, which is the final destination portfolio with a static investment allocation for use during expected portfolio distributions.

The ESG Enrollment Year Portfolios invest in a blend of both actively-managed and passively-managed Underlying Funds. The actively-managed ESG funds seek returns consistent with their non-ESG benchmarks while exhibiting a portfolio that has higher ESG performance quality relative to the benchmark. The passively-managed funds are managed to track a specific ESG index that the fund uses as a benchmark (see table below).

### ESG MANAGED MUTUAL FUND ASSET ALLOCATION PERCENTAGES – BY ASSET CLASS (Target Asset Allocation to be Implemented on February 11, 2022\*)

ESG Enrollment Year Portfolio	Domestic Equity Fund	International Equity Funds	Fixed Income	Short Term/ Cash Equivalent
2038/2039	56.00%	24.00%	20.00%	0.00%
2036/2037	56.00%	24.00%	20.00%	0.00%
2034/2035	53.30%	22.70%	24.00%	0.00%
2032/2033	50.40%	21.60%	28.00%	0.00%
2030/2031	47.70%	20.30%	32.00%	0.00%
2028/2029	42.00%	18.00%	40.00%	0.00%
2026/2027	33.60%	14.40%	52.00%	0.00%
2024/2025	25.20%	10.80%	54.00%	10.00%
2022/2023	17.50%	7.50%	40.00%	35.00%
Enrollment Year	10.50%	4.50%	35.00%	50.00%

\* Target asset allocation will change over time.

### The Individual Fund Portfolios

These Investment Portfolios allow investors to choose an ESG mutual fund from the following list of offerings:

- Social Choice Equity Portfolio  
This Investment Portfolio seeks to provide a favorable long-term total return. The Social Choice Portfolio invests 100% of its assets in the TIAA-CREF Social Choice Equity Fund, which invests primarily in equity securities of companies that meet certain social criteria, such as product safety, corporate citizenship, human rights and environmental performance. Because of the high exposure to domestic equity investments, and the corresponding high degree of risk, this Investment Portfolio may be appropriate for investors if they already have substantial college savings from less volatile investments (e.g., fixed-income investments) or you have a long investment horizon and they can tolerate a higher level of risk, or for use in conjunction with other Investment Portfolios offered by the Plan.
- ESG International Equity Portfolio  
This Investment Portfolio seeks to provide a favorable long-term total return. The ESG International Equity Portfolio invests 100% of its assets in the TIAA-CREF Social Choice International Equity Fund, which invests primarily in equity securities of companies that meet certain social criteria, such as product safety, corporate citizenship, human rights and environmental performance. Because of the high exposure to international equity investments, and the corresponding high degree of risk, this Investment Portfolio may be appropriate for investors if they already have substantial college savings from less volatile investments (e.g., fixed-income investments) or you have a long investment horizon and they can tolerate a higher level of risk, or for use in conjunction with other Investment Portfolios offered by the Plan.
- ESG Bond Portfolio  
This Investment Portfolio seeks to provide preservation of capital along with a moderate rate of return from interest income and capital appreciation. The ESG Bond Portfolio invests 100% of its assets in the Nuveen ESG US Aggregate Bond ETF, which employs a “passive management” – or indexing – strategy and seeks to match the total return of the Bloomberg MSCI US Aggregate ESG Select Index. This Investment Portfolio may be appropriate for investors if they have a medium to short investment horizon and can tolerate a moderate level of risk.

These portfolios are designed for people who seek to customize their college investing through participation in a single mutual fund or several mutual funds.

## PRINCIPAL PLUS INTEREST PORTFOLIO

### Principal Plus Interest Portfolio

This Investment Portfolio seeks to preserve capital and provide a stable return. It may be appropriate for investors if they have a short investment horizon and are looking for a conservative investment with a low level of risk. The assets in this Investment Portfolio are allocated to a Funding Agreement issued by TIAA-CREF Life to the Board on behalf of the Plan, which is the policyholder under the agreement. The Funding Agreement provides for a return of principal plus a guaranteed rate of interest and allows for the possibility that additional interest may be credited as declared periodically by TIAA-CREF Life. The interest rate guarantee is made to the Board only, and not to Participants or Beneficiaries. The rate of any additional interest is declared in advance for a period of up to 12 months and is not guaranteed for any future periods.

## ADDENDUM 2

The Portfolios shall contain the Funds listed with their benchmarks by asset class below.

### Active Enrollment Year Portfolios

#### *Domestic Equity*

- T. Rowe Price Institutional Large Cap Growth Fund
- T. Rowe Price Institutional Large Cap Value Fund
- TIAA-CREF Quant Small Cap Equity Fund
- TIAA-CREF S&P 500 Index Fund

### Benchmark

Russell 1000 Growth  
Russell 1000 Value  
Russell 2000  
S&P 500

#### *International Equity*

- DFA Large Cap International Portfolio
- DFA Emerging Markets Core Equity Portfolio

MSCI World ex US  
MSCI Emerging Markets

#### *Fixed Income*

- MetWest Total Return Bond Fund
- TIAA-CREF Bond Index Fund
- PIMCO Real Return Fund
- PIMCO Income Fund
- T. Rowe Price Institutional Floating Rate Fund

BBG US Aggregate Bond  
BBG US Aggregate Bond  
BBG US TIPS  
BBG US Aggregate Bond  
S&P/LSTA Performing Loan

#### *Real Estate*

- Vanguard Real Estate Index Fund

MSCI U.S. Investable  
Market Real Estate 25/50

#### *Short Term/Cash Equivalent*

- T-C Life Funding Agreement

N/A

### Active Diversified Equity Portfolio

#### *Domestic Equity*

- T. Rowe Price Institutional Large Cap Growth Fund
- T. Rowe Price Institutional Large Cap Value Fund
- TIAA-CREF Quant Small Cap Equity Fund
- TIAA-CREF S&P 500 Index Fund

### Benchmark

Russell 1000 Growth  
Russell 1000 Value  
Russell 2000  
S&P 500

#### *International Equity*

- DFA Large Cap International Portfolio
- DFA Emerging Markets Core Equity Portfolio

MSCI World ex US  
MSCI Emerging Markets

#### *Real Estate*

- Vanguard Real Estate Index Fund

MSCI U.S. Investable  
Market Real Estate 25/50

### Active Growth Portfolio

#### *Domestic Equity*

- T. Rowe Price Institutional Large Cap Growth Fund
- T. Rowe Price Institutional Large Cap Value Fund
- TIAA-CREF Quant Small Cap Equity Fund
- TIAA-CREF S&P 500 Index Fund

### Benchmark

Russell 1000 Growth  
Russell 1000 Value  
Russell 2000  
S&P 500

*International Equity*

- DFA Large Cap International Portfolio
- DFA Emerging Markets Core Equity Portfolio

MSCI World ex US  
MSCI Emerging Markets

*Fixed Income*

- MetWest Total Return Bond Fund
- TIAA-CREF Bond Index Fund
- PIMCO Real Return Fund
- PIMCO Income Fund
- T. Rowe Price Institutional Floating Rate Fund

BBG US Aggregate Bond  
BBG US Aggregate Bond  
BBG US TIPS  
BBG US Aggregate Bond  
S&P/LSTA Performing Loan

*Real Estate*

- Vanguard Real Estate Index Fund

MSCI U.S. Investable  
Market Real Estate 25/50

*Active Conservative Portfolio*

*Fixed Income*

- MetWest Total Return Bond Fund
- TIAA-CREF Bond Index Fund
- PIMCO Real Return Fund
- PIMCO Income Fund
- T. Rowe Price Institutional Floating Rate Fund

*Benchmark*

BBG US Aggregate Bond  
BBG US Aggregate Bond  
BBG US TIPS  
BBG US Aggregate Bond  
S&P/LSTA Performing Loan

*Short Term/Cash Equivalent*

- T-C Life Funding Agreement

N/A

*Active International Equity Portfolio*

*International Equity*

- DFA Large Cap International Portfolio
- DFA Emerging Markets Core Equity Portfolio

*Benchmark*

MSCI World ex US  
MSCI Emerging Markets

*Passive Enrollment Year Portfolios*

*Domestic Equity*

- TIAA-CREF Equity Index Fund

Russell 3000 TR

*International Equity*

- TIAA-CREF International Equity Index Fund
- TIAA-CREF Emerging Markets Equity Index Fund

MSCI EAFE  
MSCI Emerging Markets

*Fixed Income*

- Vanguard Short-Term Inflation-Protected Securities Index Fund
- Vanguard High Yield Fund
- TIAA-CREF Bond Index Fund

BBG US TIPS 0-5 Year  
BBG US Corporate High  
Yield  
BBG US Aggregate Bond

*Real Estate*

- Vanguard Real Estate Index Fund

MSCI U.S. Investable  
Market Real Estate 25/50

*Short Term/Cash Equivalent*

- T-C Life Funding Agreement

N/A



Passive Diversified Equity Portfolio

*Domestic Equity*

- TIAA-CREF Equity Index Fund

*International Equity*

- TIAA-CREF International Equity Index Fund
- TIAA-CREF Emerging Markets Equity Index Fund

*Real Estate*

- Vanguard Real Estate Index Fund

Benchmark

Russell 3000 TR

MSCI EAFE  
MSCI Emerging Markets

MSCI U.S. Investable Market  
Real Estate 25/50

Passive Growth Portfolio

*Domestic Equity*

- TIAA-CREF Equity Index Fund

*International Equity*

- TIAA-CREF International Equity Index Fund
- TIAA-CREF Emerging Markets Equity Index Fund

*Fixed Income*

- Vanguard Short-Term Inflation-Protected Securities Index Fund
- Vanguard High Yield Fund
- TIAA-CREF Bond Index Fund

*Real Estate*

- Vanguard Real Estate Index Fund

Benchmark

Russell 3000 TR

MSCI EAFE  
MSCI Emerging Markets

BBG US TIPS 0-5 Year  
BBG US Corporate High Yield  
BBG US Aggregate Bond

MSCI U.S. Investable Market  
Real Estate 25/50

Passive Conservative Portfolio

*Fixed Income*

- Vanguard Short-Term Inflation-Protected Securities Index Fund
- Vanguard High Yield Fund
- TIAA-CREF Bond Index Fund

*Short Term/Cash Equivalent*

- T-C Life Funding Agreement

Benchmark

BBG US TIPS 0-5 Year

BBG US Corporate High Yield  
BBG US Aggregate Bond

N/A

Passive International Equity Portfolio

*International Equity*

- TIAA-CREF International Equity Index Fund
- TIAA-CREF Emerging Markets Equity Index Fund

Benchmark

MSCI EAFE (Net MA)  
MSCI Emerging Markets

Index U.S Equity Portfolio

- TIAA-CREF Equity Index Fund

Benchmark

Russell 3000 TR

Index Bond Portfolio

- TIAA-CREF Bond Index Fund

Benchmark

BBG US Aggregate Bond

Principal Plus Interest Portfolio

- T-C Life Funding Agreement

Benchmark

N/A

ESG Enrollment Year Portfolios

*Domestic Equity*

- TIAA-CREF Social Choice Equity Fund

*International Equity*

- TIAA-CREF Social Choice International Equity Fund
- Nuveen ESG Emerging Markets Equity ETF

*Fixed Income*

- Nuveen ESG US Aggregate Bond ETF
- Nuveen ESG High Yield Corporate Bond ETF

*Short Term/Cash Equivalent*

- T-C Life Funding Agreement

Social Choice Equity Portfolio

- TIAA-CREF Social Choice Equity Fund

ESG International Equity Portfolio

- TIAA-CREF Social Choice International Equity Fund

ESG Bond Portfolio

- Nuveen ESG US Aggregate Bond ETF

Benchmark

Russell 3000

MSCI EAFE  
TIAA ESG Emerging Markets  
Equity

BBG MSCI US Aggregate  
ESG Select  
BBG MSCI US High Yield Very  
Liquid ESG Select

N/A

Benchmark

Russell 3000

Benchmark

MSCI EAFE

Benchmark

BBG MSCI US Aggregate  
ESG Select

**APPENDIX B**

**Golden State ScholarShare College Savings Trust  
Monitoring Procedures and Criteria**

Effective as of February 11, 2022  
(Adopted by the ScholarShare Investment Board on December 7, 2021)

**Golden State ScholarShare College Savings Trust  
Monitoring Procedures and Criteria**

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## I. BACKGROUND

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In 1996, Congress passed legislation establishing Internal Revenue Code Section 529 plans (college savings or 529 plans) to provide a tax-advantaged means to invest assets for higher educational purposes. California's program, the ScholarShare 529 College Savings Plan (ScholarShare 529 or Plan) was created in 1999 as a vehicle for California families<sup>1</sup> to save for college. Under federal law, participants in 529 plans cannot directly control investments, instead investments are held in state trusts.

As the administrator of the Plan, the ScholarShare Investment Board (SIB or the Board) directs investment and has a fiduciary responsibility for the assets invested by ScholarShare 529 Participants. SIB's fiduciary duties require that it:

- set appropriate investment policies and procedures,
- monitor investment performance and investment related qualitative factors, such as changes in the Program Manager's investment strategy or key investment personnel, and
- take corrective actions, if necessary.

Specifically, these monitoring procedures enable SIB to monitor performance and help it achieve consistent long-term investment success for ScholarShare 529 Participants. In addition, it provides SIB with a road map for action if it is not satisfied with specific aspects of a fund's activities and/or investment performance.

### **ScholarShare 529 Plan Investment Structure**

ScholarShare 529 offers a plan sold directly to the public. Participants in the Plan choose from passive investment portfolios, active investment portfolios, and Environmental, Social and Governance (ESG) investment portfolios.

The portfolios in the Plan were designed by SIB to give families a selection of investment choices based on their educational savings needs and risk tolerance. Investment portfolios are comprised of one or more federally registered mutual funds with the exception of the funding agreements with TIAA-CREF Life Insurance Company (T-C Life). The funding agreements with T-C Life (Funding Agreements) are used as a part of the Plan's active, passive, and ESG enrollment year portfolios, as well as the conservative portfolios, and Principal Plus Interest Portfolio. All of the portfolios, their investment objectives, their mutual fund make up, and a list of mutual funds and their corresponding benchmarks, are outlined in the ScholarShare Investment Policy separate document.

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<sup>1</sup> All United States citizens may open accounts, not just those who reside in California

## II. MONITORING PROCEDURES

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The SIB's monitoring procedures are designed to provide qualitative and quantitative information to the Board on investment performance to aid it in making the best decisions on behalf of Trust participants. Specifically, the procedures outline what will be monitored, how it will be monitored, and when it will be monitored; what is acceptable and unacceptable performance; and how underperformance may be addressed.

There are two major groups of monitoring activities: Ongoing Monitoring and Periodic Monitoring.

### **Ongoing Monitoring Activities**

Ongoing monitoring activities include measurement and assessment of investment performance and related investment activities. The differences in the structures for individual fund portfolios and multi-fund portfolios require different monitoring procedures as outlined below. Both SIB's Program Manager and independent Investment Consultant will provide monitoring reports.

#### ***Portfolio Construction***

- *Individual Fund Portfolios Investment Performance*  
Performance of each individual fund portfolio (each portfolio is made up of a single fund) is monitored relative to its benchmarks for a specific time period. Monitoring criteria can be found in Section V., the Investment Performance Criteria Schedules.
- *Multi-Fund Portfolios (Enrollment Year, Static, etc.) Investment Performance*  
Performance monitoring of portfolios in the Plan containing multiple funds will occur at the underlying fund level. Each underlying fund will have its performance compared to its primary prospectus benchmark. Specific monitoring criteria for each underlying fund can be found in Section V., the Investment Performance Criteria Schedules.

#### ***Quarterly Investment Performance Review by Program Manager***

As part of the ongoing reporting process, the Program Manager will report calendar quarter and trailing annualized performance of the funds to the SIB staff (Staff) and the Investment Consultant on a quarterly basis. The Program Manager will also provide to the Staff quarterly performance reports for each portfolio used by the Trust and each fund against its respective benchmark. In addition, the Program Manager is responsible for providing: i) an explanation of investment activities that caused under- or outperformance each quarter, ii) any major changes in investment related to personnel, organization and/or investment approach/strategy, and iii) any other reporting as required by law.

#### ***Quarterly Investment Performance Evaluation by Independent Investment Consultant***

Using monthly data provided by Morningstar, the Investment Consultant will provide a quarterly report for the Board comparing each underlying fund with its respective benchmark according to the investment performance criteria found in the Section V., the Investment Performance Criteria Schedules.<sup>2</sup> The quarterly monitoring report compares each underlying fund to a benchmark (see ScholarShare Investment Policy for funds and their benchmarks). Performance for each underlying fund is then categorized as Positive, Acceptable, Caution, or Watch using the criteria listed in the Investment Status Schedule.

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<sup>2</sup> Performance numbers are net of underlying mutual fund fees (not net of the SIB Administrative Fee or Program Manager Fee).

### ***Quarterly Monitoring of the T-C Life Funding Agreements (Active, Passive, and ESG Enrollment Year and Conservative Portfolios and the Principal Plus Interest Portfolio)***

In addition to the quarterly investment performance evaluation, the Investment Consultant will include a summary of the health of the T-C Life General Account (General Account). Monitoring of the T-C Life Funding Agreements is based on the financial strength of the General Account, and not investment performance results relative to a stated benchmark. The Investment Consultant will gather information provided by T-C Life of the characteristics of the General Account in order to assess the firm's claims-paying abilities. Analysis of the information provided by T-C Life is subject to its availability, and may be lagged by one quarter. This review is based on the following:

- General Account Financial Strength Rating by the four rating agencies: Moody's Investors Service, Standard & Poor's, A.M. Best, and Fitch.
- Status of the Mortgage Portfolio: In Good Standing, In Good Standing with Restructured Terms, 90 days Overdue, or Foreclosure in Process.
- Bond Portfolio Grade: Investment Grade, Medium Grade, and High Yield.
- Account Diversification: Diversified across asset classes.

The Investment Consultant will monitor changes to any of the categories listed above. Should these changes be deemed significant, the Investment Consultant will provide the SIB with a memo detailing its findings and applying an investment status of Positive, Acceptable, Caution, or Watch.

### **Periodic Monitoring Activities**

As part of its ongoing fiduciary responsibilities, the SIB and Investment Consultant should regularly (annually or more often if needed) review several qualitative aspects of the Program Manager's practices.

Key factors include, but are not limited to, a review of:

- Fund investment guidelines to ensure they are consistent with the SIB's mandate for the fund.
- Fund investment strategy and style, especially the buy/sell disciplines.
- Portfolio activity, specifically the turnover rate, number of holdings, and execution costs.
- Risk profile relative to the fund's benchmark.
- Organizational structure.
- Stability of fund personnel and organization.
- Contractual obligations to the SIB.
- Multi-fund portfolios against an appropriate custom asset-weighted benchmark.
- Efficacy of active versus passive management in the enrollment date portfolios.

### III. INVESTMENT STATUS

The quarterly investment reports provided by the Investment Consultant will rate all underlying funds as Positive, Acceptable, Caution or Watch (see Investment Status Schedule). These ratings will serve to summarize performance for each fund.

#### Investment Status Schedule

Performance Category	Active Funds	Passive Funds
Positive	<ul style="list-style-type: none"> <li>▪ Performance exceeds the benchmark</li> </ul>	<ul style="list-style-type: none"> <li>▪ Performance exceeds the benchmark (first 1-12 month period), or</li> <li>▪ Tracking error is within the allowable range<sup>3</sup> (short, medium and long time periods)</li> </ul>
Acceptable	<ul style="list-style-type: none"> <li>▪ Performance meets or is under the benchmark and is within the allowable range</li> </ul>	<ul style="list-style-type: none"> <li>▪ Performance does not exceed the benchmark but is within the allowable range (first 1-12 month period only)</li> </ul>
Caution	<ul style="list-style-type: none"> <li>▪ Performance is below allowable range but either:               <ul style="list-style-type: none"> <li>i) for less than six consecutive months<sup>4</sup>,</li> <li>or</li> <li>ii) the Board has not taken (or decided not to take) a formal action to place the underlying fund on Watch even though performance has been below allowable range for six months or longer.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Tracking error falls outside of the allowable range but either               <ul style="list-style-type: none"> <li>i) for less than six consecutive months,</li> <li>or</li> <li>ii) the Board has not voted to place the underlying fund on Watch</li> </ul> </li> </ul>
Watch <sup>4</sup>	<ul style="list-style-type: none"> <li>▪ Performance is below allowable range for more than six consecutive months and the Board has formally voted to place the underlying fund on Watch.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Tracking error falls outside of the allowable range for more than six consecutive months and the Board has formally voted to place the underlying fund on Watch.</li> </ul>

*Note: This chart addresses investment performance only. It is conceivable that the Investment Consultant, Staff and the Board may need to take into consideration qualitative factors (either positive or negative) when determining the status of a fund. Monitoring criteria and ranges shall be reviewed on an ad hoc basis to confirm their appropriateness based on prevailing market dynamics and conditions.*

<sup>3</sup> Ranges are shown in the Investment Performance Criteria Schedules

<sup>4</sup> The amount of time generally required before an underlying fund is put on Watch



If an underlying fund meets the criteria in the Investment Status Schedule for Caution, SIB may choose to place the underlying fund on Watch if performance does not improve. At a subsequent SIB meeting, the Investment Consultant and Staff will apprise the Board as to whether quantitative (see Section V., the Investment Performance Criteria Schedules) and/or qualitative conditions (as determined by the Investment Consultant which may include changes in investment strategy, changes in key personnel, changes in risk/capital market exposure or other risks identified by the Investment Consultant) warrant further action. If conditions are not improving, the Investment Consultant will provide a memo explaining the causes of underperformance and will make a recommendation whether or not to put the underlying fund on Watch.

### **Watch Status**

Once the Board receives the report and recommendation, it may decide to take no action or it may vote to place the underlying fund on Watch. In making this decision, the Board may use quantitative or qualitative information or a combination of both. Once on Watch, the underlying fund will receive heightened monitoring. Specifically, the Program Manager will provide a quarterly report explaining causes of underperformance or improvement. Additionally, the Investment Consultant and Staff will monitor the underlying fund carefully and provide additional reports as necessary. This heightened level of monitoring continues quarter-by-quarter until the Board releases the underlying fund from Watch or takes other corrective actions.

Generally, once an underlying fund is placed on Watch, it should be able to exhibit improvement within a time frame of 12 to 18 months. However, extenuating circumstances may require the Board to take action sooner (or later) than 12 to 18 months. Regardless, an underlying fund will remain on Watch until the Board votes to release it or take further action.

### **Improvement Occurs – Release from Watch**

If an underlying fund shows indications of improvement in one or more of the factors that caused it to be placed on Watch, it may be released from Watch. Examples of improvements warranting a change in status are:

- Improved investment performance.
- Investment style and/or risk characteristics return to, and remain at, levels originally agreed upon.
- Other factors such as organizational structure stabilizes, personnel adjustments, compliance requirements, etc. are met/satisfied.

The Investment Consultant and Staff will provide regular reports to the Board on any underlying fund on Watch. These reports will highlight the original reasons for placing the underlying fund on Watch and discuss how these issues have been addressed. If improvement occurs in an appropriate amount of time (generally 12 to 18 months) the Investment Consultant may make a recommendation to the Board to release the underlying fund from Watch, and the Board may vote to approve this recommendation or not.

### **TIAA-CREF Life Insurance Company Funding Agreements**

Applying an investment status to the T-C Life Funding Agreements is based on different criteria than those applied to underlying funds. Given that the monitoring of the T-C Life Funding Agreements is based on non-performance related issues, different criteria must apply to measure improvement during Watch. If Caution or Watch applies, the Investment Consultant will provide regular updates to the Staff until such time that improvement is noted (typically a 12 to 18 month period) in the characteristics that caused the T-C Life Funding Agreements to be placed on Caution or Watch.

## **IV. CORRECTIVE MEASURES**

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### **Improvement Does Not Occur – Corrective Measures**

If an underlying fund is not released from Watch within an appropriate period (generally 12 to 18 months), corrective action may be necessary. Differences in structural make up between the individual fund portfolios and the multi-fund portfolios means that corrective action will take different forms as explained below.

#### ***Individual and Multi-Fund Portfolios***

If the quantitative and/or qualitative performance of an individual fund or multi-fund portfolio does not improve, the Investment Consultant will conduct an analysis and provide the Board with options and a recommendation for action. Options include:

- Giving the fund more time,
- Closing it to new investment, or
- Replacing it (replacement specifics are outlined below).

For individual fund portfolios, the Board should take into consideration that Trust participants (and their advisors) have specifically chosen the individual fund (it is not just a part of the portfolio's asset allocation) and may want to give it ample time to improve or close it to new investment before considering replacing it. If the Board decides that funds must be replaced, either in an individual fund or multi-fund portfolio, the process is outlined below.

#### ***T-C Life Funding Agreements***

If no improvement is seen in the characteristics of the T-C Life Funding Agreements related to those characteristics that caused Caution or Watch status, the Investment Consultant may recommend that the SIB replace the T-C Life Funding Agreements with other options. While it is recognized that replacing the T-C Life Funding Agreements may be difficult, the Investment Consultant and Staff will work to provide a solution that is feasible given the nature of the underlying funding agreement.

### **Fund Replacement**

The SIB may replace funds on Watch as part of its fiduciary responsibility to monitor and take corrective action if required. The Investment Consultant will provide a memo on whether fund replacement should be considered and if so which funds may be suitable replacements<sup>5</sup>. The "Standard Timeframe" below shall be followed for funds currently on Watch, except when immediate action is necessary as provided under "Expedited Timeframe" below.

#### ***Standard Timeframe - Funds Currently on Watch***

If fund replacement is necessary for funds currently on Watch, SIB may consider funds that are offered by the Program Manager or an affiliated entity that are appropriate substitutes for the current fund(s). The Investment Consultant may also recommend that the SIB consider having:

- the Program Manager subcontract with an affiliated or non-affiliated entity to provide fund management services, subject to SIB approval; or
- the issuance of a Request For Proposals for fund management services by a third-party provider not affiliated with the Program Manager.

The Program Manager will work collaboratively with the Investment Consultant to provide the Board with one or more recommended replacement funds, which may include funds offered by the Program Manager or funds offered by an alternative fund manager. The Investment Consultant will also provide the Board with a memo expressing its opinion of the Program Manager's recommendation.

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<sup>5</sup> As stated above, SIB may want to act cautiously when considering whether or not to replace a fund that is the only fund in an individual fund portfolio since participants (and their advisors) have specifically chosen it.

For individual fund portfolios, if the Board determines that a fund warrants replacement, the Board should consider closing the individual fund portfolio to new investments and notify participants (and their advisors) of the planned action prior to implementation. Sufficient time (two to four months) between announcement and implementation should exist in order to allow participants sufficient time to assess the planned change and determine whether to participate in the change or move the assets to a substitute investment. This process enables the Board to exercise its fiduciary duties and still allow participants (and advisors) the ability to move their assets where they deem most appropriate.

For multi-fund portfolios, if the Board determines that a fund warrants replacement, it should work with the Program Manager on a case-by-case basis to consider removal of the fund from the portfolio's fund allocation. A new investment in a multi-fund portfolio must have more competitive performance characteristics than the fund that is being replaced while also maintaining (or enhancing) the integrity and expected results of the asset allocation processes used to construct the portfolio.

All of the above actions require Board approval.

Any new investments shall be closely monitored for an appropriate period of time as determined by the Investment Consultant and may be recommended for placement on Watch for further monitoring.

***Expedited Timeframe - Funds Currently on Watch Requiring Immediate Action***

In the event of unusual or precarious market movements or unforeseen circumstances (such as wholesale change in fund management, rapid deterioration in performance or portfolio composition, material unforeseen factors, etc.) where immediate fund replacement or corrective action may be necessary, as determined by the Investment Consultant, the Board may replace a fund or take corrective action. To expedite the process, SIB should first consider funds that are offered by the Program Manager or an affiliated entity that are appropriate substitutes for the current fund(s). If an appropriate substitute cannot be found from the Program Manager's or affiliated entity's existing fund offerings, then the Investment Consultant may recommend that the SIB consider having:

- the Program Manager subcontract with an affiliated or non-affiliated entity to provide fund management services, subject to SIB approval; or
- the issuance of a Request For Proposals for fund management services by a third-party provider not affiliated with the Program Manager.

If the Board determines that a fund must be removed, the Board should work with the Program Manager to consider removal of the fund from the portfolio's fund allocation. A new investment in a portfolio must maintain or enhance the integrity and expected results of the asset allocation processes used to construct the portfolio while removing the idiosyncratic risk of the fund being replaced.

All of the above actions require Board approval and the Board may delegate by formal action its authority to the Executive Director of SIB or the Chair of SIB, who may authorize a designee to act in its stead.

Any new investments shall be closely monitored for an appropriate period of time as determined by the Investment Consultant and may be recommended for placement on Watch for further monitoring.

As part of the review process, a full screening of the fund universe should be conducted by the Program Manager, in collaboration with the Investment Consultant, in which the Program Manager will provide the Board with one or more recommended alternative funds, which may include funds managed by an alternative fund manager in addition to funds offered by the Program Manager. The Investment Consultant will also provide the Board with a memo expressing its opinion of the Program Manager's recommendation. The Board may elect to remain invested in the Program Manager fund or move the assets to one of the alternative funds.

**Overall Assessment of Program Manager's Investment Services**

The SIB may determine that the Program Manager's overall investment services are unsatisfactory due to either quantitative reasons (sustained poor performance at the asset class and/or fund level) or qualitative reasons (See Definitions of Important Terms). General guidelines regarding the Program Manager's overall investment performance are outlined in Section 6 of Exhibit E to the existing contract between SIB and the Program Manager (Agreement No. SIB 05-21).

## V. INVESTMENT PERFORMANCE CRITERIA SCHEDULES

**Table 1a: Actively Managed Funds**  
(Based on net-of-fee asset class performance)

Asset Class	Short-Term (rolling 12-month periods)	Medium-term (rolling 36-month periods)	Long-term (> 60 months)
Domestic Equity	Fund return < bench return -3.5% for 6 consecutive months	Fund return < bench return -1.75% for 6 consecutive months	VRR< 0.97 for 6 consecutive months
International Equity	Fund return < bench return -4.5% for 6 consecutive months	Fund return < bench return -2.0% for 6 consecutive months	VRR< 0.97 for 6 consecutive months
Fixed Income	Fund return < bench return -1.0% for 6 consecutive months	Fund return < bench return -0.5% for 6 consecutive months	VRR< 0.98 for 6 consecutive months
High Yield	Fund return < bench return -6.5% for 6 consecutive months	Fund return < bench return -3.25% for 6 consecutive months	VRR< 0.96 for 6 consecutive months

<sup>1st</sup> 1-12 month performance criteria is not annualized; all other criteria is on an annualized basis.

Annualized return is the average annual return of either the fund or its benchmark.

VRR – Value Relative Ratio – is calculated as: fund cumulative return / benchmark cumulative return.

<u>Fund</u>	<u>Asset Class</u>	<u>Benchmark</u>
T. Rowe Price Instl LC Growth	Domestic Equity	Russell 1000 Growth TR USD
T. Rowe Price Instl LC Value	Domestic Equity	Russell 1000 Value TR USD
TIAA-CREF Quant Small Cap Equity	Domestic Equity	Russell 2000 TR USD
DFA Large Cap International	International Equity	MSCI World Ex US NR USD
DFA Emerg Mkts Core Equity	International Equity	MSCI EM NR USD
PIMCO Real Return	Fixed Income	BBG US Trsy US TIPS TR USD
PIMCO Income Instl	Fixed Income	BBG US Agg Bond TR USD
MetWest Total Return	Fixed Income	BBG US Agg Bond TR USD
T. Rowe Price Instl Floating Rate	High Yield	S&P/LSTA Performing Loan TR
Vanguard High Yield	High Yield	BBG US Corporate High Yield

**Table 1b: Passively Managed Funds**  
(Based on net-of-fee asset class performance)

<b>Asset Class</b>	<b>Short-Term (rolling 12-month periods)</b>	<b>Medium-term (rolling 36-month periods)</b>	<b>Long-term (rolling 60-month periods)</b>
Domestic Equity	Tracking Error > 0.30% for 6 consecutive months	Tracking Error > 0.25% for 6 consecutive months	Fd annlzd return < bench annlzd return -0.30% for 6 consecutive months
International Equity*	Tracking Error > 0.75% for 6 consecutive months	Tracking Error > 0.70% for 6 consecutive months	Fd annlzd return < bench annlzd return -0.30% for 6 consecutive months
Fixed Income	Tracking Error > 0.40% for 6 consecutive months	Tracking Error > 0.55% for 6 consecutive months	Fd annlzd return < bench annlzd return -0.35% for 6 consecutive months

1<sup>st</sup> 1-12 month performance criteria is not annualized; all other criteria is on an annualized basis.  
Annualized return is the average annual return of either the fund or its benchmark.  
VRR – Value Relative Ratio – is calculated as: fund cumulative return / benchmark cumulative return.

\* TIAA-CREF utilizes “fair market value” adjustment procedures for the TIAA-CREF International Equity Index Fund and TIAA-CREF Emerging Markets Equity Index Fund (the Funds). This adjustment increases or decreases the Funds’ actual closing price to compensate for pricing differences between international markets. This procedure can create an artificially high tracking error. Monitoring of the Funds takes this into account and corrects for it where data is available. TIAA-CREF has chosen to implement certain socially responsible investment policies including divesting from companies with major operations in the Sudan. Divesting from companies within the tracking index will create some degree of tracking error. If such divestitures cause tracking error to exceed the monitoring criteria, it is TIAA-CREF’s responsibility to notify SIB and the investment consultant and to quantify the extent to which the divestitures added to tracking error.

<u>Fund</u>	<u>Asset Class</u>	<u>Benchmark</u>
TIAA-CREF Equity Index	Domestic Equity	Russell 3000 TR USD
TIAA-CREF S&P 500 Index	Domestic Equity	S&P 500 TR
TIAA-CREF Intl Equity Index	International Equity	MSCI EAFE NR USD
TIAA-CREF Emerg Mkts Eq Index	International Equity	MSCI EM NR USD
TIAA-CREF Bond Index	Fixed Income	BBG US Agg Bond TR USD
Vanguard Short Term Inflation-Protected	Fixed Income	BBG US TIPS 0-5 Year Index Securities Index
Vanguard Real Estate Index	Real Estate	MSCI US Investable Market Real Estate 25/50

**Table 1c: T-C Life Funding Agreements**  
(Based on non-investment performance criteria)

Fund Name	Financial Strength	Mortgage Portfolio	Bond Portfolio	Account Diversification
T-C Life Funding Agreement	Moody's = Aa2 Standard & Poor's = AA A.M. Best = A+ Fitch = AA	100% in Good Standing	At least 90% Investment Grade	Portfolio is diversified across asset classes and types

**Monitor:** T-C Life Funding Agreements

**Table 1d: Social Choice Funds**  
(Based on net-of-fee asset class performance)

Asset Class	Short-Term (rolling 12-month periods)	Medium-term (rolling 36-month periods)	Long-term (> 60 months)	Morningstar Sustainability Rating
Social Choice	Fund return < bench return -5.0% for 6 consecutive months	Fund return < bench return -2.5% for 6 consecutive months	VRR < 0.90 for 6 consecutive months	Above Average

1<sup>st</sup> 1-12 month performance criteria is not annualized; all other criteria is on an annualized basis.  
Annualized return is the average annual return of either the fund or its benchmark.  
VRR – Value Relative Ratio – is calculated as: fund cumulative return / benchmark cumulative return.

Fund	Asset Class	Benchmark
TIAA-CREF Social Choice Equity	Domestic Equity	Russell 3000 TR USD
TIAA-CREF Social Choice Intl Equity	International Equity	MSCI EAFE Index

**Table 1e: ESG Funds**  
(Based on net-of-fee asset class performance)

Asset Class	Short-Term (rolling 12-month periods)	Medium-term (rolling 36-month periods)	Long-term (rolling 60-month periods)
International Equity*	Tracking Error > 1.00% for 6 consecutive months	Tracking Error > 0.75% for 6 consecutive months	Fd annlzd return < bench annlzd return -0.50% for 6 consecutive months
Fixed Income	Tracking Error > 0.70% for 6 consecutive months	Tracking Error > 0.60% for 6 consecutive months	Fd annlzd return < bench annlzd return -0.50% for 6 consecutive months
High Yield	Tracking Error > 0.75% for 6 consecutive months	Tracking Error > 0.65% for 6 consecutive months	Fd annlzd return < bench annlzd return -0.55% for 6 consecutive months

1<sup>st</sup> 1-12 month performance criteria is not annualized; all other criteria is on an annualized basis.  
Annualized return is the average annual return of either the fund or its benchmark.  
VRR – Value Relative Ratio – is calculated as: fund cumulative return / benchmark cumulative return.

\* Nuveen utilizes “fair market value” adjustment procedures for the Nuveen ESG Emerging Markets Equity ETF (the ETF). This adjustment increases or decreases the ETF’s actual closing price to compensate for pricing differences between international markets. This procedure can create an artificially high tracking error. Monitoring of the ETF takes this into account and corrects for it where data is available

<u>Fund</u>	<u>Asset Class</u>	<u>Benchmark</u>
Nuveen ESG Emerg Mkts Equity ETF	International Equity	TIAA ESG EM Equity Index
Nuveen ESG US Aggregate Bond ETF	Fixed Income	BBG MSCI US Agg ESG Select Index
Nuveen ESG High Yield Corp Bond ETF	High Yield	BBG MSCI US High Yield Very Liquid ESG Select Index



## VI. DEFINITIONS OF IMPORTANT TERMS

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### A

**Active Management** – a money-management approach based on informed, independent investment judgment that seeks to add incremental value to that of a benchmark.

**American Depositary Receipt (ADR)** - a negotiable certificate issued by a U.S. bank representing a specific number of shares of a foreign stock traded on a U.S. stock exchange.

**Annualized Performance** – a measure that converts total cumulative performance into an annual average return. Industry practice is to compute the average annual return by compounding monthly return and then computing the geometric mean return.

**Asset Allocation** – the process of dividing investments among different kinds of assets, such as stocks, bonds, real estate, and cash, to optimize the risk/reward tradeoff based on an institution's specific situation and goals.

**Asset Class** – a type of investment, such as stocks, bonds, real estate, or cash, specifically:

- **Domestic Equity** - Ownership interests in U.S.-based corporations in the form of common stock or preferred stock. Domestic equity may include some limited exposure to real estate (REITs) and international stocks (ADRs) as listed on major U.S. stock market exchanges.
- **International Equity** - Ownership interests in non U.S.-based corporations in the form of common stock or preferred stock. International equity may include some limited exposure to global stocks (those involving more than one country, including the U.S.), emerging markets stocks, or other investment offerings as listed on major non-U.S. stock market exchanges.
- **Fixed Income** - Medium and long-term debt obligations of government, government sponsored entities, corporations, and/or other assets that pay a fixed dollar amount. Fixed income may include some limited exposure to structured and synthetic investments such as options and swaps.
- **High Yield** - A fixed income instrument that pays (yields) a higher rate of income (interest) than otherwise equivalent debt due to an increase in risk (such as a higher level of credit/default risk on a corporate bond). Generally, high yield bonds are considered to be those rated 'BB' or lower by one or more of the major rating agencies. High yield investments also include Leveraged Loans which pay a floating rate of interest and are senior to bonds in the capital structure.
- **Short Term** - A fixed income instrument that will expire within a relatively short time frame (often considered to be one year or less). Short Term bonds are highly conservative investments that can be liquidated quickly.

## B

**Bloomberg U.S. Aggregate Bond Index** – an unmanaged index generally representative of the U.S. investment grade fixed income universe. The index includes treasury securities, government agency bonds, mortgage-backed bonds, corporate bonds, and a small amount of foreign bonds traded in U.S.

**Bloomberg U.S. Corporate High Yield Index** – an unmanaged, U.S. dollar–denominated, nonconvertible, non-investment-grade debt index. The index consists of domestic and corporate bonds rated Ba and below with a minimum outstanding amount of \$150 million.

**Bloomberg U.S. TIPS Index** – an unmanaged index generally representative of the U.S. inflation-indexed fixed-income universe.

**Bloomberg U.S. TIPS 0-5 Year Index** – an unmanaged index consisting of U.S. Treasury inflation-indexed bonds with maturities between 0 and 5 years.

**Bloomberg MSCI US Aggregate ESG Select Index** – an ESG Select Index that is designed to represent the performance of bonds from issuers that exhibit ESG leadership, and exclude bonds from issuers that are inconsistent with specific values-based criteria.

**Bloomberg MSCI US High Yield Very Liquid ESG Select** - measures high yield, fixed-rate, U.S. dollar-denominated bonds, and is optimized to maximize exposure to positive environmental, social, and governance (ESG) factors. Based on the Bloomberg Barclays US High Yield Very Liquid Index, the ESG Select Index selects securities eligible for US High Yield Very Liquid Index and weights them using an optimization process, while controlling for active total risk.

**Benchmark** – a standard used for comparison. For example, the S&P 500 is a widely used benchmark thought to be representative of the domestic stock market as a whole.

**Benchmark Annualized Return** – the conversion of a benchmark's (e.g., S&P 500) cumulative gain or loss activity into an average annual return.

In the case of a contract, an agreement with the contracting entity can include agreements with a third-party to provide services. All of the terms under the signed contract typically apply to all the services provided by the multiple parties or service provider.

**Buy/Sell Disciplines** – describes under what conditions, and how frequently, a security is to be bought and sold.

## C

**Composite** – a combination or group of select securities.

## D

**Direct Plan** – a plan sold through which participants can invest without paying a "load," or sales fee. This type of plan, which you can buy directly from the program manager without the assistance of a broker, is generally less expensive because it waives or does not charge sales fees that may apply to advisor-sold plans.

**Diversified Approach** – a portfolio strategy designed to reduce exposure to risk by combining a variety of investments, such as stocks, bonds, and real estate, which are unlikely to all move in the same direction.

**Domestic Equity** – see Asset class for description.

## E

**Environmental, Social, and Governance (ESG)** – ESG stands for Environmental, Social, and Governance. Investors are increasingly applying these non-financial factors as part of their analysis process to identify material risks and growth opportunities. Environmental factors include the contribution a company or government makes to climate change through greenhouse gas emissions, along with waste management and energy efficiency. Social factors include human rights, labor standards in the supply chain, any exposure to illegal child labor, and more routine issues such as adherence to workplace health and safety. Governance factors are a set of principles defining rights, responsibilities and expectations between different stakeholders in the governance of corporations.

**Execution Costs** – the costs associated with completing a buy or sell of an asset or investment.

**Externally Managed Mutual Funds** – a portfolio of investments managed by a third party, outside of the Trust, for a stated fee.

## F

**Fiduciary Responsibility** – a legal authority and ethical duty to make decisions regarding financial matters on behalf of another party

**Fixed Income** – see Asset class for description.

**Fund (or Mutual Fund)** – an investment portfolio that is managed by an external professional investment management firm. A mutual fund is typically highly diversified (after taking into account the investment firm's unique philosophy and approach) and includes investments on behalf of many share or unit holders. Mutual funds are "regulated investment companies" registered with the Securities and Exchange Commission.

**Fund Annualized return** – the conversion of a fund's cumulative gain or loss activity into an average annual return.

**Fund Review** – a review of a mutual fund's performance describing how the fund may be failing to meet specific criteria. This document is typically produced when a fund is placed on watch status.

## H

**High Yield** – see Asset class for description.

## I

**Investment Approach/Strategy** – the method employed by the mutual fund to achieve its stated added value quantitative.

**Investment Guidelines** – a list of requirements and criteria agreed upon by the fund and its client to achieve the portfolio's investment quantitatives. Such guidelines can include items such as (i) the types of asset to be employed, (ii) the maximum amount of exposure to any one security, (iii) maximum or minimum percentages of each type of asset, etc.

**Investment Manager or Investment Management Firm** – an organization responsible for investing assets on behalf of clients.

**Investment Options** – see Section I., Background for description.

**Investment Performance** – the gain or loss of a mutual fund, typically described in percentage terms.

**Investment Performance Criteria** – pre-determined expectations set for the fund, which are used to evaluate whether the fund is meeting its investment performance quantitative.

**Investment Risk** – the volatility of an investment's performance, with emphasis on the measurable possibility of an investment losing, or not gaining value.

**Investment Style** – a philosophy or approach of investing typically held by a broad group of investors (i.e., growth investors, value investors, etc.).

**International Equity** – see Asset class for description

## M

**Management Fees** – the fee charged by a fund's investment advisor for managing the fund.

**MSCI EAFE Index** - an equity index which captures large and mid-cap representation across 21 Developed Markets countries around the world, excluding the US and Canada. With 845 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

**MSCI Emerging Markets (EM) Index** – is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. The index consists of the following 21 emerging market country indices: Brazil, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey.

**MSCI US Investable Market Real Estate 25/50** - an index designed to capture the large, mid and small cap segments of the U.S. equity universe. All securities in the index are classified in the Real Estate sector as per the Global Industry Classification Standard (GICS®). The index also applies certain investment limits to help ensure diversification--limits that are imposed on regulated investment companies, or RICs, under the current US Internal Revenue Code.

**MSCI World Ex US Index** – an index that captures large and mid cap representation across 22 of 23 Developed Markets (DM) countries excluding the United States. With 936 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

**Multi-fund Options** – investment options comprised of more than one individual fund.

## O

**Ongoing Monitoring** – continual (quarterly) evaluation of the qualitative and investment performance aspects of a funds' management and practices to determine their ability to continue to add value and meet pre-established criteria.

**Options** – a privilege sold by one party to another that offers the buyer the right, but not the obligation, to buy (call) or sell (put) a security at an agreed-upon price during a certain period of time or on a specific date.

**Organizational Structure** – a description of a fund's business-related characteristics such as personnel and team structure as well as its decision-making hierarchy.

**Outperformance** – when the result of activities of an investment over a given period of time exceeds expectations (i.e., the result of a growth-oriented fund is better than an assigned benchmark such as the Russell 3000 Growth Index).

## P

**Participants** – individuals electing to take part in the Trust's investment program by contributing assets to the investment options provided by the Trust.

**Passive Management** – a money-management approach that seeks to match the return and risk characteristics of a market or benchmark.

**Periodic Monitoring** – regular (annually, semi-annually) evaluation of the qualitative aspects of a fund's management and practices to determine if they meet pre-established criteria.

**Portfolios** – a stand alone (individual) investment or a collection of multiple investments. In most cases, these investments are mutual funds but may be separate accounts, such as the Social Choice portfolio. One or more portfolios may also represent an asset class. The term 'Portfolio' is also used to describe various participant options.

**Program Manager Fee** – the fee charged by the program administrator.

## Q

**Qualitative Considerations** – factors taken into account when assessing the Program Manager's overall performance in providing investment management services.

**Quantitative Considerations** – factors taken into account when assessing the Program Manager's overall investment performance.

**Quarterly** – a three-month period within one year (typically ending on 3/31, 6/30, 9/30, 12/31).

**Quarterly Performance** – the result of investment activities within a three-month period.

## R

**Rolling Periods** – specific time periods that are selected to include a finite amount of days, months, quarters, or years in which as the next unit (i.e., day) is entered, the earliest one from the past set is dropped retaining the finite number.

**Russell 1000 Index** – measures the performance of the 1,000 largest companies in the Russell 3000 Index.

**Russell 1000 Growth Index** – measures the performance of those Russell 1000 companies with higher price to book ratios and higher forecasted growth values

**Russell 1000 Value Index** – measures the performance of those Russell 1000 companies with lower price to book ratios and lower forecasted growth values

**Russell 2000 Index** – measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which represents approximately 8% of the total market capitalization of the Russell 3000 Index.

**Russell 3000 Index** – measures the performance of the 3,000 largest U.S. companies based on total market capitalization, which as of June 2011 reconstitution represented approximately 98% of the investable U.S. equity market.

**Russell Mid Value Index** – measures the performance of those Russell Mid Cap companies with lower price-to-book ratios and lower forecasted growth rates.

## S

**S&P 500 Index** – a performance measurement of the stocks of 500 high quality companies as judged by the Standard & Poor's corporation. This index is widely used and thought to be representative of the entire U.S. stock market.

**S&P/LSTA Performing Loan Index** – an index designed to reflect the largest loan facilities in the leveraged loan market. It mirrors the market-value-weighted performance of the 100 largest institutional leveraged loans based upon actual market weightings, spreads and interest payments.

**Short term** – see Asset class for description.

**Stand Alone Fund** – an individual mutual fund that represents an entire offering as part of the program's investment options.

**Status Report** – a quarterly evaluation of a fund's performance while designated as being on Watch. This report reviews the reason for the fund being on Watch, for how long, and if the fund is addressing the issues pertaining to Watch.

**Structured Security** – a debt security with one or more special features, such as making payments based on an underlying index.

**Style** – a behavior of portfolio returns caused by an investment manager's investment philosophy and portfolio construction processes.

**Synthetic Security** – a security that is artificially created involving two or more instruments that has the same risk-reward profile as a strategy involving only one instrument.

**Swaps** – the exchange of one security for another to change the maturity (bonds), quality of issues (stocks or bonds), or because investment quantitatives have changed.

## T

**T-C Life Funding Agreements** – TIAA-CREF Life Insurance Company (T-C Life) investment portfolio which supports the various guaranteed fixed annuities. The General Account primarily invests in corporate and government bonds, structured finance instruments (such as mortgage-backed securities) and real estate.

**Three-Month T-Bill** – an index that is typically constructed using a single issue U.S. Treasury purchased at the beginning of the month and held for a full month. Each month the index is rebalanced and the issue selected is the outstanding Treasury Bill that matures closest to, but not beyond, 3 months from the rebalancing date.

**TIAA ESG Emerging Markets Equity Index** – an index based on the MSCI Emerging Markets Index, its parent index, which captures the performance of large and mid-cap segments 24 Emerging Markets (EM) countries\*. The TIAA ESG Emerging Markets Equity Index is designed to reflect an increased exposure to positive environmental, social and governance (ESG) factors as well as exhibit lower carbon exposure relative to the Parent Index. The index aims to reflect the performance of certain TIAA strategies.

**Tracking Error** – the amount by which the performance of the portfolio typically differs (either plus or minus) from that of the benchmark.

## U

**Underlying Funds** – a set (two or more) of mutual funds that together comprise an offering as part of the program's investment options.

**Underperformance** – when the result of activities of an investment over a given period of time falls short of expectations (e.g., the result of a typical equity portfolio is lower than an assigned benchmark).

## V

**Value Relative Ratio** – a measure of a mutual fund's effectiveness by comparing a fund's return data to the specified benchmark. Calculated as "Fund Cumulative Return/Benchmark Cumulative Return."

## W

**Watch** – a condition assigned to a fund indicating that the fund's investment performance or other qualitative factors do not meet pre-determined criteria. This status allows time for the fund to take corrective action before being terminated.

## ATTACHMENT 1

### REQUIRED ATTACHMENT CHECK LIST

Complete this checklist to confirm the attachments. Place a check mark or "X" next to each item that you are submitting to the State. **For your proposal to be responsive, each of the following required attachments must be submitted with your proposal package.**

This checklist should be returned with your proposal package.

<u>Attachment</u>	<u>Attachment Name/Description</u>
_____ Attachment 1	Required Attachment Check List
_____ Attachment 2	Proposal/Proposer Certification Sheet
_____ Attachment 3	Cost Proposal Work Sheet
_____ Attachment 4	Proposer References
_____ Attachment 5	Minimum Qualifications Certification
_____ Attachment 6	California Disabled Veteran Business Enterprise (DVBE) Participation Program Instructions (if applicable)
_____ Attachment 7	Payee Data Record (STD. 204)
_____ Attachment 8	Bidder Declaration Form (GSPD-05-105)
_____ Attachment 9	Contractor Certification Clauses (CCC 04/2017)
_____ Attachment 10	Darfur Contracting Act Certification Form
_____ Attachment 11	California Civil Rights Law Certification
_____ Attachment 12	Small Business or Microbusiness Preference (if applicable)
_____ Attachment 13	Non-Small Business Preference (if applicable)
_____ Attachment 14	Target Area Contract Preference Act (TACPA) Program (if applicable)
_____ Attachment 15	Securities and Exchange Commission Form ADV (Part 1 and Part 2) or Proof of Exemption from Registration
_____ Attachment 16	Resumes of Key Personnel

**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 with original signatures. The proposal must be transmitted in a sealed envelope in accordance with RFP instructions.

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

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

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

### Completion Instructions for Proposal/Proposer Certification Sheet

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

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



**ATTACHMENT 3**

**COST PROPOSAL WORK SHEET**

All specifications outlined in the RFP shall be met or the firm's proposal will be considered **non-responsive and rejected**.

Do not make any modifications to these Cost Proposal forms, including the **200 total annual hours** and the **\$10,000 annual travel costs**.

See Section C of the RFP for more details. Review the RFP and the calculations in this Cost Proposal Work Sheet carefully. Mathematical errors may be corrected by SIB.

***Total Cost for Three-Year Contract Term shall be the sum of the "Total Annual Cost" for Year One, Year Two and Year Three, and shall not exceed \$375,000 for the potential three-year contract term.***

## Cost Proposal Detail

### YEAR ONE

DIRECT LABOR (Staff Level/Title)	HOURS <sup>1</sup>	MULTIPLY	HOURLY RATE	EQUALS	YEAR ONE TOTAL <sup>2</sup>	
		X	\$	=	\$	
		X	\$	=	\$	
		X	\$	=	\$	
		X	\$	=	\$	
		X	\$	=	\$	
<i>TOTAL DIRECT LABOR</i>	<b>200</b>					\$ (A)
INDIRECT COSTS (OVERHEAD & FRINGE BENEFITS)			%		TOTAL	
Overhead Rate				%	\$	
Fringe Benefits				%	\$	
					<i>TOTAL INDIRECT COSTS</i>	\$ (B)
TRAVEL COSTS					TOTAL	
Travel Costs					\$10,000	
					<i>TOTAL TRAVEL COSTS</i>	<b>\$ 10,000</b> <sup>3</sup> (C)
DIRECT COSTS (EXCEPT LABOR)					TOTAL	
Equipment and Supplies (Itemized)					\$	
Other Direct Costs (Itemized)					\$	
					<i>TOTAL DIRECT COSTS (EXCEPT LABOR)</i>	\$ (D)
					<b>TOTAL ANNUAL COST FOR YEAR ONE</b> <sup>4</sup>	\$

<sup>1</sup> Total shall be calculated assuming 200 hours of services provided by all levels of staff (including subcontractors) for year one.

<sup>2</sup> Total shall be calculated by multiplying the number of hours per year by hourly rate for each level of staff (including subcontractors).

<sup>3</sup> Travel costs at \$10,000 per year are included in this Attachment 3 – Cost Proposal and may not be modified.

<sup>4</sup> Total shall be the sum of the totals for A-D.

## Cost Proposal Detail

### YEAR TWO

DIRECT LABOR (Staff Level/Title)	HOURS <sup>1</sup>	MULTIPLY	HOURLY RATE	EQUALS	YEAR TWO TOTAL <sup>2</sup>	
		X	\$	=	\$	
		X	\$	=	\$	
		X	\$	=	\$	
		X	\$	=	\$	
		X	\$	=	\$	
<i>TOTAL DIRECT LABOR</i>	<b>200</b>					\$
<b>INDIRECT COSTS (OVERHEAD &amp; FRINGE BENEFITS)</b>			%		<b>TOTAL</b>	
Overhead Rate				%	\$	
Fringe Benefits				%	\$	
					<i>TOTAL INDIRECT COSTS</i>	\$
<b>(B)</b>						
<b>TRAVEL COSTS</b>					<b>TOTAL</b>	
Travel Costs					\$10,000	
					<i>TOTAL TRAVEL COSTS</i>	<b>\$ 10,000 <sup>3</sup></b>
<b>(C)</b>						
<b>DIRECT COSTS (EXCEPT LABOR)</b>					<b>TOTAL</b>	
Equipment and Supplies (Itemized)					\$	
Other Direct Costs (Itemized)					\$	
					<i>TOTAL DIRECT COSTS (EXCEPT LABOR)</i>	\$
<b>(D)</b>						
					<b>TOTAL ANNUAL COST FOR YEAR TWO <sup>4</sup></b>	<b>\$</b>

<sup>1</sup> Total shall be calculated assuming 200 hours of services provided by all levels of staff (including subcontractors) per year.

<sup>2</sup> Total shall be calculated by multiplying the number of hours per year by hourly rate for each level of staff (including subcontractors).

<sup>3</sup> Travel costs at \$10,000 per year are included in this Attachment 3 – Cost Proposal and may not be modified.

<sup>4</sup> Total shall be the sum of the totals for A-D.

## Cost Proposal Detail

### YEAR THREE – POTENTIAL EXTENSION YEAR

DIRECT LABOR (Staff Level/Title)	HOURS <sup>1</sup>	MULTIPLY	HOURLY RATE	EQUALS	YEAR THREE TOTAL <sup>2</sup>	<u>YEAR THREE TOTALS</u>
		X	\$	=	\$	
		X	\$	=	\$	
		X	\$	=	\$	
		X	\$	=	\$	
		X	\$	=	\$	
<i>TOTAL DIRECT LABOR</i>	<b>200</b>					\$ (A)
<b>INDIRECT COSTS (OVERHEAD &amp; FRINGE BENEFITS)</b>			%		<b>TOTAL</b>	
Overhead Rate				%	\$	
Fringe Benefits				%	\$	
					<i>TOTAL INDIRECT COSTS</i>	\$ (B)
<b>TRAVEL COSTS</b>					<b>TOTAL</b>	
Travel Costs					\$10,000	
					<i>TOTAL TRAVEL COSTS</i>	<b>\$ 10,000</b> <sup>3</sup> (C)
<b>DIRECT COSTS (EXCEPT LABOR)</b>					<b>TOTAL</b>	
Equipment and Supplies (Itemized)					\$	
Other Direct Costs (Itemized)					\$	
					<i>TOTAL DIRECT COSTS (EXCEPT LABOR)</i>	\$ (D)
					<i>TOTAL ANNUAL COST FOR</i>	\$
<b>POTENTIAL YEAR THREE EXTENSION</b> <sup>4</sup>						

<sup>1</sup> Total shall be calculated assuming 200 hours of services provided by all levels of staff (including subcontractors) per year.

<sup>2</sup> Total shall be calculated by multiplying the number of hours per year by hourly rate for each level of staff (including subcontractors).

<sup>3</sup> Travel costs at \$10,000 per year are included in this Attachment 3 – Cost Proposal and may not be modified.

<sup>4</sup> Total shall be the sum of the totals for A-D.

**ATTACHMENT 4**

**PROPOSER 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.

List below five references for services performed within the last five years, which are similar to the scope of work to be performed in this contract. If five references cannot be provided, provide an explanation on an attached sheet of paper.

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

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

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

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

\*Optional

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**REFERENCE 5**

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

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Brief Description of Service Provided

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SUBCONTRACTOR REFERENCES (if applicable)

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

---

**REFERENCE 1**

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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**

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

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Brief Description of Service Provided

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**REFERENCE 3**

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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

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\*Optional

**ATTACHMENT 5**

**MINIMUM QUALIFICATIONS CERTIFICATION**

The firm certifies that it fulfills all of the minimum qualifications outlined in Section B of Request for Proposals No. SIB03-22 (the "RFP"). By signing this attachment, the firm also agrees to notify the ScholarShare Investment Board (SIB) immediately upon its failure to continue to meet the minimum qualifications, if selected as the investment consultant for SIB.

On behalf of \_\_\_\_\_, I certify that said firm  
(Firm Name)  
complies with the Minimum Qualifications set forth in Section B of the RFP.

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

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

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

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

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

## ATTACHMENT 6

### CALIFORNIA DISABLED VETERAN BUSINESS ENTERPRISE (DVBE) PARTICIPATION GOAL PROGRAM INSTRUCTIONS

**DVBE PARTICIPATION REQUIREMENT.** The Disabled Veteran Business Enterprise (DVBE) Participation Goal Program for State contracts is established in Public Contract Code (PCC) section 10115 et seq., Military and Veterans Code (MVC) section 999 et seq., and California Code of Regulations (CCR), title 2, section 1896.60 et seq. **This solicitation DOES NOT include a minimum DVBE participation requirement. DVBE participation is NOT required in the bid or proposal. However, a DVBE incentive will be applied as provided below.**

**DVBE INCENTIVE.** The State will apply a DVBE incentive for responsive bids or proposals (herein “bid” or “bids”) from responsible bidders that propose DVBE participation. The DVBE incentive will vary in relation to the percentage of confirmed DVBE participation. The following percentages shall apply.

<b>Confirmed DVBE Participation of</b>	<b>DVBE Incentive</b>
5% and above	5%
4% to 4.99% inclusive	4%
3% to 3.99% inclusive	3%
2% to 2.99% inclusive	2%
1% to 1.99% inclusive	1%

As applicable:

(1) Awards based on low price – The DVBE incentive is applied by reducing the bid price by the amount of DVBE incentive as computed from the lowest responsive bid price submitted by a responsible bidder. The DVBE incentive is for evaluation purposes only. Application of the DVBE incentive shall not displace an award to a small business with a non-small business.

(2) Awards based on high score – The DVBE incentive is a percentage of the total possible available points, not including points for socioeconomic incentives or preferences. The DVBE incentive points are included in the sum of non-cost points. The DVBE incentive points cannot be used to achieve any applicable minimum point requirements.

Bidders who have been certified by California as a DVBE (or who are bidding rental equipment and have obtained the participation of subcontractors certified by California as a DVBE) must also submit a completed form **STD. 843 (Disabled Veteran Business Enterprise Declaration)**. All disabled veteran owners and disabled veteran managers of the DVBE(s) must sign the form(s). Should the form not be included with the solicitation, contact the State contracting official or obtain a copy at the following website: [https://www.documents.dgs.ca.gov/dgs/fmc/gs/pd/pd\\_843.pdf](https://www.documents.dgs.ca.gov/dgs/fmc/gs/pd/pd_843.pdf). The completed form should be included with the bid response.

At the State’s option prior to award, bidders may be required to submit additional written clarifying information. Failure to submit the requested written information as specified may be grounds for bid rejection.



## RESOURCES AND INFORMATION\*

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**U.S. Small Business Administration:**

Central Contractor Registration on-line database  
<https://uscontractorregistration.com/>

**FOR:**

Service-Disabled Veteran-Owned  
Businesses in California

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**Local Organizations:**

DVBE local contacts  
<https://www.dgs.ca.gov/PD/Services/Page-Content/Procurement-Division-Services-List-Folder/Certify-or-Re-apply-as-Small-Business-Disabled-Veteran-Business-Enterprise>

**FOR:**

List of Potential DVBE Subcontractors

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**Department of General Services, Procurement Division (DGS-PD) eProcurement:**

Website: <https://caleprocure.ca.gov/>  
Phone: (916) 375-2000  
Email: [eprocure@dgs.ca.gov](mailto:eprocure@dgs.ca.gov)

**FOR:**

- SB/DVBE Search
- CSCR Advertisements
- Training Modules

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**DGS-PD Office of Small Business and DVBE Services (OSDS):**

707 Third Street, Room 1-400, West Sacramento, CA 95605  
Website: <https://www.dgs.ca.gov/PD/Services/Page-Content/Procurement-Division-Services-List-Folder/Certify-or-Re-apply-as-Small-Business-Disabled-Veteran-Business-Enterprise>  
OSDS Receptionist: (916) 375-4940  
PD Receptionist: (800) 559-5529  
Fax: (916) 375-4950  
Email: [osdchelp@dgs.ca.gov](mailto:osdchelp@dgs.ca.gov)

**FOR:**

- Directory of OSDS Certified DVBEs
- Certification Applications
- Certification Information
- Certification Status, Concerns
- General DVBE Program Information
- DVBE Business Utilization Plan
- SB/DVBE Advocates
- Lists of Trade and Focus Publications

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**Commercially Useful Function Definition**

Military and Veterans Code section 999(b)  
California Code of Regulations, title 2, section 1896.62(l)

**ATTACHMENT 7**

**PAYEE DATA RECORD (STD. 204)**

All firms must complete the Payee Data Record (STD. 204) and include it with the bid response. The Payee Data Record form can be accessed from the following link:

<https://www.documents.dgs.ca.gov/dgs/FMC/PDF/Std204.pdf>

## **ATTACHMENT 8**

### **BIDDER DECLARATION (GSPD-05-105)**

All firms must complete the **Bidder Declaration (GSPD-05-105)** and include it with the bid response. When completing the declaration, firms must identify all subcontractors proposed for participation in the contract. Firms awarded a contract are contractually obligated to use the subcontractors for the corresponding work identified unless the State agrees to a substitution and it is incorporated by amendment to the contract. The Bidder Declaration (GSPD-05-105) can be accessed from the following link:

<https://www.documents.dgs.ca.gov/dgs/fmc/gsp/pd/gspd05-105.pdf>

**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 lesser of 30 multiplied by the number of full time attorneys in the firm's offices in the State, with the number of hours prorated on an actual day basis for any contract period of less than a full year or 10% of its contract with the State.

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

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

6. SWEATFREE CODE OF CONDUCT:

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

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

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

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

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

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

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

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

- 1). No officer or employee shall engage in any employment, activity or enterprise from which the officer or employee receives compensation or has a financial interest and which is sponsored or funded by any state agency, unless the employment, activity or enterprise is required as a condition of regular state employment.
- 2). No officer or employee shall contract on his or her own behalf as an independent contractor with any state agency to provide goods or services.

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

- 1). For the two-year period from the date he or she left state employment, no former state officer or employee may enter into a contract in which he or she engaged in any of the negotiations, transactions, planning, arrangements or any part of the decision-making process relevant to the contract while employed in any capacity by any state agency.
- 2). For the twelve-month period from the date he or she left state employment, no former state officer or employee may enter into a contract with any state agency if he or she was employed by that state agency in a policy-making position in the same general subject area as the proposed contract within the 12-month period prior to his or her leaving state service.

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

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

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

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

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

5. CORPORATE QUALIFICATIONS TO DO BUSINESS IN CALIFORNIA:

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

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

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

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

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

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

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

**OR**

2. \_\_\_\_\_  
Initials                      We are a scrutinized company as defined in Public Contract Code 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. \_\_\_\_\_  
Initials  
+ certification              We currently have, or we have had within the previous three years, business activities or other operations outside of the United States, but we certify below that we are not a scrutinized company as defined in Public Contract Code section 10476.  
below

**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>



**ATTACHMENT 11**

**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>Federal ID Number</i>
<i>Proposer/Bidder Firm Name (Printed)</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>	

**ATTACHMENTS 12 &13**

**PREFERENCE PROGRAMS (IF APPLICABLE)**

Attach proof in claiming Small Business or Microbusiness Preference, Non-Small Business Preference, if applicable.

**Small Business or Microbusiness Preference**

[https://www.dgs.ca.gov/PD/Resources/Page-Content/Procurement-Division-Resources-List-Folder/Small Business and Disabled Veteran Business Enterprise Best Practices](https://www.dgs.ca.gov/PD/Resources/Page-Content/Procurement-Division-Resources-List-Folder/Small_Business_and_Disabled_Veteran_Business_Enterprise_Best_Practices)

**Non-Small Business Preference**

[https://www.dgs.ca.gov/PD/Resources/Page-Content/Procurement-Division-Resources-List-Folder/Small Business and Disabled Veteran Business Enterprise Best Practices](https://www.dgs.ca.gov/PD/Resources/Page-Content/Procurement-Division-Resources-List-Folder/Small_Business_and_Disabled_Veteran_Business_Enterprise_Best_Practices)

## **ATTACHMENT 14**

### **TARGET AREA CONTRACT PREFERENCE ACT (TACPA) PROGRAM**

This solicitation provides for an optional TACPA preference. The TACPA program was established to stimulate business investments in distressed areas of the State and create job opportunities for Californians. Proposing companies are not required to apply for this preference. Both the TACPA workplace and workforce preferences will be evaluated for this solicitation.

Workplace preference - TACPA provides a 1 to 5 percent (1-5%) preference for a California business that is located in a qualified zone.

Workforce preference - TACPA provides a 1 to 4 percent (1-4%) preference for a California business that employs persons with a high risk of unemployment (Government Code Section 4532)

1% for 5-9% of workforce

2% for 10-14% of workforce

3% for 15-19% of workforce

4% for 20% or more of workforce

Proposing companies wishing to take advantage of the TACPA preference will need to review the following website and submit the appropriate documents with the proposal response:  
<https://www.dgs.ca.gov/PD/Services/Page-Content/Procurement-Division-Services-List-Folder/Request-a-Target-Area-Contract-Preference>

TACPA Preference Request ([STD 830](#))

Bidder's Summary of Contract Activities and Labor Hours ([TACPA Form 526](#))

The State Treasurer's Office will send the applicable TACPA request documents to the Department of General Services, Procurement Division, Dispute Resolution Unit. TACPA preference requests are typically reviewed and processed by DGS within five (5) business days. If an award of this agreement is made based on the TACPA preference, DGS will monitor compliance directly with the Contractor throughout the life of the contract.

**ATTACHMENT 15**

**SECURITIES AND EXCHANGE COMMISSION FORM ADV**  
**(PART 1 AND PART 2) OR PROOF OF EXEMPTION**

Attach the Securities and Exchange Commission Form ADV (Part 1 and Part 2) or Proof of Exemption from Registration.

**ATTACHMENT 16**

RESUMES OF KEY PERSONNEL

Name of Firm:
Please attach resumes for each identified key personnel who will be directly involved in providing these services.

Name:	Percent of Effort %
Title:	Office Location:
Phone Number:	Email:
Role:	
How Long in Current Position?	How Long Employed in Current Firm?
Experience:	

Name:	Percent of Effort %
Title:	Office Location:
Phone Number:	Email:
Role:	
How Long in Current Position?	How Long Employed in Current Firm?
Experience:	

**SCO ID:**

STATE OF CALIFORNIA - DEPARTMENT OF GENERAL SERVICES

**STANDARD AGREEMENT**

STD 213 (Rev. 04/2020)

AGREEMENT NUMBER	PURCHASING AUTHORITY NUMBER (If Applicable)
SAMPLE	

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

CONTRACTING AGENCY NAME

ScholarShare Investment Board

CONTRACTOR NAME

TBD

2. The term of this Agreement is:

START DATE

April 17, 2023 (or upon approval of the Department of General Services, whichever is later)

THROUGH END DATE

April 16, 2025

3. The maximum amount of this Agreement is:

TBD

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.

Exhibits	Title	Pages
Exhibit A	Scope of Work	3
Exhibit A-1	Resumes of Key Personnel	
Exhibit B	Budget Detail and Payment Provisions	1
Exhibit B-1	Cost Proposal	3
Exhibit C*	General Terms and Conditions (GTC 04/2017)	1
Exhibit D	Special Terms and Conditions	7
	RFP and Contractor's response thereto are incorporated by reference and made 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 <https://www.dgs.ca.gov/OLS/Resources>*

**IN WITNESS WHEREOF, THIS AGREEMENT HAS BEEN EXECUTED BY THE PARTIES HERETO.**

**CONTRACTOR**

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

TBD

CONTRACTOR BUSINESS ADDRESS	CITY	STATE	ZIP
PRINTED NAME OF PERSON SIGNING	TITLE		
CONTRACTOR AUTHORIZED SIGNATURE	DATE SIGNED		

**SCO ID:**

STATE OF CALIFORNIA - DEPARTMENT OF GENERAL SERVICES

**STANDARD AGREEMENT**

STD 213 (Rev. 04/2020)

AGREEMENT NUMBER

SAMPLE

PURCHASING AUTHORITY NUMBER (If Applicable)

**STATE OF CALIFORNIA**

CONTRACTING AGENCY NAME

ScholarShare Investment Board

CONTRACTING AGENCY ADDRESS

915 Capitol Mall, Room 590

CITY

Sacramento

STATE

CA

ZIP

95814

PRINTED NAME OF PERSON SIGNING

Julio Martinez

TITLE

Executive Director

CONTRACTING AGENCY AUTHORIZED SIGNATURE

DATE SIGNED

CALIFORNIA DEPARTMENT OF GENERAL SERVICES APPROVAL

EXEMPTION (If Applicable)

**EXHIBIT A  
(Standard Agreement)**

**SCOPE OF WORK**

**1) Scope Overview**

The ScholarShare Investment Board (SIB or Board) is the administrator of California's 529 college savings plan, the ScholarShare 529 College Savings Plan (ScholarShare 529 or Plan) and the California Kids Investment and Development Savings Program (CalKIDS or Program). SIB is the State agency responsible for the effective and efficient administration of the Golden State ScholarShare College Savings Trust (Trust). As of December 31, 2022, there are more than 390,500 ScholarShare 529 accounts with over \$11.5 billion in assets under management.

A qualified investment consultant is needed to assist SIB in its role as fiduciaries to the Trust. The investment consultant would assist SIB with revising (as needed) the statement of investment policy for the Trust and monitoring the investment performance of the ScholarShare program manager(s), currently TIAA-CREF Tuition Financing, Inc. (TFI). More information about ScholarShare 529 and CalKIDS can be found online at [www.scholarshare529.com](http://www.scholarshare529.com) and [www.calkids.org](http://www.calkids.org), respectively.

**2) Description of Service**

The following scope of work details SIB's expectations for an investment consultant (sometimes referred to as the "Contractor"). These investment consultant services include the following:

- Under the direction of SIB or its designee, analyze and evaluate asset allocation plans for the Trust based on age groups of its beneficiaries as well as allocation for risk reduction.
- Review and analyze the investment performance of the program manager(s) of the Trust using criteria developed by SIB as well as criteria developed by the program manager(s) or outside consultants. Periodically, there may be additional evaluations comparing ScholarShare 529 investment performance and fees to the performance between the national plans and/or other 529 state plans. Regularly review and propose changes to the Investment Policy and Monitoring Procedures as needed.
- Conduct monthly evaluations of the Trust which compare monthly investment results to appropriate indices and SIB policies, including compliance by the program manager(s) to these policies, and provide evaluations to SIB or its designee within 10 business days of receiving the data from each program manager.
- Advise SIB or its designee of which data should be reported from the program manager(s).
- Provide clarification and assistance to SIB in understanding various investment vehicles and the investment market. This may include providing training seminars, as necessary, on rates of return, investment products, strategies or other fundamental concepts of investing to SIB and its staff.
- Inform the SIB or its designee in the event of significant changes in the investment climate or market conditions that could affect Trust investments.
- Provide general advice, counsel, and recommendations on a variety of investment related matters regarding the Trust including investment personnel, investment strategy, investment portfolio addition or division, as well as overall investment health of the program manager(s), other 529 vendors, and 529 industry issues and trends.
- Participate in the development of request for proposals and subsequent selection process.
- Work with SIB's consultants and program manager(s) if needed.
- Attend SIB meetings unless notified otherwise by the SIB or its designee. It is anticipated that the SIB will meet approximately four times per year.
- Be available to consult with SIB members and the Executive Director from 8:00 a.m. to 5:00 p.m. Pacific Time, Monday through Friday.
- Respond to the need for telephone consultation within a 24-hour period and be available for meetings with SIB with no greater than 10 days' notice.



**EXHIBIT A  
(Standard Agreement)**

**3) Location of Services**

The services shall be performed at the offices of the Contractor and at the offices of appropriate affiliates, related entities, subsidiaries and subcontractors; however, there will be some mandatory meetings at 915 Capitol Mall, Sacramento, California 95814.

**4) Contractor's Personnel**

Contractor shall ensure that the quality and availability of its personnel assigned to this agreement will be maintained over the term of the agreement. Any changes in assigned personnel are at the discretion of the firm, provided that any replacements have substantially the same as or better qualifications and experience than the original personnel.

**5) Performance Criteria**

The performance of the Contractor will be evaluated based on the criteria outlined below.

- Responsiveness and timeliness in responding to inquiries made by SIB (members, Executive Director, and staff).
- Availability to SIB for conference calls and board meetings, as needed.
- Quality, completeness and timeliness in providing reports, memos, analyses and recommendations to SIB for review and consideration.
- Quality and accuracy of information, data and support included in all product submitted to SIB.
- Ability to provide SIB with, or direct SIB, to appropriate resources for information.
- Ability to provide SIB with up-to-date information on industry standards, changes in the law and state comparisons.
- Availability of resources to adequately perform on contract requirements (staff, consultants, etc.).
- Demonstrates working relationships with industry peers and organizations.
- Demonstrates the ability to provide day-to-day management of tasks, coordination of support and administrative activities, and supervision of all Contractor employees.
- Possesses the technical and functional skills, and knowledge to direct all aspects of the contract.

**6) Project Representatives**

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

State Agency: ScholarShare Investment Board	Contractor:
Name: Julio Martinez	Name:
Phone: 916-651-6380	Phone:
Fax: 916-589-2835	Fax:

**7) Distribution / Ownership / Confidentiality of Data**

The distribution of all data produced by the Contractor is restricted to SIB. This data becomes property of SIB, and SIB reserves exclusive rights to its further dissemination. In addition, Contractor shall keep confidential any information which identifies, or may identify, ScholarShare 529 or CalKIDS account holders.

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

**8) Conflict of Interest**

Contractor may not currently or during the term of this agreement have a contractual or other business relationship with any investment management services contractor that provides services for the Trust or any investment manager directing funds in the ScholarShare 529 portfolio, either on its own or in partnership, with other entities. The Contractor shall notify SIB immediately in the event that such a relationship begins. Should the Contractor begin such a relationship, the agreement may be terminated immediately by SIB on the ground of conflict of interest and any payments made subsequent to the creation of the conflict shall be disgorged by the contract. Also, the Contractor may continue to perform and receive payment under this agreement only if SIB executes a written waiver of conflict, which waiver may not be given retroactive effect.

This section applies to any subcontractors the Contractor may utilize for this agreement. Ownership of a ScholarShare 529 account does not constitute a business relationship for the purposes of this article.

**9) Term of Agreement**

The term of the agreement will be April 17, 2023 through April 16, 2025 with a maximum amount of \$250,000. At the option of the State, the agreement may be extended for one additional year and an additional \$125,000. The agreement is subject to the approval of SIB and the Department of General Services (DGS). In no event shall services be performed prior to the approval of the agreement by the DGS Office of Legal Services.

**EXHIBIT A-1**  
**(Standard Agreement)**

**RESUMES OF KEY PERSONNEL**

**EXHIBIT B**  
**(Standard Agreement)**

**BUDGET DETAIL AND PAYMENT PROVISIONS**

**1. Invoicing and Payment**

- A. For services satisfactorily rendered, and upon receipt and approval of the invoices, the State agrees to compensate the Contractor for actual expenditures incurred in accordance with the rate specified herein, which is attached hereto as Attachment B-1 and made part of this agreement. Travel costs are capped at \$10,000 per year. The rates for necessary traveling expenses and per diem shall be set in accordance with the rates of the California Department of Human Resources (CalHR) for comparable classes and no travel outside the State of California shall be reimbursed unless prior written authorization is obtained from SIB.
- B. Invoices shall include Agreement Number SIB03-22 and shall be submitted not more frequently than monthly in arrears to:

ScholarShare Investment Board  
915 Capitol Mall, Room 590  
Sacramento, CA 95814  
Attention: Julio Martinez

In consideration for the satisfactory completion of the services described herein, SIB agrees to pay Contractor, in arrears, upon receipt of an invoice, for services rendered under this Agreement. The invoice shall be submitted by Contractor in sufficient scope and detail to define the actual work performed and specific milestones completed, including a description of the activities of Contractor and subcontractors and the hours allocated to those activities. The hourly rate for services rendered shall not exceed those as set forth herein or as attached hereto.

**2. Budget Contingency Clause**

- A. 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.
- 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.

**3. Prompt Payment Clause**

Payment will be made in accordance with, and within the time specified in, Government Code Chapter 4.5, commencing with Section 927.

**EXHIBIT B-1  
 (Standard Agreement)**

**COST PROPOSAL**

YEAR ONE

DIRECT LABOR (Staff Level/Title)	HOURS	MULTIPLY	HOURLY RATE	EQUALS	YEAR ONE TOTAL	<b><u>YEAR ONE TOTALS</u></b>
		X	\$	=	\$	
		X	\$	=	\$	
		X	\$	=	\$	
		X	\$	=	\$	
		X	\$	=	\$	
<b>TOTAL DIRECT LABOR</b>		<b>200</b>				\$
<b>INDIRECT COSTS (OVERHEAD &amp; FRINGE BENEFITS)</b>			%		<b>TOTAL</b>	
Overhead Rate					%	\$
Fringe Benefits					%	\$
					<b>TOTAL INDIRECT COSTS</b>	\$
<b>TRAVEL COSTS</b>					<b>TOTAL</b>	
Travel Costs						\$10,000
					<b>TOTAL TRAVEL COSTS</b>	<b>\$ 10,000</b>
<b>DIRECT COSTS (EXCEPT LABOR)</b>					<b>TOTAL</b>	
Equipment and Supplies (Itemized)						\$
Other Direct Costs (Itemized)						\$
					<b>TOTAL DIRECT COSTS (EXCEPT LABOR)</b>	\$
					<b>TOTAL ANNUAL COST FOR YEAR ONE</b>	\$

**EXHIBIT B-1**  
**(Standard Agreement)**

YEAR TWO

DIRECT LABOR (Staff Level/Title)	HOURS	MULTIPLY	HOURLY RATE	EQUALS	YEAR TWO TOTAL	<u><b>YEAR TWO TOTALS</b></u>
		X	\$	=	\$	
		X	\$	=	\$	
		X	\$	=	\$	
		X	\$	=	\$	
		X	\$	=	\$	
<i>TOTAL DIRECT LABOR</i>	<b>200</b>					\$
INDIRECT COSTS (OVERHEAD & FRINGE BENEFITS)			%		TOTAL	
Overhead Rate					%	\$
Fringe Benefits					%	\$
					<i>TOTAL INDIRECT COSTS</i>	\$
TRAVEL COSTS					TOTAL	
Travel Costs						\$10,000
					<i>TOTAL TRAVEL COSTS</i>	<b>\$ 10,000</b>
DIRECT COSTS (EXCEPT LABOR)					TOTAL	
Equipment and Supplies (Itemized)						\$
Other Direct Costs (Itemized)						\$
					<i>TOTAL DIRECT COSTS (EXCEPT LABOR)</i>	\$
					<i>TOTAL ANNUAL COST FOR <b>YEAR TWO</b></i>	\$

**EXHIBIT B-1  
 (Standard Agreement)**

POTENTIAL YEAR THREE EXTENSION

DIRECT LABOR (Staff Level/Title)	HOURS	MULTIPLY	HOURLY RATE	EQUALS	YEAR THREE TOTAL	<u>YEAR THREE TOTALS</u>
		X	\$	=	\$	
		X	\$	=	\$	
		X	\$	=	\$	
		X	\$	=	\$	
		X	\$	=	\$	
<i>TOTAL DIRECT LABOR</i>	<b>200</b>					\$
INDIRECT COSTS (OVERHEAD & FRINGE BENEFITS)			%		TOTAL	
Overhead Rate					%	\$
Fringe Benefits					%	\$
					<i>TOTAL INDIRECT COSTS</i>	\$
TRAVEL COSTS					TOTAL	
Travel Costs						\$10,000
					<i>TOTAL TRAVEL COSTS</i>	<b>\$ 10,000</b>
DIRECT COSTS (EXCEPT LABOR)					TOTAL	
Equipment and Supplies (Itemized)						\$
Other Direct Costs (Itemized)						\$
					<i>TOTAL DIRECT COSTS (EXCEPT LABOR)</i>	\$
					<i>TOTAL ANNUAL COST FOR</i>	\$
					<b>POTENTIAL YEAR THREE EXTENSION</b>	

**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 <https://www.dgs.ca.gov/OLS/Resources/Page-Content/Office-of-Legal-Services-Resources-List-Folder/Standard-Contract-Language>.



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

**SPECIAL TERMS AND CONDITIONS**

**1. Excise Tax**

The State of California is exempt from federal excise taxes, and no payment will be made for any taxes levied on employees' wages. The State will pay for any applicable State of California or local sales or use taxes on the services rendered or equipment or parts supplied pursuant to this Agreement. California may pay any applicable sales and use tax imposed by another state.

**2. Settlement of Disputes**

In the event of a dispute, 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 Contractor and the State identified in Section 6 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 any bid proposal.

**3. Evaluation of Contractor**

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

**4. No Agency Liability**

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 or bona fide established commercial or selling agencies maintained by the Contractor for the purpose of securing business. For breach or violation of this warranty, the State 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.

**5. Potential Subcontractors**

Nothing contained in this Agreement or otherwise, shall create any contractual relationship between the State and any subcontractors, and no subcontract shall relieve the Contractor of his responsibilities and obligations hereunder. The Contractor agrees to be as fully responsible to the State for the acts and omissions of its subcontractors and of persons either directly or indirectly employed by any of them as it is for the acts and omissions of persons directly employed by the Contractor. The Contractor's obligation to pay its subcontractors is an independent obligation from the obligation of the State to make payments to the Contractor. As

**EXHIBIT D  
(Standard Agreement)**

a result, the State shall have no obligation to pay or to enforce the payment of any moneys to any subcontractor.

**6. Force Majeure**

Neither party to this Agreement shall be liable for damages resulting from delayed or defective performance when such delays arise out of causes beyond the control and without the fault or negligence of the offending party. Such causes may include, but are not restricted to, acts of God or of the public enemy, acts of the State in its sovereign capacity, fires, floods, power failure, disabling strikes, epidemics, quarantine restrictions, and freight embargoes.

**7. Waivers**

No delay on the part of any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of any party of any right, power or privilege hereunder, nor any single or partial exercise of any right, power or privilege hereunder, preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder.

**8. Incorporation of Amendments to Applicable Laws**

Any references to sections of federal or state statutes or regulations shall be deemed to include a reference to any amendments thereof and any successor provisions thereto.

**9. Confidentiality**

All financial, statistical, personal, technical and other data and information relating to the operations of the State which are designated confidential by the State and become available to Contractor shall be protected by Contractor from unauthorized use and disclosure.

**10. Titles/Section Headings**

Titles and headings are for convenience of reference only, and shall have no effect on the construction or legal effect of this Agreement.

**11. Choice of Law**

Notwithstanding Paragraph 14 of Exhibit C (General Terms and Conditions), this Agreement shall be administered, construed, and enforced according to the laws of the State of California (without regard to any conflict of laws provisions) to the extent such laws have not been preempted by applicable federal law. Any suit brought hereunder, including any action to compel arbitration or to enforce any award or judgment rendered thereby, shall be brought in state court sitting in Sacramento, California, the parties hereby waiving any claim or defense that such forum is not convenient or proper. Each party agrees that any such court shall have in personam jurisdiction over it and consents to service of process in any manner authorized by California law.

**EXHIBIT D  
(Standard Agreement)**

**12. Notices**

The parties agree that to avoid unreasonable delay in the progress of the services performed hereunder, Contractor and the State have designated in Section 6 of Exhibit A specific staff representatives for the purpose of communication between the parties. Any notice or other written communication required or which may be given hereunder shall be deemed given when delivered personally, or by mail three (3) days after the date of mailing, unless by express mail then upon the date of confirmed receipt, to the representatives named in Section 6 of Exhibit A.

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

**13. Permits and Licenses**

Contractor shall carry out its duties and responsibilities herein in accordance with, be limited in the exercise of its rights by, and observe and comply with, all federal, state, city and county laws, rules or regulations affecting services under this Agreement. Contractor shall procure and keep in full force and effect during the term of this Agreement all permits and licenses necessary to accomplish the work contemplated in this Agreement.

**14. Books and Records**

Contractor shall keep accurate books and records connected with the performance of this Agreement for a period of at least three (3) years. 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 location and shall be available for inspection and copying by the State and its representatives at any time.

**15. Key Personnel**

- a. A resume for each member of Contractor's staff who will exercise a significant administrative, policy, or consulting role under this Agreement is attached to this Agreement as Attachment D-1. These members of Contractor's staff shall be hereafter referred to (both individually and collectively) as "Key Personnel."
- b. Contractor shall not substitute, replace or reassign Key Personnel without the prior approval of the State and an amendment to this Agreement.
- c. This Agreement may be terminated immediately, in the sole discretion of the State and upon written notice from the State to Contractor, because of any change in or departure of any of the Key Personnel.

**16. Changes in Control, Organization or Key Personnel**

Contractor shall promptly, and in any case within five (5) days, notify the State in writing: (i) if any of Contractor's representations and warranties, as set forth in this Agreement, cease to be true at any time during the term of this Agreement; (ii) of any change in Contractor's staff who exercises a significant administrative, policy, or consulting role under this Agreement, including without limitation any Key Personnel; (iii) of any change in the majority ownership, control, or business structure of Contractor; or (iv) of any other material change in Contractor's business,

**EXHIBIT D  
(Standard Agreement)**

partnership or corporate organization. All written notices from Contractor under this provision shall contain sufficient information to permit the State to evaluate the changes within Contractor's staff or organization under the same criteria as was used by the State in its award of this Agreement to Contractor.

**17. Insurance Requirements**

Contractor warrants that it carries adequate liability, worker's compensation and other necessary insurance and shall maintain such insurance at levels acceptable to the State in full force and effect during the term of this Agreement. Contractor agrees to furnish satisfactory evidence of this insurance coverage to the State upon request.

**18. Subcontractors**

- a. Contractor shall perform the work contemplated by this Agreement with resources available within its own organization except for subcontracted work identified in this Agreement or other attachment incorporated hereto. No other portion of the work pertinent to this Agreement shall be subcontracted without written authorization by the State. The subcontractor must be mutually agreed upon in advance by both parties.
- b. Contractor shall require that any subcontractor agree to be bound by all provisions of this Agreement, as applicable.

**19. Notice of Proceedings**

Contractor shall promptly notify the State in writing of any investigation, examination or other proceeding involving Contractor, including any Key Personnel, commenced by any regulatory agency, which proceeding is not conducted in the ordinary course of Contractor's business.

**20. Cumulative Remedies**

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.

**21. Binding Effect**

This Agreement, any instrument or agreement executed pursuant to this Agreement, and the rights, covenants, conditions and obligations of Contractor and the State contained therein, shall be binding upon the parties and their successors, assigns and legal representatives.

**22. 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 State.

**23. Services or Procurement Resulting from Agreement**

Neither Contractor, nor any of its 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 Contractor provides under this Agreement.

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

**24. Agreement Does Not Violate Law**

Contractor represents and warrants that neither the execution of this Agreement nor the acts contemplated hereby nor compliance by Contractor with any provisions hereof will:

- a. Violate any provision of the charter documents of Contractor;
- b. Violate any statute or law or ordinance or any judgment, decree, order, regulation or rule of any court or governmental authority applicable to Contractor; or
- c. Violate, or be in conflict with, or constitute a default under, or permit the termination of, or require the consent of any person under, any agreement to which Contractor may be bound, the violation of which in the aggregate would have a material adverse effect on the properties, business, prospects, earnings, assets, liabilities or condition (financial or otherwise) of Contractor.

**25. Power and Authority**

Contractor represents and warrants that it has the power and authority to enter into this Agreement and to carry out its obligations hereunder. The execution of this Agreement has been duly authorized by Contractor and no other proceeding on the part of Contractor is necessary to authorize this Agreement. Contractor has completed, obtained and performed all registrations, filings, approvals, authorizations, consents or examinations required by any government or governmental authority for its acts contemplated by this Agreement.

**26. Signature Authorization**

The person signing this Agreement warrants that he/she is an agent of Contractor and is duly authorized to enter into this Agreement on behalf of Contractor.

**27. Entire Agreement; Order of Precedence**

- a. This Agreement, including documents that have been incorporated in this Agreement 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.
- b. 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 laws; (ii) the terms and conditions of this Agreement, including exhibits and attachments; (iii) the Request for Proposal (RFP) if any; (iv) Contractor's response to the RFP if any; and (v) any other provisions, terms, or materials incorporated herein.

**28. Termination at Option of the State**

In addition to the provisions of Paragraph 7 of Exhibit C (General Terms and Conditions), this Agreement may be terminated in whole or in part at any time upon 30 calendar days' written notice by the State, for any reason. Upon receipt of a termination notice, Contractor shall promptly discontinue all services affected unless the notice specifies otherwise. In the event the State terminates all or a portion of this Agreement for any reason, it is understood that the State

**EXHIBIT D  
(Standard Agreement)**

will provide payment to Contractor for satisfactory services rendered prior to the termination, but not in excess of the maximum amount of this Agreement.

**29. Termination for Insolvency**

Contractor shall notify the State immediately in writing in the event that Contractor files any federal bankruptcy action or state receivership action, any federal bankruptcy or state receivership action is commenced against Contractor, Contractor is adjudged bankrupt, or a receiver is appointed and qualifies. In the event of any of the foregoing events, or if the State determines, based on reliable information, that there is a substantial probability that Contractor will be financially unable to continue performance under this Agreement, the State may terminate this Agreement and all further rights and obligations immediately.

**30. Completion**

In the event of termination for default, the State reserves the right to take over and complete the work by contract or other means. In such case, Contractor will be liable to the State for any additional cost incurred by the State to complete the work whether reimbursed or not.

**31. Effect of Termination**

All duties and obligations of the State and Contractor shall cease upon termination of this Agreement, except that:

- a. Each party shall remain liable for any rights, obligations, or liabilities arising from activities carried on by it under this Agreement prior to the effective date of termination; and
- b. Contractor shall provide for the return of all records of the State to the State or its designee and shall cooperate fully to effect an orderly transfer of services.

**32. Termination for Expatriation**

Contractor shall notify the State immediately in writing in the event that Contractor or its parent files any notice with the Securities and Exchange Commission that Contractor intends to reincorporate offshore. In the event of such notice, the State may terminate this Agreement and all further rights and obligations immediately by giving five (5) days' notice in writing in the manner specified herein.

**33. Compliance With Political Reform Act**

**Contractor acknowledges that the State is subject to the provisions of the Political Reform Act (Government Code section 81000 et seq. and all regulations adopted thereunder, including, but not limited to, California Code of Regulations, title 2, section 18700 et. seq.)** and Contractor shall comply promptly with any requirement thereunder. If required by law, Contractor shall require its personnel, including without limitation, its Key Personnel all later substitutions therefore, 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 (California Code of Regulations, title 2, section 1897). All such reports shall be filed simultaneously with the State.

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

**34. Darfur Contracting Act**

Effective January 1, 2009, all Invitations for Bids (IFB) or Requests for Proposals (RFP) for goods or services must address the requirements of the Darfur Contracting Act of 2008 (Act). (Public Contract Code section 11475 et seq.) The Act was passed by the California Legislature and signed into law by the Governor to preclude State agencies generally from contracting with “scrutinized” companies that do business in the African nation of Sudan of which the Darfur region is a part, for the reasons described in Public Contract Code section 11475.

A scrutinized company is a company doing business in Sudan as defined in Public Contract Code section 11476. 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 11477(a).)

Therefore, Public Contract Code section 11478(a) requires a company that currently has (or within the previous three years has had) business activities or other operations outside of the United States to certify that it is not a “scrutinized” company when it submits a bid or proposal to a State agency. A scrutinized company may still, however, submit a bid or proposal for a contract with a State agency for goods or services if the company first obtains permission from DGS according to the criteria set forth in Public Contract Code section 11477(b).

**35. Labor Neutrality Policy**

SIB recognizes the value of labor organizing and encourages the entities with which it contracts to demonstrate that they also value this principle by encouraging management neutrality in labor organizing activities.

To remain “neutral” means not to take any action or make any statement that will directly or indirectly state or imply any support for or opposition to the selection by the Contractor’s employees of a collective bargaining agent, or preference or opposition to any particular union as a bargaining agent. Nothing in this section obligates or prohibits the Contractor from entering into private neutrality, labor peace or other lawful agreements with a labor organization seeking to represent or who currently represents the Contractor’s employees.