

**REQUEST FOR PROPOSALS
FOR**

NJBEST Investment Manager

**Issued by:
New Jersey Higher Education Student Assistance Authority**

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1.0 PURPOSE AND INTENT

This Request for Proposals (RFP) is issued by the New Jersey Higher Education Student Assistance Authority (“HESAA” or “Authority”). The purpose of this RFP is to solicit proposals from qualified bidders to provide comprehensive services to the New Jersey Better Educational Savings Trust (NJBEST) program, a qualified tuition program within the meaning of and in compliance with Section 529 of the federal Internal Revenue Code of 1986, as amended (“Program” or “NJBEST Program”). Through this RFP, HESAA seeks to obtain the best net investment returns for program participants and the most favorable array of program services.

The intent of this RFP is to award a contract to that responsible bidder whose proposal, conforming to this RFP, is most advantageous to the Authority, price and other factors considered. The Authority, however, reserves the right to separately procure individual requirements that are the subject of the contract during the contract term, when deemed by the Authority to be in HESAA’s best interest.

HESAA’s Standard Terms & Conditions are material terms of any contract made with the Authority as a result of this RFP and are attached to this RFP as Exhibit A. These terms are in addition to the terms and conditions set forth in this RFP and should be read in conjunction with the RFP, unless the RFP specifically indicates otherwise.

Note: Questions regarding HESAA’s Standard Terms & Conditions, and any exceptions to mandatory requirements, must be posed during the Electronic Question and Answer period and should also contain the bidder’s suggested changes.

The bid response proposal is the Authority’s primary vehicle for obtaining the essential information on which contract award decisions are based.

Qualified bidders must be capable of:

- A. Designing, implementing and providing investment management for an array of investment choices for participants in the NJBEST program;
- B. Providing account establishment, and fund and participant accounting for the NJBEST program, including accounts and investments managed by the bidder and investments managed by the Department of Treasury, Division of Investment, State of New Jersey (“the Division” or “DOI”);
- C. Transitioning existing accounts from the current investment manager, as applicable¹;
- D. Providing program reporting and record-keeping for the NJBEST program;
- E. Providing customer service, sales and marketing for the NJBEST program;
- F. Providing custodial banking services for the NJBEST program including accounts and investments managed by the bidder and accounts and investments managed by the Division; and
- G. Assuring that the NJBEST program continues to comply with Section 529 of the federal Internal Revenue Code of 1986, as amended (26 U.S.C. § 529), and applicable regulations, rulings, and other authorities.

¹ The existing contract for NJBEST Program Services does not require current program participants to rollover accounts to a new program manager at the conclusion of the contract, however participants may elect to rollover based on new program offerings of successor contractor.

Through this RFP, HESAA seeks to obtain the best services at the most favorable, competitive prices.

2.0 DEFINITIONS

2.1 General Definitions

The following definitions shall be part of any contract awarded as a result of this RFP.

Addendum – Written clarification or revision to this RFP issued by HESAA.

Amendment – A change in the scope of services to be provided by the contractor. An amendment is not effective until it is signed by the Authority.

Bidder – An individual or business entity that submits a proposal in response to this RFP.

Contract – This RFP, addenda to this RFP, the HESAA Standard Terms and Conditions, the Contractor's proposal submitted in response to this RFP, and best and final offer, contractual language agreed to by the Contractor and HESAA governing the implementation of the services to be provided, and HESAA's Notice of Intent to Award.

Contractor – The bidder awarded a contract resulting from this RFP.

Evaluation Committee – A committee established by the Authority to review and evaluate proposals submitted in response to this RFP and to recommend a contract award to the Authority.

Firm Fixed Price – A price that is all-inclusive of direct cost and indirect costs, including but not limited to, direct labor costs, counsel fees, overhead, fee or profit, clerical support, equipment, materials, supplies, managerial (administrative) support, all documents, reports, forms, travel, reproductions, and any other costs. No additional fees or costs shall be paid by the Authority unless there is a change in the scope of services as documented in a fully-executed Amendment.

HESAA Contract Manager – The individual at the Authority responsible for the approval of all deliverables, i.e., tasks, subtasks or other work elements in the Scope of Services, as set forth in this RFP.

Joint Venture – A business undertaking by two or more entities to share risk and responsibility for a specific project.

May – Denotes that which is permissible, not mandatory.

Project – The undertaking or services that are the subject of this RFP.

Request for Proposal or RFP – This document, which establishes the bidding and contract requirements and solicits proposals to meet the needs of the Authority for engaging a Contractor.

Shall or Must – Denotes that which is a requirement. Failure to meet a material requirement will result in the rejection of a proposal as non-responsive.

Should – Denotes that which is recommended, not mandatory.

State – State of New Jersey.

Subtasks – Detailed activities that comprise the actual performance of a task.

Subcontractor – An entity having an arrangement with the Contractor, whereby the Contractor uses the products and/or services of that entity to fulfill some of its obligations under its contract with the Authority, while the Contractor retains full responsibility for the performance of all of its obligations under the contract, as well as for payment to the subcontractor. The subcontractor has no legal relationship with the Authority, only with the Contractor. Without the prior written consent of HESAA, the Contractor may not subcontract other than as identified in the Contractor's proposal.

Task – A discrete unit of work to be performed.

Transaction – The payment or remuneration to the Contractor for services rendered to the Authority pursuant to the terms of the contract, in accordance with the firm fixed price defined above.

2.2 Contract-Specific Definitions/Acronyms

Carrier – An Investment Provider that provides investment options for the NJ BEST Program.

Contract Relationship Manager or CRM – Individual or team responsible for managing all aspects of the contract.

Contract Effective Date – The date on which services related to this contract will commence.

Conversion – The transfer of recordkeeping responsibility from one entity to another. The transfer usually involves a black-out period during which the receiving entity reconciles the Program's financial and individual account balance records and loads the information into its recordkeeping and document storage systems.

Custody – Holding assets for safekeeping. May include non-fiduciary processing functions such as making benefit disbursements or paying fees and expenses.

Customer Contact Center – The service center in which the contractor's service representatives respond to questions and requests from Program participants and potential participants either via telephone or electronically.

Customer Contact Center Service Representative(s) – Contractor representative(s), located at a Customer Contact Center, that respond(s) to telephone and electronic inquiries and requests from Program participants and potential participants.

DOI or Division – The New Jersey Department of the Treasury’s Division of Investment.

Expense Ratio – Overall expenses to operate the fund expressed as a percentage of the fund’s NAV.

Field Service Representative(s) – Contractor representatives responsible for servicing participants within assigned geographic areas.

General Account – Main investment account of the bidder’s company. This account contains all assets that support the guarantee of the general contracts of the carrier. Ultimate solvency and payment of liabilities are backed by the full faith and credit of the carrier. General account assets are subject to the claims of the general creditors of the carrier. The assets in such accounts are not owned by the policyholder.

Guaranteed Investment Contract (GIC) – A contractual arrangement that guarantees specific rates of investment returns. At the expiration of the arrangement, the funds are available in a lump sum of principal plus interest with no penalties or restrictions.

Interactive Voice Response System or IVR – An automated telephone system in which callers access information or conduct transactions using a touch tone telephone.

Investment Election Cutoff Time – The hour, stated as Eastern Time, of each business day before which a Program Participant must complete the execution of a change in investment election or reallocation of investment assets. Elections executed after this time will be transacted on the following business day.

Investment Fees – These expenses cover the costs of investment management, shareholder services, and sales and marketing.

Investment Management Expenses – The fees charged to manage the portfolio.

Investment Provider – The insurance company, bank, savings and loan, mutual fund, or other organization that provides fixed or variable investment products.

Mutual Fund – An investment fund in which the investment company raises money from shareholders and invests it in various investment instruments.

Net Asset Value or NAV – The current value of all of the assets owned by the mutual fund less any liabilities. The NAV of a share in the mutual fund equals the total NAV of the fund divided by the number of mutual fund shares outstanding.

N.J.S.A. – The New Jersey Statutes Annotated.

Participant – a person who owns an account under the Plan.

Program or NJBEST program– A qualified tuition program within the meaning of and in compliance with Section 529 of the Federal Internal Revenue Code of 1986, as amended (26 U.S.C. § 529), as created by N.J.S.A. 18A:71B-35 et seq.

Recordkeeping and Administration – This includes, at a minimum, the following:

- Maintaining individual program account balances;
- Processing deposits, transfers, charges, and withdrawals;
- Preparing and distributing participant statements of account;
- Answering participant questions; and
- Maintaining program financial records.

Statement of Account – The statements mailed (usually quarterly) to participants giving them information on their account such as balances in investment options and transactions, including amount of investment returns credited during the period and DOI managed funds.

3.0 BACKGROUND

3.1 PROGRAM PURPOSE AND FEATURES

The goals of the NJBEST program are to provide incentives for families to save for the future costs of a college education, to provide a convenient and affordable means for families to save for college, to provide favorable tax treatment under the New Jersey Gross Income Tax and federal income tax code for earnings from savings designated for the purpose of paying for college and other qualified postsecondary educational costs, to provide incentives for sustained efforts at college savings, to provide incentives to attend college in New Jersey, to maximize the returns of the program while investing in a prudent manner, and to minimize the cost of services to participants while maintaining high quality customer service.

Program features include a scholarship for certain Program beneficiaries to attend a New Jersey institution of higher education, earnings free from State and federal income tax when distributions are used for qualified higher education expenses, a matching grant program in which certain account holders can receive up to \$750 in contributions from the State to a newly-opened account in a dollar-for-dollar match of the account holder’s initial contribution to their account, exclusion of the first \$25,000 in NJBEST savings from calculation of State need-based student financial aid, low minimum contribution levels, New Jersey income tax deductions for annual contributions to an account, and maximum total contributions of \$305,000 per beneficiary.

3.2 CURRENT STATUS OF NJBEST PROGRAM

In 2002, the Authority issued a Request for Proposals for a vendor to provide a set of comprehensive services to the NJBEST program. As a result of that Request for Proposals, HESAA entered into an agreement with Franklin Templeton Distributors, Inc. (“FTD”) in January 2003 to provide these services. Upon issuance of a subsequent Request for Proposals, HESAA extended its agreement with FTD in 2014.

Under the current contract FTD provides investment management services, custodial banking services, account establishment, fund and participant accounting, program reporting, and customer service. FTD also provides all advertising and promotion services for the program. The agreement with FTD is scheduled to expire in April of 2024.

Pursuant to a provision in its contract, FTD is permitted to continue to service accounts opened between March 17, 2003 and the end of the current contract in April 2024. At the participant’s

option accounts may be rolled over to the new Investment Manager selected as a result of this RFP.

The Authority intends to maintain the investment option currently offered in the program for those participants who opened their accounts with the DOI prior to March 17, 2003, which continues to be managed by the DOI. This investment option has been closed to new participants since that date.

The Authority seeks bidders who will provide investment management for new investment options for participants and provide the additional services described in the Scope of Services section of this RFP to the entire program, including those investment options managed by the Division.

Information on program terms and conditions including the current investment strategy, can be found at NJBEST.com. Specifically, the NJBEST 2023 Annual Financial Statement can be found at [2023 Financial Statements \(hesaa.org\)](https://hesaa.org/2023-Financial-Statements).

As of June 30, 2023 the program had approximately \$6.2 billion in assets under management (AUM) and 347,036 beneficiary accounts. Of this total, \$4.5 billion of the AUM and 262,979 beneficiary accounts result from the advisor-sold channel, and \$1.7 billion and 84,057 beneficiary accounts result from the direct enrollment channel. The advisor-sold channel accounts include those opened by New Jersey residents as well as nonresidents from across the country. The majority of participants choose the age-based investment option in either growth, moderate, or conservative tracks. Participants are also able to choose among a variety of other investment options including growth, income, growth and income, S&P 500 indexed funds, and stable value funds.

4.0 SCOPE OF SERVICES

4.1 Overview

The contractor shall provide turnkey recordkeeping and program administration services to support a 529 investment program including age-based/year-of-enrollment investment options as well as additional direct-sold and advisor-sold investment options. The contractor shall assume all program data-management responsibilities for the Authority. The contractor shall establish two-way interface capability with all appropriate parties and provide for timely, accurate transmission and, as appropriate, editing and validation of data for processing enrollments, contributions, and all related NJBEST program and participant activity.

Under the program, the contractor shall be a single source provider and shall offer participant accounts for allocation of deferments, contributions, earnings, and withdrawals; provide management and recordkeeping services including storage of participant historical file documents; produce quarterly individual participant statements; maintain individual participant records; and provide education, research and enrollment services. The contractor shall also maintain the website for program participants.

Bidders are not required to provide all of the services described in the RFP directly. Bidders may use subcontractors to provide the full range of required services. Other than as identified in the Contractor's proposal, use of subcontractors requires HESAA's prior written consent.

4.2 Implementation Services

The contractor shall provide a detailed implementation plan to HESAA for approval, which shall commence within 30 calendar days of the Contract Effective Date. The plan shall include implementation processes for both: appropriate State parties (e.g., DOI) and the program participants who opt to rollover their accounts to the contractor. The plan must contain sample communication materials which explain any new program changes and/or enhancements, any potential transition from the current provider to a new provider (including any black-out periods), and reconciliation of program assets to the individual participant records.

A. Implementation Work Plan for State Parties

The contractor's implementation work plan for the appropriate State parties shall outline all the steps necessary to implement, transition, and perform the required work. This plan should include but not be limited to: the set-up of initial (duplicate) participant data records, institution or modification of data and contribution transmission processes with the participants' payroll offices, creation or modification of participant processing procedures, including approved communication protocol with the appropriate State parties, and establishment or modification of enrollment and reconciliation procedures for data and trust/custody/investment accounts.

B. Implementation Services for Participants

The contractor's customer contact center, including a dedicated customer service telephone line, shall, within 30 calendar days of the Contract Effective Date, be staffed with a sufficient number of qualified Customer Care Center Service Representatives to answer participant questions about the transition and any program changes.

The contractor shall conduct a customized implementation education campaign. This campaign shall be designed to fully educate participants on any administrative and election changes being made, including the appropriate use of the website. The contractor shall create a communication campaign that provides clear and unbiased information regarding any changes that would motivate participants to take appropriate action regarding their investment options.

C. Implementation Documentation

Prior to the completion of any implementation involving new or revised procedures or services, the contractor shall provide a manual of tasks, rules, and procedures for operation of the program to the HESAA Contract Manager. The draft manual shall be subject to review and approval by HESAA. HESAA shall have the opportunity to make suggestions and revisions if necessary. The final written manual shall be delivered no later than 15 calendar days after approval of the draft manual by HESAA.

4.3 Participant Services

The contractor shall conduct all educational and enrollment activities. The contractor shall provide enrollment counseling to participants and potential participants who wish to discuss the Plan and the investment offerings; either in person, over the telephone, or via electronic medium. The contractor shall make enrollment forms available in printed or electronic format, in a complete and concise manner that facilitates the enrollment process. The contractor shall provide participants with statements, prospectuses, newsletters, reports, and all other relevant material and shall provide complete participant support through the term of the contract.

A. Participant Educational Services

The contractor shall provide, for the duration of the contract and on an on-going basis, a comprehensive level of educational services to participants and potential participants including investment education programs with investment advice.

The contractor shall prepare and submit an annual education plan to HESAA. This plan shall detail the approach that the contractor shall take in communicating the program to potential participants. This plan shall also include the contractor's plan for contacting existing participants, electronically, by mail, over the telephone or in person, to periodically re-evaluate their investments and review whether changes should be made. The draft educational plan shall be subject to review and approval by HESAA. HESAA shall have an opportunity to make suggestions and revisions if necessary. The final annual education plan shall be delivered no later than 15 calendar days after approval of the draft by HESAA.

B. Participant Support Services

The contractor shall provide a comprehensive participant communication methodology that incorporates both live, human interaction (call centers) and electronic media (emails & URLs). The contractor shall support communication services by customer service representatives and comprehensive internet services that provide participants and potential participants with interactive financial planning tools and software. It is desired that these services be available in languages in addition to English. The support services shall include, at a minimum, the following:

- (a) Providing accurate, complete account information to participants, including web access to account information, account self-service capabilities and account statements through email and IVR phone systems;
- (b) Providing accurate information about all aspects of the NJBEST program;
- (c) Designing and printing electronic and paper brochures with the approval of the Authority;
- (d) Accepting and processing requests for electronic and/or paper brochures;
- (e) Providing accurate information regarding enrollment and contributions, including automatic checking and savings account deposits and payroll deduction;
- (f) Accepting and processing electronic inquiries;
- (g) Processing distribution requests and providing accurate information about qualified expenses;
- (h) Electronically delivering distributions directly to the schools, if applicable;
- (i) Accepting and resolving customer questions, complaints, and inquiries;
- (j) Providing accurate information on all investment choices available to participants;

- (k) Providing accurate information on special program features, such as the scholarship and matching grant programs;
- (l) Providing continuous training to customer service representatives, including but not limited to any changes in federal or State law and regulations or program features and processes;
- (m) The bidder must have the capability to increase trained staff resources in customer service to maintain service levels during periods of special promotions or higher than usual volume of phone and electronic inquiries; and
- (n) The bidder must submit a copy of the performance standards that it meets in responding to the various customer inquiries via phone, letter or electronically.

Any error made by the contractor shall be corrected and processed as of the effective date of the original transaction. All errors made by the contractor shall be corrected at the contractor's expense so that the value of the participant's account is not less than it would have been had the error not occurred. Written confirmation of the correction shall be mailed by the contractor to the address on file for the participant within five (5) business days after the correction of error.

Contact Centers

The contractor's Customer Contact Center Service Representatives shall answer all participant and prospective participant questions about program features and operations, received through regular mail, electronically, or over the telephone, including information on the investments offered and their performance. The contractor shall ensure that the personnel answering the customer service line are qualified to provide information on the investment offerings under the program and to discuss investment concepts and financial planning considerations. The contractor shall provide sufficient support for Customer Contact Center Service Representatives to refer callers seeking investment guidance and advice services. The contractor shall ensure that all information is provided in a manner consistent with the requisite securities laws and that all personnel who provide such information shall be properly licensed with all required regulatory agencies. The Customer Contact Center Service Representatives shall assist participants in all areas of the program including, but not limited to, enrollment, form requests, address changes, contribution rate changes, investment changes or transfers, obtaining account balance information, beneficiary changes and distribution payments. Customer Call Contact Service Representatives shall, at a minimum, be available to answer participant questions between the hours of 8:30 a.m. Eastern Time and 8:00 p.m. Eastern Time, Monday through Friday. The contractor shall maintain a toll-free number for participants and prospective participants to contact the Customer Contact Center Service Representatives.

The contractor shall maintain an adequate number of TDD/TTY capable toll-free telephone lines with IVR capabilities to provide at a minimum:

- (a) Account information;
- (b) Form requests, including:
 - i. Enrollments
 - ii. Changes in investment elections
 - iii. Transfers between investments
 - iv. Unforeseeable emergencies
 - v. Terminations

- vi. Beneficiary distribution requests
- (c) Transaction services.

An IVR must be available 24 hours a day/7 days a week with the exception of the time necessary for the normal maintenance of the system and updating of information. The contractor shall ensure that the inquiry services available through the IVR use the Net Asset Value (NAV) or unit values and account balances as of the previous day's closing prices.

Web-Based URLs

The contractor shall create and maintain a unique, customized website for the use and benefit of participants, including those whose accounts include funds managed by DOI. The website may be linked to the contractor's website; however, the contractor's website must clearly and prominently identify NJBEST as the State of New Jersey's 529 program.

The contractor must describe the website functionality including the ability for participants to view and make changes to their account(s) after an authentication process is completed. Internet access shall be available 24 hours a day/7 days a week with the exception of the time necessary for the normal maintenance of the system and updating of information.

The website shall provide access to general NJBEST program information including, but not limited to:

- (a) Educational material
- (b) Financial news and information
- (c) Market data
- (d) Investment offerings, performance, and fees
- (e) Forms
- (f) Enrollment instructions
- (g) Enrollment guidelines
- (h) Online scheduling of one-on-one appointments with Customer Service Representatives
- (i) Asset allocation tools
- (j) Contact information

Additionally, the contractor shall maintain a secure password-protected portal on the website for participants. The contractor shall ensure that the participants have the ability to create/change unique passwords online for account access. The contractor shall also include customer support capacities to respond to and trouble-shoot participants' technical difficulties. At a minimum, this portal shall provide program participants with the ability to:

- (a) Enroll online
- (b) Request forms
- (c) Enter address changes
- (d) Change contribution rates
- (e) Review account balances (NAV as of the previous day's closing prices)
- (f) Review account history
- (g) Review account performance
- (h) Process investment changes or transfers

- (i) Obtain account balance information
- (j) Review past monthly and quarterly statements
- (k) Receive customizable date-specific or date range-specific reporting
- (l) Review investment performance
- (m) Make beneficiary changes
- (n) Schedule one-on-one appointments with Customer Service Representatives
- (o) Receive distribution payments.

Additionally, the portal shall retain, and report, individual participant contributions since inception of the account. The contractor shall retain and report individual participant contributions since inception because it is important for participants' tax filings regarding their distributions. The contractor shall provide complete access to communications generally provided in printed form to those participants who do not want to receive written materials as well as provide the ability to view and print publications and forms online. The contractor shall provide comprehensive web-based communications opportunities, including, but not limited to, secure email. While not required, the availability of video and interactive communication abilities is preferred.

Any error made by the contractor shall be corrected and processed as of the effective date of the original transaction. All errors made by the contractor shall be corrected at the contractor's expense so that the value of the participant's account is not less than it would have been had the error not occurred. Written confirmation of the correction shall be sent by the contractor to the address on file for the participant within five business days after the correction of error.

C. Participant Printed Materials

The contractor shall prepare, in consultation with HESAA, all program materials in both printed and HTML format. The HTML formats should be posted on the NJBEST website maintained by the contractor and should be available for posting on HESAA's website. Contractor preparation of the program material shall include the design, HTML formatting, printing and, where necessary, the mailing of all materials.

All materials produced by the contractor for HESAA are for the sole use of NJBEST program participants and are the property of HESAA. All materials shall reflect the branding of HESAA and are not expected to highlight or otherwise serve as a vehicle to promote the contractor. HESAA retains control of defining the required style and content, and final approval of all materials. Materials developed by the contractor shall be submitted to HESAA for final review and editing, allowing a minimum of two weeks for HESAA review. Publications shall present an unbiased approach to investment information and shall educate participants about all aspects of the program, including planning for college, investment options offered, and performance and distribution selections. Following approval by HESAA, publications and forms shall be distributed, electronically or otherwise, by the contractor to participants. The contractor shall send specific materials, as determined by HESAA, directly to participants' addresses of record via the method requested by the participants. The contractor shall also respond to a participant's request for publications by sending them to the participant's address of record within three business days of the request.

The contractor shall electronically provide and print sufficient quantities of the materials to ensure that there is an adequate supply of all materials. The contractor shall revise publications when necessary due to changes in investment options, program rules/procedures, or other changes, in consultation with HESAA. There may also be new forms or communication pieces that shall be prepared by the contractor as the result of federal or State legislation affecting the program. The contractor may also be required to produce additional publications required by HESAA. The contractor shall provide all publications as determined necessary by HESAA, and the contractor shall pay all costs to mail or otherwise deliver them to participants. The contractor shall include the anticipated cost for these efforts in the Marketing Proposal presented in Appendix 2.

The contractor shall prepare enrollment packages, which must be distributed in response to requests for the information. The enrollment packages shall contain all information necessary for a prospective participant to be able to enroll in the plan, presented in a complete and concise manner.

The contractor shall distribute prospectuses and/or fund fact sheets for each fund being offered by the contractor. The contractor shall also post and maintain these documents on the website.

4.4 Recordkeeping and Administrative Services

The contractor shall, at a minimum, provide the following services:

- (a) Process participant transaction requests, transfers, investment elections, deduction percentages, benefit distributions, and changes to beneficiary information;
- (b) Provide participants with an asset allocation tool using the current investment lineup;
- (c) Provide confirmation statements for all participant transaction requests;
- (d) Provide customizable quarterly participant statements with individualized rates of return and account value;
- (e) Provide plan reports and financial statements;
- (f) Aggregate accounts by both beneficiary and participant;
- (g) Establish safeguards to ensure that contributions made on behalf of a designated beneficiary are not in excess of the maximum allowed by the program;
- (h) Receive deposits and record documentation of receipt;
- (i) Accept deposits by payroll deduction and automatic checking/savings account withdrawal in addition to deposits by check;
- (j) Accept third-party checks for deposits;
- (k) Distribute earnings to accounts on a monthly basis;
- (l) Provide Disbursement documentation and tax reporting;
- (m) Provide Form 1099Q reporting;
- (n) Provide Fund accounting for each fund operated by the program;
- (o) Provide monthly statistical reporting on program participation including total number of accounts, accounts opened and closed, rollovers out of the program, rollovers within the program;
- (p) Provide monthly financial reporting including monthly and year-to-date of the following: total contributions, realized and unrealized earnings contributing to changes in share value, daily share values for the period, cash earnings (dividends, realized gains, interest), contributions withdrawn, earnings withdrawn, fees (if any) transferred to HESAA, total

- amount in participant accounts, purchases of investments, sales of investments, interest payable on investments, interest receivable on investments, change in NAV, distribution of earnings to participants, and transfers to/from other accounts;
- (q) Provide annual financial reporting including all items describe in the preceding bullet point, as well preparation of an annual report on the NJBEST program, prepared in accordance with generally accepted accounting principles (GAAP);
 - (r) Provide daily valuation and account, share and trust values;
 - (s) Conduct an annual audit of the financial statements of the NJBEST program through the services of an independent Certified Public Accounting (CPA) firm selected by the contractor and approved by HESAA;
 - (t) Prepare unaudited interim financial statements prepared in accordance with GAAP, for the first six months of the program’s fiscal year. The program’s fiscal year is July 1 through June 30. The unaudited interim financial statements will be reviewed by the same independent CPA firm referred to in sub-paragraph 4.4(s);
 - (u) Distribute annual and semi-annual financial reports to all parties designated by HESAA;
 - (v) Maintain complete records of contributions and earnings for the life of each account;
 - (w) Provide participant access to accounts through toll-free customer contact center, automated voice response system, and internet services;
 - (x) Provide enrollment services, including the maintenance of enrollment forms and materials;
 - (y) Answer participant inquiries related to eligibility, program features and investment offerings;
 - (z) Provide participant investment education services;
 - (aa) Administer and qualify unforeseen emergency withdrawals and Domestic Relations Orders;
 - (bb) Calculate daily unit values daily performance for the State managed funds;
 - (cc) Provide unit and share accounting to support the administration of the investment offerings; and
 - (dd) Publish investment yield for each investment fund for the past 1 year, 3 year, 5 year, and since inception as applicable.

4.5 INVESTMENT MANAGEMENT SERVICES

A. Investment Choices

The bidder should propose an array of investment choices that the bidder believes should be made available through the NJBEST program to its participants. Proposed options should have competitive fees and should appeal to investors with varying degrees of risk tolerance. The bidder must also indicate whether the investment options are actively managed or passively managed index funds.

Rollovers from the option managed by the DOI, or the full range of investments managed by FTD, to options managed by the bidder will be permitted. Rollovers from the investments managed by the bidder to the option managed by the DOI will not be permitted.

B. Investment Guidelines

The NJBEST statute requires any investment be made in accordance with the investment plan approved by the State Investment Council. For information on the State Investment Council see: <http://www.state.nj.us/treasury/doinvest/sicreg.shtml>

Bidders are also subject to the standards for prudent person described in N.J.S.A. 18A:71B-40(a).

C. Analysis of Performance

The NJBEST program will require the investment manager to perform quarterly self-performance analysis to be reviewed with HESAA.

The quarterly analysis will include, but not be limited to:

- (a) The manager's investment performance as compared to appropriate benchmarks and peer groups (to be determined at a later date by HESAA);
- (b) The manager's adherence to the investment policy, and compliance with applicable monitoring criteria, as approved by HESAA and the State Investment Council;
- (c) The manager's ability to continue to perform in accordance with the terms of the contract;
- (d) The volatility of the investment performance; and
- (e) The manager's compliance with the prudent person standard.

4.6 Marketing Services

The Authority will work with the contractor in the design of a marketing and public relations plan. The Authority will have final approval of all marketing materials.

Bidders must propose marketing plans for New Jersey residents as well as for national marketing. The proposed marketing plan must include annual amounts to be committed for marketing and types of media proposed to be used.

Bidders should include a section in their marketing plan regarding outreach to lower-income families in New Jersey who can benefit from the State's matching grant program. Bidders should outline types of partnerships they would pursue with other organizations to market and encourage the opening of NJBEST accounts to individuals and families who do not use financial advisors. Such organizations include but are not limited to community- and faith-based organizations, civic groups, clubs, school boards, parent-teacher organizations, alumni organizations, primary and secondary schools, and institutions of higher education.

Marketing includes the design, production, printing and distribution of applications and brochures describing the program in detail and providing all the information necessary for prospective participants to enroll, as well as other printed and digital marketing materials.

The contractor must have the ability to modify the marketing materials on a timely basis to reflect changes in federal and State law and regulations as well as changes in program features. The

marketing materials must be reviewed, revised and updated as often as necessary. At a minimum these materials must be updated annually.

The contractor must agree to market all investment choices offered by the program equally and equitably, that is, direct-sold and advisor-sold investment options should be on an equal footing.

4.7 Custodial Banking Services

The contractor must provide custodial banking services for assets under its management and assets under investment management by the Division.

In the event that the contractor is not a bank, as defined by New Jersey State law, the contractor must subcontract for the services of a bank as custodian for investments, funds, securities and other assets of the fund under the investment management of the Division. Both the contractor as well as the custodian bank will be accountable to the Authority for the terms and conditions specified in a custodial agreement and both will be required to sign the custodial agreement. In addition to the custodial agreement for non-DOI funds, the contractor shall submit a custodial agreement for DOI funds that shall meet the requirements provided in Appendix 3.

4.8 Compliance Services

The contractor should assume responsibility for monitoring changes in federal tax statutes, regulations, ruling, and other authorities relating to the NJBEST program, and taking whatever steps which may be required to ensure that the program continues to qualify under Federal Internal Revenue Code Section 529, including the applicable statutes, regulations, ruling and other authorities. Such steps include but are not limited to preparing suggested plan-document amendments.

4.9 Role and Responsibility for Services

A. Contractor Role

The contractor is the sole point of contact with regard to contractual matters, and the contractor will be required to assume sole responsibility for the complete effort stipulated in the RFP. Payment will be made only to the contractor.

The contractor must appoint a senior officer (vice president or above) as the prime representative and identify a qualified substitute representative. This senior officer will have overall responsibility for this agreement.

B. Contractor Responsibilities

The contractor must comply with all local, State and federal laws, rules and regulations applicable to the engagement as NJBEST program investment manager and to services performed thereunder.

The contractor is responsible for assuring subcontractor compliance with all terms and conditions of this RFP. The contractor will assume sole responsibility for any payments to any subcontractor(s) under this contract.

The contractor is responsible for the professional quality, technical accuracy and timely completion and delivery of all deliverables and other services furnished by the contractor under this contract. The contractor shall, without additional compensation, correct or revise any errors, omissions or other deficiencies in its deliverables and other services. The approval of deliverables furnished under this contract shall not in any way relieve the contractor of responsibility for the technical adequacy of its work. The review, approval, acceptance or payment for any of the services shall not be construed as a waiver of any rights under the agreement or of any cause for action arising out of the performance of this contract. The contractor's obligations under this clause are in addition to the contractor's other expressed or implied assurance under this contract or State and federal law and in no way will diminish any other rights that the Authority may have against the contractor for faulty materials, equipment or work.

C. Project Management-General

All contractor activities to be performed under all parts of the contract will be accomplished in consultation with, under the direction of, and with the approval of the HESAA Contract Manager or designee.

D. Substitution of Personnel or Subcontractor

If, during the term of the contract the contractor or subcontractor cannot provide the management and supervisory personnel as proposed and requests a substitution, that substitution must be approved by HESAA and must be equal or better in qualifications and experience of the personnel listed in the response to this RFP. The contractor or subcontractor will provide detailed resume qualifications and justification for approval by the Authority to the HESAA Contract Manager or designee. The contractor agrees to make every reasonable attempt to assign the personnel listed in the response to this RFP.

In the event that any management personnel are found to be unacceptable by the HESAA Contract Manager or designee, or are replaced or transferred by the contractor for any reason, the individual(s) assigned as replacements(s) shall equal or exceed in qualifications and experience the individual(s) proposed in the response to this RFP.

In the event that the contractor desires to substitute a subcontractor the contractor will identify the substitute organization, officers and the contractual agreement to be made and submit the proposed substitution to the HESAA Contract Manager or designee for approval prior to the commencement of any work by the recommended substitute subcontractor.

5.0 REQUIRED COMPONENTS OF THE PROPOSAL IN RESPONSE TO THE RFP

The bidder is advised to thoroughly read and follow all instructions contained in this RFP, including the instructions on the RFP's signatory page, in preparing and submitting its proposal. Proposals that do not meet or comply with all instructions or that fail to submit the information

as required may result in a determination that the bidder’s proposal is non-responsive to RFP requirements.

Qualifying statements by the bidder that change HESAA’s Standard Terms and Conditions, any special terms and conditions, specifications or other RFP requirements may be regarded as non-responsive. Consequently, the bidder’s eligibility for contract award may be jeopardized. Therefore, bidders are encouraged not to take exception to the Authority’s terms, conditions or specifications. In the event that a bidder wishes to take exception to any of the Authority’s terms, conditions or specifications, such exceptions should be detailed in a cover letter to the bid response proposal and must cross reference the applicable RFP page and section reference number.

Note: If Bidder submits any terms and conditions that conflict with the terms of the RFP or the HESAA Standard Terms and Conditions in its proposal, those conflicting terms will be deemed null and void.

5.1 Technical Proposal

In this section, the bidder shall describe its approach and plans for accomplishing the work outlined in the Scope of Services section of the RFP, Section **Error! Reference source not found.** In each instance the bidder must indicate what services will be provided directly by the bidder and what services will be provided by a subcontractor(s). Failure to indicate whether a service will be provided directly or through a subcontractor will be cause to reject a bid.

At a minimum, this section of the proposal should contain the information identified below. Bidders must describe the website functionality including the ability for participants to view and make changes to their account(s) after an authentication process is completed. Bidders should indicate their ability to provide telephone and email customer service in languages other than English. Specify the languages. The evaluation process will take into consideration the array and extent of services proposed by the bidder for internet accessibility.

A. Investment Options

- (a) The bidder should propose an array of investment options for the program in the format of the table below. The options proposed should include, at a minimum, the following:
 1. Age-based or year-of-enrollment options;
 2. Static asset allocation options;
 3. Individual asset classes or single fund options;
 4. Bank safe or cash solution (e.g., stable value, money market, FDIC, etc.); and
 5. Any other recommended options.

Option	Type (age-sensitive, static, individual, etc.)	Plan (Direct / Advisor)	Active, Passive, Blend

The response must also include the percentage allocations by asset class and fund for the age-based/year of enrollment for each stage of the glidepath and the same allocation breakdown for all portfolios for both the direct- and advisor-sold plans. Please provide this information in the form of the Appendix 4.

- (b) Complete the following table for each underlying investment being proposed for use in the investment options identified above. If the underlying investment option is not a registered mutual fund or ETF then write “N/A” on the categories that do not apply.

Fund Name	Age-Based, Risk Based, Single Fund	Asset Class	Ticker	Expense Ratio	Benchmark

- (c) Describe the methodology used to determine the optimal asset allocation for the age-based/year-of-enrollment and static options being proposed. Please include a description of the modeling techniques used, if the glidepath implementation would be stepped or progressive, and how often you revisit strategic allocations.
- (d) Please include details on the team(s) in charge of each process (asset allocation, fund selection, etc.)
- (e) Describe your philosophy on tactical asset allocation. Will the proposed age-based options include a tactical component?
- (f) What are the processes or standards for rebalancing each of the options to their strategic allocation?
- (g) What is the frequency the portfolios de-risk (quarterly, semi-annually, etc.)?
- (h) Do you propose an open or closed architecture or some combination? Are there any requirements with regards to proprietary funds being utilized?
- (i) Provide the number of outside mutual fund family alliances with which you have relationships, including which firms.
- (j) For any non-affiliated investment managers included in your proposal describe any revenue sharing or other financial arrangements currently in place or that you intend to establish with non-affiliated investment managers.
- (k) If the proposal includes a bank safe or guaranteed option, describe structure and provide its yield as of September 30, 2023.
- (l) How do the 529 products proposed interface or integrate with other investment products offered by the bidder?
- (m) Describe the account rollover and NAV policy being proposed.
- (n) As an exhibit to the technical proposal section, provide examples of the investment-related reports the bidder would supply to the Authority.

B. Fund and Participant Accounting and Recordkeeping

Bidders are reminded that these services are to be provided for accounts and funds whose investments are managed by the contractor and for accounts and funds whose investments are managed by the DOI.

Describe in detail:

- (a) The bidder's experience in providing individual participant account administration and recordkeeping. If the bidder provides or has provided such service to 529 college savings programs, describe that experience. If the bidder has not provided such service to 529 programs, describe the services the bidder provides or has provided and the type of program for which these services were provided by the bidder. Include the number of accounts for which the bidder is currently responsible, the volume of individual transactions processed on an annual basis, and the dollar value of such accounts;
- (b) How the bidder will maintain account data to ensure annual and total contributions and earnings for each participant will be available on a daily basis;
- (c) How the procedures implemented by the bidder will conform to the requirements of Federal Internal Revenue Code Section 529 and New Jersey State law, including how the bidder will prevent contributions in excess of maximum per-beneficiary amounts;
- (d) The types of customer statements to be provided and their frequency;
- (e) The procedures that ensure customer confidentiality of accounts and implement the HESAA privacy policy;
- (f) The bidder's procedures for retaining and retrieving participant documents;
- (g) The bidder's technical environment, including hardware, application and database software;
- (h) The security features of the bidder's systems and the disaster recovery plan;
- (i) The process for establishing accounts, and accepting contributions including any payroll deduction or automatic checking and saving account deposit alternatives offered by the bidder;
- (j) The process for distributing funds from participant accounts for qualified higher education expenses;
- (k) The process for rollovers into the NJBEST program and out of the NJBEST program to other 529 programs;
- (l) The process for rollovers within the NJBEST program;
- (m) Information on the audit activities the bidder will conduct regarding recordkeeping. If a Service Organization Controls (SOC) report is available, attach a copy;
- (n) How a daily NAV and performance will be calculated;
- (o) How earnings will be distributed to accounts on a monthly basis;
- (p) The reports the bidder will provide on a monthly, quarterly and annual basis on the investments, assets and earnings in the program;
- (q) The bidder's process for tax reporting. Bidders should note that the requirements for tax reporting at the federal and State levels may not be identical; and
- (r) The bidder's plan for the conversion of pre-existing fund and account data and records from systems maintained by the current investment manager to the bidder's systems.

C. Marketing

In addition to providing the following information, the bidder must complete the marketing proposal in Appendix 2.

- (a) Describe the approach to marketing the bidder recommends, including primary objectives and strategies for New Jersey marketing and national marketing including annual dollar amounts to be committed and types of media to be employed;

- (b) Describe the types of media and other marketing approaches the bidder intends to provide;
- (c) Describe how the bidder intends to market the program;
- (d) If the bidder is currently involved in marketing for other states' 529 programs, explain how the bidder will ensure equal treatment for the NJBEST program;
- (e) Explain how the bidder will evaluate the success of marketing;
- (f) Describe the resources the bidder will commit to in-person presentations on the plan to companies, schools, community organizations, conventions, etc.;
- (g) Describe what information materials on the plan will be provided to prospective participants and how materials will be distributed;
- (h) Describe the role of customer service representatives who respond to telephone inquiries in marketing the program;
- (i) If the bidder intends to utilize brokers, financial advisors, or other intermediaries in marketing the plan, identify the specific entity, plus any relationship to the bidder (such as broker/dealer subsidiary). Provide from the entity identified a copy of the most recent Financial and Operational Combined Uniform Single (FOCUS) report, audited financial statements and a description of any National Association of Securities Dealers (NASD) or state securities fines, sanctions, or issues pertaining to the sales practices of that entity. Any compensation planned for these individuals must be described in the cost section of the proposal; and
- (j) Explain how the bidder will comply with any Municipal Securities Rulemaking Board (MSRB) rules that may be applicable to 529 programs.

D. Custodial Banking Services

Describe the process the bidder will use to comply with the provisions of the custodial banking services requirement described in section 0 of this RFP.

E. Compliance Services

Describe the procedures the bidder will follow to monitor changes in federal tax statutes, regulations, rulings, and other authorities related to the NJBEST program, and take the necessary steps to ensure the program continues to qualify under these changes.

F. Management Overview

The bidder shall set forth in a narrative format its overall technical approach and plans to meet the requirements of the RFP. This narrative should demonstrate to the Authority that the bidder understands the objectives that the contract is intended to meet, the nature of the required work and the level of effort necessary to successfully complete the contract. This narrative should demonstrate to the Authority that the bidder's general approach and plans to undertake and complete the contract are appropriate to the tasks and subtasks involved.

Mere reiterations of RFP tasks and subtasks are strongly discouraged, as they do not provide insight into the bidder's ability to complete the contract. The bidder's response to this section should be designed to demonstrate to HESAA that the bidder's detailed plans and approach proposed to complete the Scope of Services are realistic, attainable and appropriate and that the bidder's proposal will lead to successful contract completion.

G. Contract Management

The bidder shall describe its specific plans to manage, control and supervise the contract to ensure satisfactory contract completion according to the required schedule. The plan should include the bidder’s approach to communicate with HESAA’s Contract Manager including, but not limited to, the typical processes for problem solving, status meetings, status reports, etc.

H. Contract Schedule

The bidder should include a contract schedule. If key dates are a part of this RFP, the bidder’s schedule should incorporate such key dates and should identify the completion date for each task and subtask required by the Scope of Services. Such schedule should also identify the associated deliverable item(s) to be submitted as evidence of completion of each task and/or subtask.

The bidder should identify the contract scheduling and control methodology to be used and should provide the rationale for choosing such methodology.

I. Potential Problems

The bidder should set forth a summary of any and all problems that the bidder anticipates during the term of the contract. For each problem identified, the bidder should provide its proposed solution.

5.2 Cost Proposal

A. Form of Compensation

The bidder will retain revenues generated by the imposition of a fee to participants of a percent of average daily net assets under management, including those assets managed by the Division, net the administrative fee described in section 5.2.B. of this RFP.

Payment of the administrative fee to the Authority from the bidder will be made according to a schedule approved by the Authority. The bidder will be required to provide accurate and appropriate documentation of the calculation of all fees, both those retained by the bidder and those paid by the bidder to the Authority.

No retention of revenues to the bidder shall occur until the bidder provides the services described in this RFP. All conversion costs and development costs are borne by the bidder without compensation.

N.J.A.C. 9A:10-7.12(a) caps the amount of fees that HESAA may impose and collect in connection with any agreement, contract or transaction relating to NJBEST as follows:

“....Charges on assets may include administrative and program management fees of 40 basis points (0.40 percent) for accounts managed by the Investment Manager without the services of a subcontractor investment manager and 80 basis points (0.80 percent) for accounts involving the services of a subcontractor investment manager, investment management fees and other Trust expenses not

in excess of 150 basis points (1.50 percent), and, in addition, sales loads and other ongoing distribution fees as may be set by the Investment Manager and which are fully disclosed to the contributor prior to any investment in NJBEST. Fees and charges may be imposed directly on contributors (such as sales loads) or may be taken as a percentage of the assets in the Trust or each contributor's account, as applicable.”

Any change to the fee cap requires a regulatory amendment.

B. Administrative Fees

The Program Fee is comprised of the Program Manager Fee agreed to by the contractor and HESAA, and the State Administrative Fee. The Authority will assess a State Administrative Fee not to exceed 0.25% annually based on the average daily net assets of the plan as a whole, including the investments managed by the Division and the investments managed by the bidder.

C. Participant Fees

The Authority intends to keep the NJBEST program affordable for participants. If applicable, the bidder’s cost proposal must detail each fee proposed to be charged directly or indirectly to participants. Participant fees are governed by HESAA’s regulations at N.J.A.C. 9A:10-7.12.

D. Bidder’s Cost Proposal

The bidder shall prepare and submit the cost sheets presented in Appendix 1.

A bundled proposed cost estimate must be provided by the bidder. Providing a bundled cost proposal is mandatory. For a direct enrollment program, this bundled cost proposal must be expressed as a no-load, basis point fee as a percentage of the assets under management including those assets managed by the Division of Investment. The bundled cost proposal must be accompanied by a list of the assumptions the bidder has employed in proposing the all-inclusive, bundled fee. Fees charged to participant’s enrolling in the program through financial advisors may include loads which must be outlined in detail.

All cost proposals submitted must detail each and every fee proposed to be charged directly or indirectly to participants and/or the program. Bidders must identify the fee based on the average daily net assets of the plan as a whole, including the investments managed by the Division and the investments managed by the bidder net of the administrative fee to the Authority described in paragraph 5.2.B. above.

5.3 Organizational Support and Experience

The bidder shall include information relating to its organization, personnel, and experience, including, but not limited to, references, together with contact names and telephone numbers, evidencing the bidder’s qualifications, and capabilities to perform the services required by this RFP. This section of the proposal must contain, at minimum, the information identified below.

A. Bidder Qualifications, Background, Experience, and References

Bidders must provide, at a minimum, the following information:

- (a) State the name and address of the bidder’s firm. State the name, telephone number, and e-mail address of the bidder’s principal contact for the proposal.
- (b) Provide a brief summary of the reasons the bidder believes the bidder’s firm has the ability to provide quality services as described in this RFP.
- (c) Provide a description of the recent history of assets under the bidder’s management and investment products offered.
- (d) Provide a description of the bidder’s involvement in New Jersey, such as office location, portfolios managed, number of employees, infrastructure investment, etc.
- (e) Provide samples of the bidder’s current clients, including the size of assets under management and the number of accounts.
- (f) For any current or past affiliation with qualified 529 plans, list the plans, describe the nature of the relationship, including any exclusivity provisions, the services provided, and the dates of the affiliations.
- (g) Describe whether any of your 529 programs, past or present, have been involved in any contributor litigation or investigation, and whether any penalties were imposed.
- (h) Provide assurance that if a contract is awarded to you, it would be your firm’s sole state advisor-sold 529 plan branded by your firm and that it will be the sole advisor-sold 529 plan that your firm would market on a national basis. This does not preclude the bidder from serving as sub-advisor in other state 529 programs. Please propose a revenue share amount you would pay HESAA in the event you acquire another state’s advisor-sold 529 plan, either directly or through an affiliate, after being engaged by the Authority.
- (i) Provide details on advisor sold investment options and current advisor network or relationships, as well as any 529 plan omnibus trading capabilities with other firms.
- (j) Provide details on institutional distribution channels for college savings options and anticipated assets generated through these channels.
- (k) Provide details on how NJBEST would be marketed and distributed both within New Jersey and nationally as part of the proposed services.
- (l) Complete the following table for five clients for whom the bidder has provided similar services to those requested in this RFP.

Organization/Address	Contact Name/Title	Phone/Email	Plan Type/Services Provided

- (m) Describe the ownership of the bidder. If the bidder will not be the proposed investment manager, provide the ownership of the investment manager. Describe the ownership of the investment firm. Are any ownership changes planned or anticipated in the next 24 months? If so, describe.
- (n) Describe any recent material events or developments that impact the bidder and the proposed investment manager.

- (o) Submit a copy of the bidder and proposed investment manager's most recent audited financial statement with a signed opinion letter attached.
- (p) Provide certification that the bidder or the investment manager is an SEC registered investment advisory firm.
- (q) If the proposed investment manager or its parent or affiliate is a broker/dealer, describe policies in place to prevent a conflict of interest.
- (r) Provide a written description of the staffing proposed for managing the contract relationship with the Authority. The Authority expects a senior professional to be named by the bidder to serve as the primary contact with the Authority and who will be responsible for the day-to-day operations of the contract.
- (s) Provide information on the identity and qualifications of the senior managers who will be assigned to the NJBEST program relationship.

B. Location

The bidder must include the address(es) of the bidder's primary business, the location of the Contract Relationship Manager ("CRM"), and locations for all members of the Customer Service Team ("CST").

C. Organization Charts

The bidder must include a contract organization chart with names, showing all individuals responsible for the execution of this contract (including subcontractor management, supervisory or other key personnel). The chart should include the labor category, i.e., CRM, Customer Service Representatives, Field Service Representatives; title of each such individual; and the responsibilities, functions, or roles of each individual who will be assigned to and responsible for providing the contracted services under the plan.

The bidder must include an organization chart showing the bidder's entire organizational structure. This chart should show the relationship of the individuals assigned to the contract to the bidder's overall organizational structure. The organizational chart should also indicate the relationship between the bidder and any subsidiary, affiliate, joint venture or subcontractor entities that will provide services as described in the bidder's proposal.

D. Resumes

Detailed resumes should be submitted for all management, supervisory and key personnel to be assigned to the contract. Resumes should emphasize relevant qualifications and experience of these individuals in successfully completing contracts of a similar size and scope to those required by this RFP. Resumes should include the following:

- (a) The individual's previous experience in completing each similar contract;
- (b) Beginning and ending dates for each similar contract;
- (c) A description of the contract demonstrating how the individual's work on the completed contract relates to the individual's ability to contribute to successfully providing the services required by this RFP; and
- (d) With respect to each similar contract, the name and address of each reference together with a person to contact for a reference check and a telephone number.

- (e) The bidder should provide detailed resumes for each subcontractor's management, supervisory and other key personnel that demonstrate knowledge, ability and experience relevant to that part of the work which the subcontractor is designated to perform. When a bidder submits resumes pursuant to this paragraph, the bidder shall redact the social security numbers, home addresses, personal telephone numbers and any other personally identifying information other than the individual's name from the resume.

E. Backup Staff

The bidder should include a list of backup staff that may be called upon to assist or replace primary individuals assigned. Backup staff must be clearly identified as backup staff.

In the event the bidder must hire management, supervisory and/or key personnel if awarded the contract, the bidder should include, as part of its recruitment plan, a plan to secure backup staff in the event personnel initially recruited need assistance or need to be replaced during the contract term.

F. Experience with Contracts of Similar Size and Scope

The bidder shall provide a comprehensive listing of all contracts of similar size and scope that it has successfully completed, as evidence of the bidder's ability to successfully complete the services required by this RFP. Emphasis should be placed on contracts that are similar in size and scope to the work required by this RFP. A description of all such contracts should be included and should show how such contracts relate to the ability of the bidder to complete the services required by this RFP. For each such contract, the bidder should provide two names and telephone numbers of individuals for the other contract party. Beginning and ending dates should also be given for each contract.

The bidder should provide documented experience to demonstrate that each subcontractor has successfully performed work on contracts of a similar size and scope to the work that the subcontractor is designated to perform in the bidder's proposal. The bidder must provide a detailed description of services to be provided by each subcontractor.

G. Financial Capability of the Bidder

In order to provide HESAA with the ability to judge the bidder's financial capacity and capabilities to undertake and successfully complete the contract, the bidder should submit certified financial statements which include a balance sheet, income statement and statement of cash flow, and all applicable notes for the most recent calendar year or the bidder's most recent fiscal year. If certified financial statements are not available, the bidder should provide either a reviewed or compiled statement from an independent accountant setting forth the same information required for the certified financial statements, together with a certification from the Chief Executive Officer and the Chief Financial Officer that the financial statements and other information included in the statements fairly present in all material respects the financial condition, results of operations and cash flows of the bidder as of, and for, the periods presented in the statements. In addition, the bidder should submit a bank reference.

If the information is not supplied with the proposal, HESAA may still require the bidder to submit it. If the bidder fails to comply with the request within seven business days, HESAA may deem the proposal non-responsive.

Subject to the Open Public Records Act, a bidder may designate specific financial information as not subject to disclosure when the bidder has a good faith legal/factual basis for such assertion. A bidder may submit specific financial documents in a separate, sealed package clearly marked **“Confidential--Financial Information”** along with the proposal.

HESAA reserves the right to make the determination to accept the assertion and shall so advise the bidder. See Section 7.5 of this RFP for further information on the Open Public Records Act.

5.4 Compliance

- (a) Provide assurance that your company and the staff that will be assigned to HESAA are not currently in violation of the rules of any governmental regulatory agencies, industry associations, or other rule-making bodies. Additionally, provide details of any criminal investigation or material litigation, including administrative procedures, which your company or staff were or are currently involved in since 2013.
- (b) Describe any pending, concluded or threatened litigation, administrative proceedings or federal or state investigations or audits, subpoenas, or other information requests of or involving your company or the company’s owners, principals, or employees. Describe the nature and status of the matter and the resolution, if any.
- (c) List any sanctions or penalties brought against your company, or any of its personnel (including suspension or disbarment) by any regulatory or licensing agencies. Include a description of the reasons for the sanctions or penalties and whether such sanctions or penalties are subject to appeal.
- (d) Disclose any business relationships that may be construed to be potential or actual conflicts of interest. The Contractor will have a continuing requirement to disclose any business relationships that may be construed to be a potential or actual conflict. The disclosure must be sufficiently detailed to inform HESAA of the nature, implications and potential consequences of each conflict and must include an explanation of how the bidder addresses, or intends to manage or mitigate, each conflict.
- (e) Provide the Security Plan described in Section 7.9.C. below.

5.5 Additional Information

The selected Contractors will need to register with NJSTART.gov. Bidders who are already registered with NJSTART must provide their vendor ID number.

- (a) A copy of a valid New Jersey Business Registration must be submitted by the selected Contractors. To facilitate proposal evaluation and contract award process, the bidder shall submit the Business Registration form with the proposal. If not already registered with the

New Jersey Division of Revenue, registration can be completed online at the Division of Revenue website:

<https://nj.gov/treasury/revenue/gettingregistered.shtml>.

(b) Pursuant to Public Law 2005, Chapter 51 (“Chapter 51”), to avoid any appearance that the selection of State Contractors is based on the Contractors’ political contributions, State departments, agencies and authorities are precluded from awarding contracts exceeding \$17,500 to vendors who make, or have made, certain political contributions on and after October 15, 2004. Chapter 51 also requires the disclosure of all contributions to any political organization organized under 26 U.S.C. 527 that also meets the definition of a continuing political committee within the meaning of N.J.S.A. 19:44A-3(n) and N.J.A.C. 19:25-1.7. Bidders shall submit the required certification form(s) and disclosure form(s) with their proposals. Failure to submit such forms and/or failure of such forms to evidence compliance with Chapter 51 shall be cause for rejection of a bidder’s proposal. Any bidder selected shall maintain compliance with Chapter 51 during the term of its engagement. The disclosure form can be found at: <https://nj.gov/treasury/purchase/forms.shtml>

(c) Pursuant to Public Law 2005, Chapter 271 (“Chapter 271”) bidders must disclose their (and their principals’) political contributions within the immediately preceding twelve (12) month period. No prospective company will be precluded from being awarded a contract by virtue of the information provided in the Chapter 271 disclosure provided the form is fully and accurately completed. Prior to formal appointment, the firm anticipated to be selected will be required to submit Chapter 271 disclosures. To facilitate proposal evaluation and contract award process, the vendor shall submit the Chapter 271 disclosure with the proposal. The disclosure form can be found at: <https://nj.gov/treasury/purchase/forms.shtml>

Please also be advised of your responsibility to file an annual disclosure statement on political contributions with the New Jersey Election Law Enforcement Commission (ELEC), pursuant to N.J.S.A. 19:44A-20.27, if your firm receives contracts in excess of \$50,000 from a public entity during a calendar year. It is your firm’s responsibility to determine if filing is necessary. Failure to file can result in the imposition of financing penalties by ELEC. Additional information about this requirement is available from ELEC at (888) 313-3532 or <https://www.elec.state.nj.us/>

(d) In accordance with Public Law 2005, Chapter 92, all services performed pursuant to this engagement shall be performed within the United States of America.

(e) Pursuant to Public Law 1995, Chapter 159, effective January 1, 1998, and notwithstanding the provision of any other law to the contrary, whenever any taxpayer, partnership or S corporation under contract to provide goods or services or construction projects to the State of New Jersey or its agencies or instrumentalities, including the legislative and judicial branches of State government, is entitled to payment for those goods or services at the same time a taxpayer, partner or shareholder of that entity is indebted for any State tax, the Director of the Division of Taxation shall seek to set off so much of that payment as shall be necessary to satisfy the indebtedness. The amount set-off shall not allow for the deduction of any expense or other deduction which might be attributable to the taxpayer, partner, or shareholder subject to set-off under this Act.

The Director of the Division of Taxation shall give notice of the set-off to the taxpayer, partner or shareholder and provide an opportunity for a hearing within thirty (30) days of such notice under the procedures for protests established under N.J.S.A. 54:49-19. No request for conference, protest, or subsequent appeal to the Tax Court from any protest shall stay the collection of the indebtedness.

- (f) A copy of a Disclosure of Investigations and Other Actions Involving the Vendor Form must be submitted by all bidders. The certification can be found at:
<https://nj.gov/treasury/purchase/forms.shtml>.
- (g) **CERTIFICATION OF NON-INVOLVEMENT IN PROHIBITED ACTIVITIES IN IRAN**
Pursuant to N.J.S.A. 52:32-58, the bidder must certify that neither the bidder, nor one of its parents, subsidiaries, and/or affiliates (as defined in N.J.S.A. 52:32-56(e)(3)), is listed on the Department of the Treasury's List of Persons or Entities Engaging in Prohibited Investment Activities in Iran and that neither is involved in any of the investment activities set forth in N.J.S.A. 52:32-56(f). If the bidder is unable to so certify, the bidder shall provide a detailed and precise description of such activities. The certification form can be found at:
<https://nj.gov/treasury/purchase/forms.shtml>
- (h) **CERTIFICATION REGARDING PROHIBITED ACTIVITIES WITH RUSSIA OR BELARUS**
Pursuant to P.L.2022, c. 3, a person or entity seeking to enter into or renew a contract for the provision of goods or services shall certify that it is not Engaging in Prohibited Activities in Russia or Belarus as defined by P.L.2002, c. 3, sec. 1(e).
The certification form is available at:
<https://www.nj.gov/treasury/administration/pdf/DisclosureofProhibitedActivitesinRussiaBelarus.pdf>
- (i) The Terms and Conditions set forth in Attachment 1 – HESAA Standard Terms & Conditions, are material terms of any contract resulting from this RFP.

6.0 PROPOSAL SUBMISSION

6.1 Delivery

One original and four copies of the proposal must be marked "NJBEST INVESTMENT MANAGER]" and be delivered no later than 4:00 pm on December 6, 2023 to the following:

Marnie Grodman, Esquire
Director, Legal & Governmental Affairs
New Jersey Higher Education Student Assistance Authority
4 Quakerbridge Plaza
P.O. Box 545
Trenton, NJ 08625-0545

Proposals sent via **overnight delivery service to the Authority must use the local address zip code of 08619**. Proposals may not be delivered by fax.

In addition, a PDF of the proposal must be emailed to rsorrentino@hesaa.org no later than 4:00 pm on December 6, 2023. Both print and email versions of the proposal must be received by the deadline to be considered.

6.2 Questions and Addendums

HESAA will accept questions pertaining to this RFP from all potential bidders electronically. Questions shall be directed to Roseann Sorrentino, at the following email address:

rsorrentino@hesaa.org

Questions will be accepted until 4:00 pm on November 10, 2023. In the event that it becomes necessary to clarify or revise this RFP, such clarifications or revisions will be by addendum. Any addendum to this RFP will become part of this RFP and part of any contract entered as a result of this RFP.

The Authority also reserves the right to distribute additional background information or material to all bidding firms.

ALL RFP ADDENDA WILL BE POSTED ON THE HESAA WEBSITE.

It is the sole responsibility of the bidder to be knowledgeable about all addenda related to this RFP.

6.3 Cost liability

HESAA will not be responsible for any expenses in the preparation and/or presentation of the proposals and oral interviews, if any, or for the disclosure of any information or material received in connection with the solicitation, whether by negligence or otherwise.

7.0 SPECIAL TERMS & CONDITIONS

7.1 Term, Extension Option, and Transition

The term of the contract entered as a result of this RFP shall be for a period of seven years. The contract may be extended for one three-year period by the mutual written consent of the contractor and the Authority at the same terms, conditions, and pricing at the rates in effect in the last year of the contract or rates more favorable to HESAA. For the three-year extension option, the Authority will consider changes in the fee structure of the Program if the contractor sufficiently documents increased costs.

In the event a public exigency requires, the Authority may extend the contract beyond the period noted above. However, the Authority reserves the right to modify the term of the contract based on the responses received to this RFP.

In the event that a new contract has not been awarded prior to the contract expiration date, as may be extended herein, it shall be incumbent upon the contractor to continue the contract under

the same terms and conditions until a new contract can be completely operational. At no time shall this transition period extend more than one year beyond the expiration date of the contract.

7.2 Termination

As further detailed in section 5.7 of the HESAA Standard Terms & Conditions, HESAA reserves the right to terminate any agreement entered into as a result of this RFP for convenience provided written notice has been given to the Contractor at least thirty (30) days prior to such proposed termination date and for cause upon ten (10) days' notice to the contractor with an opportunity to respond. In cases of emergency, HESAA may shorten the time periods of notification and may dispense with an opportunity to respond.

7.3 Compliance

The selected firm must comply with all local, State and federal laws, rules and regulations applicable to the engagement and to services performed there under.

7.4 Contract

The contract entered as a result of this RFP will consist of this RFP, the HESAA Standard Terms and Conditions, any Addendum to this RFP provided pursuant to Section 6.2 of this RFP, the Company's bid proposal, and the Authority's Letter of Engagement.

In the event of a conflict between the provisions of this RFP, including the HESAA Standard Terms and Conditions, attached hereto as Attachment 1, and any addendum to the RFP, such addendum shall govern.

In the event of a conflict between the bidder's proposal and the provisions of this RFP, including the HESAA Standard Terms and Conditions, attached hereto as Attachment 1, and including any addendum to this RFP, the provisions of this RFP and/or the addendum shall govern.

In the event that it becomes necessary to revise, modify, clarify or otherwise alter the contract resulting from the RFP, amendments will be in writing signed by an authorized representative of HESAA and an authorized representative of the vendor selected as a result of this RFP.

7.5 Open Public Records Act

Pursuant to the New Jersey Open Public Records Act (OPRA), N.J.S.A. 47:1A-1 et seq., or the common law right to know, all documents submitted in response to this RFP are subject to disclosure by HESAA as "government records" in accordance with N.J.A.C. 17:12-1.2(b) and (c).

After the opening of the proposals, all information submitted by a Contractor in response to this RFP is considered public information notwithstanding any disclaimers to the contrary submitted by a Contractor. Proprietary, financial, security, and confidential information may be exempt from public disclosure by OPRA and/or the common law when the Contractor has a good faith, legal/factual basis for such assertion.

When the RFP contains a negotiation component, the proposal will not be subject to public disclosure until a notice of intent to award a Contract is announced.

As part of its proposal, a Contractor may request that portions of the proposal be exempt from public disclosure under OPRA and/or the common law. Contractor must provide a detailed statement clearly identifying those sections of the proposal that it claims are exempt from production, and the legal and factual basis that supports said exemption(s) as a matter of law. HESAA will not honor any attempts by a Contractor to designate its price sheet, price list/catalog, and/or the entire proposal as proprietary and/or confidential, and/or to claim copyright protection for its entire proposal. If HESAA does not agree with a Contractor's designation of proprietary and/or confidential information, HESAA will use commercially reasonable efforts to advise the Contractor. Copyright law does not prohibit access to a record which is otherwise available under OPRA.

In order not to delay consideration of the proposal or HESAA's response to a request for documents, HESAA requires that Contractor respond to any request regarding confidentiality markings within the timeframe designated in HESAA's correspondence regarding confidentiality. If no response is received by the designated date and time, HESAA will be permitted to release a copy of the proposal with HESAA making the determination regarding what may be proprietary or confidential.

HESAA reserves the right to make the determination as to what to disclose in response to an OPRA request. Any information that HESAA determines to be exempt from disclosure under OPRA will be redacted.

In the event of any challenge to the Contractor's assertion of confidentiality that is contrary to HESAA's determination of confidentiality, the Contractor shall be solely responsible for defending its designation, and in doing so, all costs and expenses associated therewith shall be the responsibility of the Contractor. HESAA assumes no such responsibility or liability.

7.6 Price Alteration

Proposal prices must be typed or written in ink. Any price change (including "white-outs") must be initialed. Failure to initial price changes shall preclude a contract award from being made to the bidder.

7.7 Proposal Errors

A bidder may request that its proposal be withdrawn prior to the proposal submission opening. Such request must be made, in writing, to Marnie Grodman. If the request is granted, the bidder may submit a revised proposal as long as the proposal is received prior to the announced date and time for proposal submission and at the place specified.

If, after the proposal submission opening but before contract award, a bidder discovers an error in its proposal, the bidder may make a written request to Marnie Grodman for authorization to withdraw its proposal from consideration for award. Evidence of the bidder's good faith in making this request shall be used in making the determination. The factors that will be considered are that the mistake is so significant that to enforce the contract resulting from the proposal would

be unconscionable; that the mistake relates to a material feature of the contract; that the mistake occurred notwithstanding the bidder's exercise of reasonable care; and that HESAA or the State will not be significantly prejudiced by granting the withdrawal of the proposal. After the proposal submission opening, pursuant to the provisions of this section, a bidder may request to withdraw its proposal and HESAA may, in its discretion, allow the bidder to withdraw it. HESAA may take notice of repeated or unusual requests to withdraw by a bidder and take those prior requests to withdraw into consideration when evaluating the bidder's proposals.

All requests to withdraw a proposal must identify the RFP, "NJBEST INVESTMENT MANAGER," include the final proposal submission date, and be sent to the following address:

Marnie Grodman, Esquire
Director, Legal & Governmental Affairs
New Jersey Higher Education Student Assistance Authority
4 Quakerbridge Plaza
P.O. Box 545
Trenton, NJ 08625-545

If during the proposal evaluation process, an obvious pricing error made by a potential contract awardee is found, HESAA shall issue a written notice to the bidder. The bidder will have five days after receipt of the notice to confirm its pricing. If the bidder fails to respond, its proposal shall be considered withdrawn, and no further consideration shall be given to it.

If it is discovered that there is an arithmetic disparity between the unit price and the total extended price, the unit price shall prevail. If there is any other ambiguity in the pricing other than a disparity between the unit price and the extended price and the bidder's intention is not readily discernible from other parts of the proposal, HESAA may seek clarification from the bidder to ascertain the true intent of the proposal.

7.8 Joint Venture

If a joint venture submits a proposal, the agreement between the parties relating to such joint venture should be submitted with the joint venture's proposal. Authorized signatories from each party comprising the joint venture must sign the proposal. Each party to a joint venture must submit a separate Ownership Disclosure Form, Political Disclosure Forms, Disclosure of Investigations and Actions Involving the Vendor form, Disclosure of Investment Activities in Iran form, Disclosure of Prohibited Activities in Russia and Belarus, and Affirmative Action Employee Information Report. Each party comprising the joint venture must also possess a valid Business Registration Certificate issued by the Department of the Treasury, Division of Revenue prior to the award of a contract. Refer to Section 5.5 of this RFP.

7.9 Security and Confidentiality

A. DATA CONFIDENTIALITY

All data contained in the source documents supplied by the Authority are to be considered confidential and shall be solely for the use of the Authority. The Contractor will be required to use reasonable care to protect the confidentiality of the data. Any use, sale, or offering of these data

in any form by the Contractor or its employees or assignees will be considered in violation of this contract and will cause an infraction to be reported to the State Attorney General for possible prosecution. Penalties for violations of such guarantees will include, but are not limited to, cancellation of contract and/or legal action with no damages paid by the Authority or the State of New Jersey.

All financial, statistical, personnel, customer and/or technical data supplied by HESAA to the Contractor are confidential. The Contractor must secure all data from manipulation, sabotage, theft or breach of confidentiality. The Contractor is prohibited from releasing any financial, statistical, personnel, customer and/or technical data that are deemed confidential. The following shall not be considered confidential information and shall not be subject to the provisions of this section 7.9 A.: Any information that (a) was in Contractor's possession before receipt from a data owner; (b) is independently developed or acquired by or for Contractor without use of a data owner's proprietary information; (c) is rightfully received by Contractor from a third party without a duty of confidentiality; (d) was disclosed by a data owner to a third party not under an obligation of confidentiality; or (e) is or becomes available to the public through no fault of Contractor. Contractor will not release any confidential information to a third party without the consent of the data owner unless required in order to comply with judicial or administrative process. Prior to releasing a data owner's confidential information in response to judicial process, the Contractor shall give the data owner advanced written notice of the subpoena, if not legally prohibited, and provide the data owner the opportunity to object to the required disclosure. Any other use, sale, or offering of these data to a third party without the data owner's consent in any form by the Contractor, or any individual or entity in the Contractor's charge or employ, will be considered a violation of this contract and may result in contract termination and the Contractor's suspension or debarment from State contracting. In addition, such conduct may be reported to the State Attorney General for possible criminal prosecution. The Contractor shall be liable to HESAA for a breach of confidentiality.

The Contractor shall assume the total financial liability incurred by the Contractor associated with any breach of confidentiality.

When requested, the Contractor and all project staff including its subcontractor(s) must complete and sign confidentiality and non-disclosure agreements provided by HESAA. The Contractor shall require all staff to view yearly security awareness and confidentiality training modules provided by the Contractor. It shall be the Contractor's responsibility to ensure that any new staff sign the confidentiality agreement and complete the security awareness and confidentiality training modules within one month of the employee's start date.

To protect the State of New Jersey from losses resulting from Contractor employee theft, fraud or dishonesty, security clearance/background check for all Contractors and project staff must be obtained and must be provided to HESAA upon request. Refer to the National Institute of Standards and Technology (NIST) Special Publication (SP) 800-12, An Introduction to Computer Security: The NIST Handbook, Section 10.1.3, Filling the Position – Screening and Selecting.

B. SECURITY STANDARDS

1. Network Security: The Contractor shall maintain the Contractor's network security that -- at a minimum -- includes: network firewall provisioning, intrusion detection and prevention,

vulnerability assessments and regular independent third-party penetration testing. The Contractor shall maintain network security that conforms to one of the following:

- (a) Current standards set forth and maintained by the National Institute of Standards and Technology (NIST), including those at <http://web.nvd.nist.gov/view/ncp/repository>.

or

- (b) Any recognized comparable security standard that the Contractor then applies to its own infrastructure and is approved by the NJ Office of Information Technology (NJOIT). Industry standards such as ISO 27002, PCI Data Security Standard, and ISF Standard of Good Practice, align with security best practices from SANS and CISecurity.

- The Contractor shall be subject to the same security and infrastructure review processes that are required by NJOIT and its partner Departments and Agencies. The Contractor shall submit relevant documentation and participate in the System Architecture Review (SAR) process.
 - For “outsourced hosting services,” the Contractor must demonstrate the ability to not only secure the physical application infrastructure utilizing the above-mentioned security requirements, but also control and secure physical access to the application hosting facilities, and the racks supporting network infrastructure and processing server equipment, web, application and database servers.
 - If the Contractor is not supplying “dedicated” hardware resources to host HESAA applications and data, the Contractor must demonstrate its strategy to maintain application and/or stack isolation using commercially available security devices to maintain security zones, routing isolation and access control to infrastructure devices and access/security logging (Authentication, Authorizing, and Accounting, or “AAA”) within its infrastructure.
 - The Contractor shall provide a detailed system design document showing a Network Plan, Disaster Contingency Plan and Security Plan. Logical and physical diagrams are required.
2. Application Security: The Contractor at a minimum shall run application vulnerability assessment scans during development and system testing. Vulnerabilities shall be remediated prior to production release.

All systems and applications shall be subject to Vulnerability Assessment scans on a regular basis.

3. Data Security: The Contractor at a minimum shall protect and maintain the security of data in accordance with generally accepted industry practices and to the standards and practices required by NJOIT.

Any Personally Identifiable Information (“PII”) must be protected. All data must be classified in accordance with the New Jersey Statewide Security Manual (https://www.nj.gov/it/docs/ps/NJ_Statewide_Information_Security_Manual.pdf).

Additionally, data must be disposed of in accordance with the New Jersey Statewide Security ([https://www.nj.gov/it/docs/ps/NJ Statewide Information Security Manual.pdf](https://www.nj.gov/it/docs/ps/NJ_Statewide_Information_Security_Manual.pdf)).

Data usage, storage, and protection is subject to all applicable federal and State statutory and regulatory requirements, as amended from time to time, including, without limitation, those for Health Insurance Portability and Accountability Act of 1996 (HIPAA), Personally Identifiable Information (PII), Tax Information Security Guidelines for Federal, State, and Local Agencies (IRS Publication 1075), New Jersey State tax confidentiality statute, N.J.S.A. 54:50-8, New Jersey Identity Theft Prevention Act, N.J.S.A. 56:11-44 et seq., the federal Drivers' Privacy Protection Act of 1994, Pub. L. 103-322, and the confidentiality requirements of N.J.S.A. 39:2-3.4. Contractor shall also conform to Payment Card Industry (PCI) Data Security Standard.

4. Data Transmission: The Contractor shall only transmit or exchange HESAA data with other parties when expressly requested in writing by HESAA or other authorized parties as permitted by and in accordance with requirements of the State of New Jersey. The Contractor shall only transmit or exchange data with HESAA or other parties through secure means supported by current technologies. The Contractor shall encrypt all data defined as personally identifiable or confidential by HESAA or by applicable law, regulation or standard during any transmission or exchange of that data.
5. Data Storage: All data provided by HESAA or gathered by the Contractor on behalf of HESAA must be stored, processed, and maintained solely in accordance with a project plan and system topology approved by the HESAA Contract Manager. No HESAA data shall be processed on or transferred to any device or storage medium including portable media, smart devices and/or USB devices, unless that device or storage medium has been approved in advance in writing by the HESAA Contract Manager.
6. Data Scope: All provisions applicable to data include data in any form of transmission or storage, including but not limited to: database files, text files, backup files, log files, XML files, and printed copies of the data.
7. Data Re-Use: All HESAA provided data shall be used expressly and solely for the purposes enumerated in the contract. Data shall not be distributed, repurposed or shared across other applications, environments, or business units of the Contractor. No HESAA data of any kind shall be transmitted, exchanged or otherwise passed to other contractors or interested parties except on a case-by-case basis as specifically agreed to in writing by the HESAA Contract Manager.
8. Data Breach - Unauthorized Release Notification: The Contractor shall comply with all applicable State and Federal laws that require the notification of individuals in the event of unauthorized release of personally-identifiable information or other event requiring notification. In the event of a breach of any of the Contractor's security obligations or other event requiring notification under applicable law ("Notification Event"), the Contractor shall assume responsibility for informing the HESAA Contract Manager and all such individuals in accordance with applicable law and shall indemnify, hold harmless and defend HESAA, its officials, and employees from and against any claims, damages or other harm related to such Notification Event.

9. End of Contract Data Handling: Upon termination of this contract, the Contractor shall maintain all data pursuant to the Records Retention requirements enumerated in section 7.16 of this RFP. The Contractor shall erase, destroy, and render unreadable all Contractor copies of HESAA data not being transferred to HESAA according to the standards enumerated in accordance with the New Jersey Statewide Security Manual (https://www.nj.gov/it/docs/ps/NJ_Statewide_Information_Security_Manual.pdf) and certify in writing that these actions have been completed within 30 days of the end of the retention period, or within seven days of the request of an agent of HESAA, whichever shall come first.
10. Security Audit: The Authority has the option to conduct a Security Audit. If HESAA exercises this option, the Contractor must allow HESAA-assigned staff full access to all operations for security inspections and audits. The Security Audit may include reviews of all issues addressed in the description of the security plan. Contractor agrees to enter into good faith discussions to implement any changes recommended by any Security Audit.

C. SECURITY PLAN

The Contractor must provide a copy of its system security plan. The document shall describe the administrative, physical, technical and systems controls to be used by the system and/or services. The Contractor's security plan must, at a minimum, provide security measures for the following areas:

- Facilities Physical Security
- System Security
- System Data Security
- Administrative and Personnel Security

The security plan shall provide for regular review of the Contractor's operations and control system by an independent auditor pursuant to industry standards. The Contractor shall have the capability to detect and report attempted unauthorized entries into the facility and system. All security requirements for the Contractor apply to development, testing, production and backup systems.

The Contractor shall provide a summary overview of the security document and describe how it has been incorporated into a larger security program for automated data processing. In the plan, the Contractor shall highlight security features in the system.

In addition, the security plan shall identify and define:

1. Regulations and security requirements -- how the Contractor will address security requirements such as PCI, HIPAA, FISMA, etc.;
2. System, Administrative and Personnel Security -- the security responsibilities and supervision required for information owned and/or operated by the Contractor. Security responsibilities include responsibilities for administration of the infrastructure, implementing or maintaining security and the protection of the confidentiality, integrity, and availability of information, systems or processes;
3. Workforce Security -- the control process for the hiring and termination of Contractor's employees, and method used for granting and denying access to the Contractor's network,

- systems and applications. Identify and define audit controls for when employment of the employee terminates;
4. Role-based security access -- the products and methods for role-based security, including access to the Contractor's infrastructure and access to HESAA's infrastructure;
 5. Password Management -- the appropriate password management controls to meet defined regulation or security requirements;
 6. Logging/Auditing Controls -- the Contractor's audit control methods and requirements;
 7. Incident Management -- the methods for detecting, reporting and responding to an incident, vulnerabilities and threats;
 8. Vulnerability/Security Assessment -- the products and methods used for scanning Contractor's infrastructure for vulnerabilities and remediation of the vulnerabilities. Identify and define methods used for initiating and completing security assessments.
 9. Anti-virus/malware controls -- the products and methods for anti-virus and malware controls that meet industry standards. It shall include policy statements that require periodic anti-viral software checks of the system to preclude infections and set forth its commitment to periodically upgrade its capability to maintain maximum effectiveness against new strains of software viruses;
 10. Firewall -- the products and methods for firewall control process and intrusion detection methodology;
 11. Database -- the products and methods for safeguarding the database(s);
 12. Server and infrastructure -- the products and methods for "hardening" of the hardware operating systems;
 13. Transmission -- the products and methods on how the Contractor's system addresses security measures regarding communication transmission, access and message validation; and
 14. Data Integrity -- the products and methods used to ensure the integrity of all stored data and the electronic images, and the security of all files from unauthorized access. The Contractor must be able to provide reports on an as-needed basis on access to or changes to any file within the system.

7.10 Privacy Policy

The Contractor is responsible for adhering to the Authority's privacy policy and ensuring that any subcontractors to the prime Contractor also adhere to the policy. The Authority retains the right to seek any and all legal remedies in the event of a breach of the privacy policy by the prime Contractor or any subcontractor. HESAA's Privacy Policy can be found at:

<https://www.hesaa.org/Documents/PrivacyNotice.pdf>

7.11 News Releases

The Contractor is not permitted to issue news releases pertaining to any aspect of the services being provided under this contract without HESAA's prior written consent.

7.12 Advertising

The Contractor shall not use HESAA's or the State's name, logos, images, or any data or results arising from this contract as a part of any commercial advertising without obtaining HESAA's prior written consent.

7.13 Licenses & Permits

The Contractor shall obtain and maintain in full force and effect all required licenses, permits, and authorizations necessary to perform this contract. The Contractor shall supply HESAA with evidence of all such licenses, permits and authorizations. This evidence shall be submitted subsequent to the contract award. All costs associated with any such licenses, permits and authorizations must be considered by the bidder in its proposal.

7.14 Claims & Remedies

A. Claims

All claims asserted against HESAA by the Contractor shall be subject to the New Jersey Tort Claims Act, N.J.S.A. 59:1-1 through 7, and/or the New Jersey Contractual Liability Act, N.J.S.A. 59:13-1 through 10.

B. Remedies

Nothing in this contract shall be construed to be a waiver by HESAA of any warranty, expressed or implied, or of any remedy at law or equity, except as specifically and expressly stated in a writing executed by the Executive Director of HESAA.

7.15 Additional Work and/or Special Projects

The pricing response in this RFP is intended to be all-inclusive; the Authority anticipates that no additional work or special projects will be necessary. However, the Authority recognizes that changes in federal and State law and regulations over the course of the term of the contract may create additional work required from the Contractor.

In the event of additional work and/or special projects, the Contractor must present a written proposal to perform the additional work to HESAA. The proposal should provide justification for the necessity of the additional work. The relationship between the additional work and the base contract work must be clearly established by the Contractor in its proposal.

The Contractor's written proposal must provide a detailed description of the work to be performed broken down by task and subtask. The proposal should also contain details on the level of effort, including hours, labor categories, etc., necessary to complete the additional work.

The written proposal must detail the cost necessary to complete the additional work in a manner consistent with the contract. The written price schedule must be based upon the hourly rates, unit costs or other cost elements submitted by the Contractor in the Contractor's original proposal submitted in response to this RFP. Whenever possible, the price schedule should be a firm, fixed price to perform the required work. The firm fixed price should specifically reference and be tied directly to costs submitted by the Contractor in its original proposal. A payment schedule, tied to successful completion of tasks and subtasks, must be included.

No additional work and/or special project may commence without the Authority's written approval. In the event the Contractor proceeds with additional work and/or special projects without the Authority's written approval, it shall be at the Contractor's sole risk. HESAA shall be under no obligation to pay for work performed without HESAA's written approval.

7.16 Record Retention

All records created as a result of this project shall be retained in their original form by the Contractor or in other forms agreed to by the Authority for no less than seven years after contract completion, plus any additional period required by federal or State statutes, regulations or guidelines. At the end of a contract period, the Contractor must be prepared to transfer, in a manner specified by the Authority, all records to the Authority or to the successor Contractor as directed by the Authority.

7.17 Severability

In the event that any provision of this RFP or any agreement executed in accordance herewith shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision.

8.0 SELECTION PROCESS

8.1 Minority-, Women- and Disabled Veteran-Owned Firms

Particular consideration will be given to firms with a presence in New Jersey and for firms owned by minorities, women, and/or disabled veterans.

8.2 Evaluation Criteria

An evaluation committee composed of Authority staff, representatives of the Division of Investment, and representatives of any other agencies, departments, or outside consultants at the discretion of the Authority will review the proposals that meet all requirements. The committee will meet and evaluate the proposals according to the evaluation criteria in this RFP. At the sole discretion of the committee, the committee may request clarifying information from any or all bidders, provide any or all bidders with supplemental questionnaire(s), request a meeting and presentation from any or all bidders, and request to conduct site visits to any or all bidders. The Authority will review all responses determined to meet all of the requirements of this RFP and will select a qualified firm based on the following criteria:

- (a) **20 percent:** The relevant experience of the of the Contractor and staff assigned to the Authority, including but not limited to:
 - a. The bidder's documented experience in performing the services required by this RFP;
 - b. Qualifications and experience of personnel assigned to the program;
 - c. The ability of the bidder in investment management to adhere to the prudent person standard of care applicable to the DOI pursuant to subsection b. of section 11 of P.L. 1950, c270 (N.J.S.A. 52: 18A-89); and
 - d. The applicable experience of proposed contract staff in providing relevant investment management services.
- (b) **30 percent:** The quality of the response to the RFP, including but not limited to the level of detail of the response to address the following:
 - a. The bidder's general approach and plans to meet the requirements of the RFP;

- b. The bidder's ability to satisfy recordkeeping and reporting requirements;
 - c. The ability of the bidder to assist participation in the program through features which may include willingness to accept minimum contributions, frequent contributions, debit and other automatic features that enable participant access to account information such as a toll-free telephone number, informative website and extended hours of business; and
 - d. The bidder's capability and flexibility to provide accounting services, custodial services and computer support programs to satisfy the stringent requirements and specifications of the program.
- (c) **30 percent:** The ability to meet the needs of the Authority as detailed in this RFP, including but not limited to:
- a. The bidder's detailed approach and plans to perform the services required by the Scope of Services of this RFP;
 - b. The overall ability of the bidder to successfully provide the services required in the RFP in a timely fashion, including but not limited to the appropriate transfer of files, information and accounts from the current vendor(s); and
 - c. The bidder's financial stability and integrity.
- (d) **20 percent:** The impact of fees and costs to be imposed by the bidder on investment returns to participants.

For evaluation purposes, bidders will be ranked according to the total proposal price that will reflect the bidder's total required revenue plus any additional fees. Cost shall not be the determining factor in the contract award.

8.3 Interviews

The Authority reserves the right to schedule interviews with, and to request additional information from, any and all firms.

8.4 Right to Waive

The Authority reserves the right to (i) cancel this solicitation; (ii) reject any and all responses to this request; (iii) waive any requirements or minor informalities; (iv) modify or amend, with consent of the submitting firm, any statements; (v) request that all respondents submit additional information not covered by the Request for Proposal which, in the view of the Authority, would be germane to its decision; (vi) negotiate the proposal of the potential provider that, in the Authority's sole discretion, will best meet the Authority's needs; and (vii) affect any agreement deemed by the Authority to be in its best interests or in the best interests of the State.

8.5 Proposal Discrepancies

In evaluating proposals, discrepancies between words and figures will be resolved in favor of words. Discrepancies between unit prices and totals of unit prices will be resolved in favor of unit prices. Discrepancies in the multiplication of units of work and unit prices will be resolved in favor of the unit prices. Discrepancies between the indicated total of multiplied unit prices and units of work and the actual total will be resolved in favor of the actual total. Discrepancies between the indicated sum of any column of figures and the correct sum thereof will be resolved in favor of the correct sum of the column of figures.

8.6 Negotiation and Best and Final Offer (BAFO)

After evaluating proposals, HESAA may enter into negotiations with one bidder or multiple bidders. The primary purpose of negotiations is to maximize HESAA's ability to obtain the best value based on the requirements, evaluation criteria, and cost. Multiple rounds of negotiations may be conducted with one bidder or multiple bidders. Negotiations will be structured by HESAA to safeguard information and ensure that all bidders are treated fairly.

Similarly, HESAA may invite one bidder or multiple bidders to submit a best and final offer ("BAFO"). Said invitation will establish the time and place for submission of the BAFO. Any BAFO that is not equal to or lower in price than the pricing offered in the bidder's original proposal will be rejected as non-responsive and HESAA will revert to consideration and evaluation of the bidder's original pricing.

If required, after review of the BAFO(s), clarification may be sought from the bidder(s). HESAA may conduct more than one round of negotiation and/or BAFO in order to attain the best value for HESAA.

Negotiations will be conducted only in those circumstances where they are deemed by HESAA to be in HESAA's best interests and to maximize HESAA's ability to get the best value. Therefore, the bidder is advised to submit its best proposal in response to this RFP since HESAA may, after evaluation, make a contract award based on the content of the initial submission, without further negotiation and/or BAFO with any bidder.

All contacts, records of initial evaluations, any correspondence with bidders related to any request for clarification, negotiation or BAFO, any revised technical and/or price proposals, and the Award Recommendation, will remain confidential until a Notice of Intent to Award a contract is issued.

8.7 Board Approval

Appointment of a contractor is subject to approval by the Authority's Board.

9.0 CONTRACT ADMINISTRATION

9.1 Contract Manager

The HESAA Contract Manager is the HESAA employee responsible for the overall management and administration of the contract.

The HESAA Contract Manager for this project will be identified at the time of execution of contract. At that time, the contractor will be provided with the HESAA Contract Manager's name, address, telephone number, and email address.

If HESAA changes its Contract Manager, the Authority will provide written notification of the change to the contractor.

9.2 HESAA Contract Manager Responsibilities

The HESAA Contract Manager will be responsible for engaging the contractor, assuring that Purchase Orders are issued to the contractor, directing the contractor to perform the work of the contract, approving the deliverables and approving payment vouchers. The HESAA Contract Manager is the person that the contractor will contact **after the contract is executed** for answers to any questions and concerns about any aspect of the contract.

Attachments:

1. HESAA Standard Terms & Conditions
2. Appendix 1: Cost Sheets
- Appendix 2: Marketing Proposals
- Appendix 3: Terms of Custodial Agreement
- Appendix 4: Investment Option Allocations

HESAA STANDARD TERMS & CONDITIONS
(revised July 3, 2023)

1. **STANDARD TERMS AND CONDITIONS APPLICABLE TO THE CONTRACT** - The following terms and conditions shall apply to all contracts or purchase agreements made with the Higher Education Student Assistance Authority (“HESAA” or the “Authority”). The Authority’s terms and conditions shall prevail over any conflicts set forth in a contractor’s quote or proposal.

2. **STATE LAW REQUIRING MANDATORY COMPLIANCE BY ALL CONTRACTORS**
The statutes, laws, regulations, or codes cited herein are available for review at the [Home - New Jersey State Library \(njstatelib.org\)](http://Home-New Jersey State Library (njstatelib.org)), 185 West State Street, Trenton, New Jersey 08625.

2.1 **BUSINESS REGISTRATION** – Pursuant to N.J.S.A. 52:32-44, the Authority is prohibited from entering into a contract with an entity unless the contractor and each subcontractor named in the bid or proposal have a valid Business Registration Certificate on file with the Division of Revenue and Enterprise Services. A subcontractor named in a bid or other proposal shall provide a copy of its business registration to the contractor who shall provide it to HESAA.

The contractor shall maintain and submit to HESAA a list of subcontractors and their addresses that may be updated from time to time with the prior written consent of HESAA during the course of the contract performance. The contractor shall submit to HESAA a complete and accurate list of all subcontractors used and their addresses before final payment is made under the contract.

Pursuant to the N.J.S.A. 54:49-4.1, a business organization that fails to provide a copy of the business registration, or that provides false business registration information, shall be liable for a penalty of \$25 for each day of violation, not to exceed \$50,000 for each business registration copy not properly provided under a contract with State contracting agency.

The contractor and any subcontractor providing goods or performing services under the contract, and each of their affiliates, shall, during the term of the contract, collect and remit to the Director of the Division of Taxation in the Department of the Treasury the use tax due pursuant to the Sales and Use Tax Act, P.L. 1966, c. 30 (N.J.S.A. 54:32B-1 et seq.) on all their sales of tangible personal property delivered into the Authority. Any questions in this regard can be directed to the Division of Revenue at (609) 292-1730. Form NJ-REG can be filed online at <https://nj.gov/treasury/revenue/gettingregistered.shtml>.

2.2 **OWNERSHIP DISCLOSURE** – Pursuant to N.J.S.A. 52:25-24.2, in the event the contractor is a corporation, Partnership, or limited liability company, the contractor must complete the Ownership Disclosure Form.

A current completed Ownership Disclosure Form must be received prior to or accompany the submitted proposal. A contractor’s failure to submit the completed and signed form prior to or with its proposal will result in the contractor being ineligible for a contract award, unless HESAA has on file a signed and accurate Ownership Disclosure Form dated and received no more than 6 months prior to the proposal submission deadline for this procurement. If any ownership change has occurred within the last 6 months, a new Ownership Disclosure Form must be completed, signed and submitted with the Quote.

In the alternative, a contractor with any direct or indirect parent entity which is publicly traded may submit the name and address of each publicly traded entity and the name and address of each person that holds a 10 percent or greater beneficial interest in the publicly traded entity as of the last annual filing with the Securities and Exchange Commission or the foreign equivalent, and, if there is any person that holds a 10 percent or greater beneficial interest, shall submit links to the websites containing the last annual filings with the federal Securities and Exchange Commission or the foreign equivalent and the relevant page numbers of the filings that contain the information on each person that holds a 10 percent or greater beneficial interest. N.J.S.A. 52:25-24.2.

2.3 DISCLOSURE OF INVESTMENT ACTIVITIES IN IRAN – Pursuant to the N.J.S.A. 52:32-58, the contractor must utilize the Disclosure of Investment Activities in Iran form to certify that neither the contractor nor one of its parents, subsidiaries, and/or affiliates (as defined in N.J.S.A. 52:32-56(e)(3)), is listed on the Department of Treasury’s List of Persons or Entities Engaging in Prohibited Investment Activities in Iran and that neither the contractor, nor one of its parents, subsidiaries, and/or affiliates, is involved in any of the investment activities set forth in N.J.S.A. 52:32-56(f). If the contractor is unable to so certify, the contractor shall provide a detailed and precise description of such activities as directed on the form. A contractor’s failure to submit the completed and signed form will preclude the award of a contract to said Contractor.

2.4 ANTI-DISCRIMINATION - All parties to any contract with the Authority agree not to discriminate in employment and agree to abide by all anti-discrimination laws including those contained within N.J.S.A. 10:2-1 through N.J.S.A. 10:2-4, N.J.S.A. 10:5-1 et seq. and N.J.S.A. 10:5-31 through 10:5-38 and all rules and regulations issued thereunder are hereby incorporated by reference. The agreement to abide by the provisions of N.J.S.A. 10:5-31 through 10:5-38 include those provisions indicated for Goods, Professional Service and General Service Contracts (Exhibit A, attached).

The contractor or subcontractor, where applicable, agrees to comply with any regulations promulgated by the Treasurer pursuant to N.J.S.A. 10:5-31 et seq. as amended and supplemented from time to time.

2.5 AFFIRMATIVE ACTION – In accordance with N.J.A.C. 17:27-1.1, prior to award, the contractor and subcontractor must submit a copy of the New Jersey Certificate of Employee Information Report, or a copy of Federal Letter of Approval verifying it is operating under a federally approved or sanctioned Affirmative Action program. Contractors not in possession of either a New Jersey Certificate of Employee Information Report or a Federal Letter of Approval, must complete the Affirmative Action Employee Information Report (AA-302) found at [NJ Department of the Treasury Contract Compliance \(state.nj.us\)](http://NJ_Department_of_the_Treasury_Contract_Compliance_state.nj.us).

2.6 AMERICANS WITH DISABILITIES ACT - The contractor must comply with all provisions of the Americans with Disabilities Act (ADA), P.L 101-336, in accordance with 42 U.S.C. 12101, et seq.

2.7 MACBRIDE PRINCIPLES – The contractor must certify pursuant to N.J.S.A. 52:34-12.2 that it either has no ongoing business activities in Northern Ireland and does not maintain a physical presence therein or that it will take lawful steps in good faith to conduct any business operations it has in Northern Ireland in accordance with the MacBride principles of nondiscrimination in employment as set forth in N.J.S.A. 52:18A-89.5 and in conformance with the United Kingdom’s

Fair Employment (Northern Ireland) Act of 1989, and permit independent monitoring of their compliance with those principles. The MacBride Principles form can be found at: <https://nj.gov/treasury/purchase/forms.shtml>

- 2.8 PAY TO PLAY PROHIBITIONS** – New Jersey law insulates the negotiation and award of State contracts from political contribution that pose a risk of improper influence, purchase of access or the appearance thereof. P.L.2005, c.51., as amended by the Elections Transparency Act, P.L.2023, c.30, codified at N.J.S.A. 19:44A-20.13 to 20.25 (“Chapter 51”) and Executive Order 333 (2023).

Pursuant to N.J.S.A. 19:44A-20.13 et seq. (P.L.2005, c. 51, rev. P.L.2023, c.30), a “fair and open process” means, at a minimum, that the contract shall be: publicly advertised in newspapers or on the Internet website maintained by the public entity in sufficient time to give notice in advance of the contract; awarded under a process that provides for public solicitation of proposals or qualifications and awarded and disclosed under criteria established in writing by the public entity prior to the solicitation of proposals or qualifications; and publicly opened and announced when awarded. A contract awarded under a process that includes public bidding or competitive contracting pursuant to the State contracts law shall constitute a fair and open process. N.J.S.A. 19:44A:20.23. The agency conducting the procurement will need to determine whether the procurement meets the Election Transparency Act definition of “fair and open process” and instruct vendors on the applicability of Chapter 51.

A. For Contracts Awarded Pursuant to a Fair and Open Process

Pursuant to P.L.2005, c.51, as amended by the Elections Transparency Act, P.L.2023, c.30, codified at N.J.S.A. 19:44A-20.13 to 20.25 (“Chapter 51”), and Executive Order No. 333 (2023), contracts awarded pursuant to a fair and open process do not require a certification or disclosure of any solicitation or contribution of money, or pledge of contribution, including in-kind contributions.

B. For Contracts Awarded Pursuant to a Non-Fair and Open Process

Pursuant to N.J.S.A. 19:44A-20.13 et seq. (P.L.2005, c. 51, rev. P.L.2023, c.30) and Executive Order No. 333 (2023), the State shall not enter into a Contract to procure services or any material, supplies or equipment, or to acquire, sell or lease any land or building from any Business Entity, where the value of the transaction exceeds \$17,500, if that Business Entity has solicited or made any contribution of money, or pledge of contribution, including in-kind contributions, to a Continuing Political Committee or to a candidate committee and/or election fund of any candidate for or holder of the public office of Governor or Lieutenant Governor during certain specified time periods. It shall be a breach of the terms of the contract for the Business entity to:

1. Make or solicit a contribution in violation of the statute;
2. Knowingly conceal or misrepresent a contribution given or received;
3. Make or solicit contributions through intermediaries for the purpose of concealing or misrepresenting the source of the contribution;
4. Make or solicit any contribution on the condition or with the agreement that it will be contributed to a campaign committee or any candidate of holder of the public office of Governor or Lieutenant Governor;
5. Engage or employ a lobbyist or consultant with the intent or understanding that such lobbyist or consultant would make or solicit any contribution, which if made or solicited by the business entity itself would subject that entity to the restrictions of the Legislation;

6. Fund contributions made by third parties, including consultants, attorneys, family members, and employees;
7. Engage in any exchange of contributions to circumvent the intent of the Legislation; or
8. Directly or indirectly through or by any other person or means, do any act which would subject that entity to the restrictions of the Legislation.

Further, the contractor is required, on a continuing basis, to report any contributions it makes during the term of the contract, and any extension(s) thereof, at the time any such contribution is made.

A “Continuing Political Committee” means any political organization (a) organized under section 527 of the Internal Revenue Code; and (b) consisting of any group of two or more persons acting jointly, or an corporation, partnership, or any other incorporated or unincorporated association, including a political club, political action committee, civic association or other organization, which in any calendar year contributes or expects to contribute at least \$5,500 to the aid or promotion of the candidacy of an individual, or of the candidacies of individuals, for elective public office, or the passage or defeat of a public question or public questions, and which may be expected to make contributions toward such aid or promotion or passage or defeat during a subsequent election, provided that the group, corporation, partnership, association or other organization has been determined to be a Continuing Political Committee by the New Jersey Election Law Enforcement Commission under N.J.S.A. 19:44A-8. A Continuing Political Committee does not include a “political party committee,” a “legislative leadership committee,” or an “independent expenditure committee,” as defined in N.J.S.A. 19:44A-3.

Prior to awarding any contract or agreement to any Business Entity pursuant to a non-fair and open process, the Business Entity proposed as the intended contractor of the contract shall submit the Two-Year Chapter 51/Executive Order 333 Vendor Certification and Disclosure of Political Contributions for Non-Fair and Open Contracts, certifying either that no contributions to a Continuing Political Committee or to a candidate committee or election fund of a gubernatorial candidate have been made by the Business Entity and reporting all qualifying contributions made by the Business Entity or any person or entity whose contributions are attributable to the Business Entity. The required form and instructions are available at: <https://nj.gov/treasury/purchase/forms.shtml>

2.9 POLITICAL CONTRIBUTION DISCLOSURE – The contractor is advised of its responsibility to file an annual disclosure statement on political contributions with the New Jersey Election Law Enforcement Commission (ELEC), pursuant to N.J.S.A. 19:44A-20.27 (P.L. 2005, c. 271, rev. P.L.2023 c. 30) if in a calendar year the contractor receives one or more contracts valued at \$50,000.00 or more. It is the Contractor’s responsibility to determine if filing is necessary. Failure to file can result in the imposition of penalties by ELEC. Additional information about this requirement is available from ELEC by calling 1 (888) 313-3532 or on the internet at <https://www.elec.state.nj.us/>.

2.10 STANDARDS PROHIBITING CONFLICTS OF INTEREST- The following prohibitions on contractor activities shall apply to all contracts or purchase agreements made with the State of New Jersey, pursuant to Executive Order No. 189 (1988).

- a. No vendor shall pay, offer to pay, or agree to pay, either directly or indirectly, any fee, commission, compensation, gift, gratuity, or other thing of value of any kind to any State

- officer or employee or special State officer or employee, as defined by N.J.S.A. 52:13D-13b. and e., in the Authority or any other agency with which such vendor transacts or offers or proposes to transact business, or to any member of the immediate family, as defined by N.J.S.A. 52:13D-13i., of any such officer or employee, or partnership, firm or corporation with which they are employed or associated, or in which such officer or employee has an interest within the meaning of N.J.S.A. 52: 13D-13g;
- b. The solicitation of any fee, commission, compensation, gift, gratuity or other thing of value by any State officer or employee or special State officer or employee from any State vendor shall be reported in writing forthwith by the vendor to the Attorney General and the State Ethics Commission;
 - c. No vendor may, directly or indirectly, undertake any private business, commercial or entrepreneurial relationship with, whether or not pursuant to employment, contract or other agreement, express or implied, or sell any interest in such vendor to, any State officer or employee or special State officer or employee having any duties or responsibilities in connection with the purchase, acquisition or sale of any property or services by or to any State agency or any instrumentality thereof, or with any person, firm or entity with which he is employed or associated or in which he has an interest within the meaning of N.J.S.A. 52:13D-13g. Any relationships subject to this provision shall be reported in writing forthwith to the State Ethics Commission, which may grant a waiver of this restriction upon application of the State officer or employee or special State officer or employee upon a finding that the present or proposed relationship does not present the potential, actuality or appearance of a conflict of interest;
 - d. No vendor shall influence, or attempt to influence or cause to be influenced, any State officer or employee or special State officer or employee in their official capacity in any manner which might tend to impair the objectivity or independence of judgment of said officer or employee;
 - e. No vendor shall cause or influence, or attempt to cause or influence, any State officer or employee or special State officer or employee to use, or attempt to use, their official position to secure unwarranted privileges or advantages for the vendor or any other person; and
 - f. The provisions cited above in paragraphs 2.10a through 2.10e shall not be construed to prohibit a State officer or employee or Special State officer or employee from receiving gifts from or contracting with vendors under the same terms and conditions as are offered or made available to members of the general public subject to any guidelines the State Ethics Commission may promulgate under paragraph 3c of Executive Order No. 189.

2.11 NOTICE TO ALL CONTRACTORS: SET-OFF FOR STATE TAX NOTICE - Pursuant to N.J.S.A. 54:49-19, effective January 1, 1996, and notwithstanding any provision of the law to the contrary, whenever any taxpayer, partnership or S corporation under contract to provide goods or services or construction projects to the State of New Jersey or its agencies or instrumentalities, including the legislative and judicial branches of State government, is entitled to payment for those goods or services at the same time a taxpayer, partner or shareholder of that entity is indebted for any State tax, the Director of the Division of Taxation shall seek to set-off that taxpayer's or shareholder's share of the payment due the taxpayer, partnership, or S corporation. The amount set-off shall not allow for the deduction of any expenses or other deductions which might be attributable to the taxpayer, partner or shareholder subject to set-off under this act.

The Director of the Division of Taxation shall give notice to the set-off to the taxpayer and provide an opportunity for a hearing within 30 days of such notice under the procedures for protests

established under N.J.S.A. 54:49-18. No requests for conference, protest, or subsequent appeal to the Tax Court from any protest under this section shall stay the collection of the indebtedness. Interest that may be payable by the State, pursuant to P.L. 1987, c.184 (c.52:32-32 et seq.), to the taxpayer shall be stayed.

2.12 COMPLIANCE - LAWS - The contractor must comply with all local, State and Federal laws, rules and regulations applicable to this contract and to the goods delivered and/or services performed hereunder.

2.13 COMPLIANCE - STATE LAWS - It is agreed and understood that any contracts and/or orders placed as a result of this proposal shall be governed and construed and the rights and obligations of the parties hereto shall be determined in accordance with the laws of the STATE OF NEW JERSEY.

2.14 WARRANTY OF NO SOLICITATION ON COMMISSION OR CONTINGENT FEE BASIS – The contractor warrants that no person or selling agency has been employed or retained to solicit or secure the contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, except bona fide employees or bona fide established commercial or selling agencies maintained by the contractor for the purpose of securing business. If a breach or violations of this section occurs, HESAA shall have the right to terminate the contract without liability or in its discretion to deduct from the contract price or consideration the full amount of such commission, percentage, brokerage, or contingent fee.

2.15 DISCLOSURE OF INVESTIGATIONS AND OTHER ACTIONS – The contractor shall submit the Disclosure of Investigations and Other Actions Form which provides a detailed description of any investigation, litigation, including administrative complaints or other administrative proceedings, involving any public sector clients during the past five years, including the nature and status of the investigation, and, for any litigations, the caption of the action, a brief description of the action, the date of inception, current status, and, if applicable, disposition. If a contractor does not submit the form with the quote, the contractor must comply within seven business days of HESAA's request or HESAA may deem the quote non-responsive.

2.16 DISCLOSURE OF PROHIBITED ACTIVITIES WITH RUSSIA OR BELARUS – Pursuant to N.J.S.A. 52:32-60.1 (P.L. 2022, c. 3), a person or entity seeking to enter into or renew a contract for the provision of goods or services shall certify that it is not identified on the Department of the Treasury's List of Persons or Entities Engaging in Prohibited Activities in Russia or Belarus. If the contractor is unable to so certify, the contractor shall provide a detailed and precise description of such activities. A contractor's failure to submit a certification will preclude the award or renewal of a contract to said contractor.

3. STATE LAW REQUIRING MANDATORY COMPLIANCE BY CONTRACTORS UNDER CIRCUMSTANCES SET FORTH IN LAW OR BASED ON THE TYPE OF CONTRACT

3.1 COMPLIANCE – CODES – The contractor must comply with New Jersey Uniform Construction Code and the Latest National Electrical Code 70, B.O.C.A. Basic Building code, Occupational Safety and Health Administration and all applicable codes for this requirement. The contractor shall be responsible for securing and paying all necessary permits where applicable.

3.2 PREVAILING WAGE ACT - The New Jersey Prevailing Wage Act, N.J.S.A. 34:11-56.26 et seq. is hereby made part of every contract entered into on behalf of the Authority, except those contracts which are not within the contemplation of the Act. The bidder's submission of a proposal is their guarantee that neither they nor any subcontractors they might employ to perform the work covered by the proposal has been suspended or debarred by the Commissioner, Department of Labor for violation of the provisions of the Prevailing Wage Act and/or the Public Works Contractor Registration Acts. The bidder's submission of the proposal is also their guarantee that they and any subcontractors they might employ to perform the work covered by the proposal shall comply with the provisions of the Prevailing Wage and Public Works Contractor Registration Acts, where required.

3.3 PUBLIC WORKS CONTRACTOR REGISTRATION ACT – The New Jersey Public Works Contractor Registration Act requires all contractors, subcontractors, and lower tier subcontractor(s) who engage in any contract for public work as defined in N.J.S.A. 34:11-56.26 be first registered with the New Jersey Department of Labor and Workforce Development pursuant to N.J.S.A. 34:11-56.51. Any questions regarding the registration process should be directed to the Division of Wage and Hour Compliance.

3.4 PUBLIC WORKS CONTRACT – ADDITIONAL AFFIRMATIVE ACTION REQUIREMENTS – N.J.S.A. 10:2-1 requires that during the performance of this contract, the contractor must agree as follows:

- a. In the hiring of persons for the performance of work under this contract or any subcontract hereunder, or for the procurement, manufacture, assembling or furnishing of any such materials, equipment, supplies or services to be acquired under this contract, no contractor, nor any person acting on behalf of such contractor or subcontractor, shall by reason of race, creed, color, national origin, ancestry, marital status, gender identity or expression, affectional or sexual orientation or sex, discriminate against any person who is qualified and available to perform the work to which the employment relates;
- b. No contractor, subcontractor, nor any person on their behalf shall, in any manner, discriminate against or intimidate any employee engaged in the performance of work under this contract or any subcontract hereunder, or engaged in the procurement, manufacture, assembling or furnishing of any such materials, equipment, supplies or services to be acquired under such contract, on account of race, creed, color, national origin, ancestry, marital status, gender identity or expression, affectional or sexual orientation or sex.
- c. There may be deducted from the amount payable to the contractor by the contracting public agency, under this contract, a penalty of \$50.00 for each person for each calendar day during which such person is discriminated against or intimidated in violation of the provisions of the contract; and
- d. This contract may be canceled or terminated by the Authority, and all money due or to become due hereunder may be forfeited, for any violation of this section of the contract occurring after notice to the contractor from HESAA of any prior violation of this section of the contract.

N.J.S.A. 10:5-33 and N.J.A.C. 17:27-3.5 require that during the performance of this contract, the contractor must agree as follows:

- a. The contractor or subcontractor, where applicable, will not discriminate against any employee or applicant for employment because of age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression,

disability, nationality, or sex. Except with respect to affectional or sexual orientation and gender identities or expression, the contractor will take affirmative action to ensure that such applicants are recruited and employed, and that employees are treated during employment, without regard to their age, race, creed color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability nationality, or sex. Such action shall include, but not be limited to the following: employment, upgrading, demotions, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of this nondiscrimination clause;

- b. The contractor or subcontractor, where applicable will, in all solicitations or advertisement for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regards to age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex;
- c. The contractor or subcontractor, where applicable, will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency contracting officer, advising the labor union or workers' representative of the contractor's commitments under this act and shall post copies of the notice in conspicuous places available to employees and applicants for employment, N.J.A.C. 17:27-3.7 requires all contractors and subcontractors, if any, to further agree as follows:
 1. The contractor or subcontractor agrees to make good faith efforts to meet targeted county employment goals established in accordance with N.J.A.C. 17:27-5.2;
 2. The contractor or subcontractor agrees to inform in writing its appropriate recruitment agencies including but not limited to, employment agencies, placement bureaus, colleges, universities, and labor unions, that it does not discriminate on the bases of age, race, creed color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability nationality, or sex, and that it will discontinue the use of any recruitment agency which engages in direct or indirect discriminatory practices.
 3. The contractor or subcontractor agrees to revise any of its testing procedures, if necessary, to assure that all personnel testing conforms with the principles of job-related testing, as established by the statutes and court decisions of the State of New Jersey and as established by applicable Federal law and applicable Federal court decisions; and
 4. In conforming with the targeted employment goals, the contractor or subcontractor agrees to review all procedures relating to transfer, upgrading, downgrading and layoff to ensure that all such actions are taken without regard to age, race, creed color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability nationality, or sex, consistent with statutes and court decisions of the State of New Jersey, and applicable Federal law and applicable Federal court decisions.

3.5 BUILDING SERVICE – Pursuant to the N.J.S.A. 34:11-56.58 et seq. in any contract for building services, as defined in N.J.S.A. 34:11-56.59, the employees of the contractor or subcontractors shall be paid prevailing wage for building services rates, as defined in N.J.S.A. 34:11-56.59. The prevailing wage shall be adjusted annually during the term of the contract.

3.6 **THE WORKER AND COMMUNITY RIGHT TO KNOW ACT** – The provisions of N.J.S.A. 34:5A-1 et seq. which require the labeling of all containers of hazardous substances are applicable to this contract. Therefore, all goods offered for purchase to HESAA must be labeled by the contractor in compliance with the provisions of the statute.

3.7 **SERVICE PERFORMANCE WITHIN U.S.** – Under N.J.S.A. 52:34-13.2, all contracts primarily for services awarded by the Authority shall be performed within the United States, except when the Director of Legal & Governmental Affairs certifies in writing a finding that a required service cannot be provided by a contractor or subcontractor within the United States and the certification is approved by the Executive Director.

A shift to performance of services outside the United States during the term of the contract shall be deemed a breach of contract. If, during the term of the contract, the contractor or subcontractor proceeds to shift the performance of any of the services outside the United States, the contractor shall be deemed to be in breach of its contract, which contract shall be subject to termination for cause pursuant to Section 5.7B.1. of the HESAA Standard Terms & Conditions, unless such shift was previously approved by the Director and the Treasurer.

3.8 **BUY AMERICAN** – Pursuant to N.J.S.A. 52:32-1, if manufactured items or farm products will be provided under this contract to be used in a public work, they shall be manufactured or produced in the United States and the contractor shall be required to so certify.

3.9 **DOMESTIC MATERIALS** – Pursuant to N.J.S.A. 52:33-2 et seq., if the contract is for the construction, alteration or repair of any public work, the contractor and all subcontractors shall use only domestic materials in the performance of the work unless otherwise noted in the specifications.

3.10 **DIANE B. ALLEN EQUAL PAY ACT** – Pursuant to N.J.S.A. 34:11-56.14 and N.J.A.C. 12:10-1.1 et seq., a contractor performing “qualifying services” or “public work” to the State or any agency or instrumentality of the State shall provide the Commissioner of Labor and Workforce Development a report regarding the compensation and hours worked by employees categorized by gender, race, ethnicity, and job category. For information and report templates see <https://www.nj.gov/labor/wageandhour/tools-resources/equal-pay/>.

3.11 **EMPLOYEE MISCLASSIFICATION** – In accordance with Governor Murphy’s [Executive Order-25](#) and the [Task Force’s July 2019 Report](#), employers are required to properly classify their employees. Workers are presumed to be employees and not independent contractors, unless the employer can demonstrate all three factors of the “ABC Test” below:

- a. Such individual has been and will continue to be free from control or direction of the performance of such service, but under his or her contract of service and in fact; and
- b. Such service is either outside the usual course of business for which such service is performed, or that such service is performed outside of all places of business of the enterprise for which such service is performed; and
- c. Such individual is customarily engaged in an independently established trade, occupation, profession or business.

This test has been adopted by New Jersey under its Wage & Hour, Wage Payment, and Unemployment Insurance Laws to determine whether a worker is properly classified. Under N.J.S.A. 34:1A-1.17-1.19, the Department of Labor and Workforce Development has the authority to investigate potential violations of these laws and issue penalties and stop work order to employers found to be in violation of the laws.

- 3.14 CYBERSECURITY INCIDENT REPORTING REQUIREMENTS** – Pursuant to N.J.S.A. 52:17B-193.2 et seq. (P.L. 2023,c.19), contractors that have access to, or host the State’s network(s), system(s), application(s), or information shall report all Cybersecurity Incidents to the New Jersey Office of Homeland Security and Preparedness (NJ OHSP) at <https://www.cyber.nj.gov/report/> within 72 hours of when the contractor reasonably believes that a Cybersecurity Incident has occurred.

Consistent with N.J.S.A. 52:17B-193.2, “Cybersecurity Incident” means a malicious or suspicious event occurring on or conducted through a computer network that jeopardizes the integrity, confidentiality, or availability of an information system or the information the system processes, stores, or transmits.

Consistent with N.J.S.A. 52:17B-193.3(f), any Cybersecurity Incident notification submitted to the NJ OHSP shall be deemed confidential, non-public, and not subject to the provisions of N.J.S.A. 47:1A-1, et seq., commonly known as the Open Public Records Act, as amended and supplemented and may not be discoverable in any civil or criminal action or subject to subpoena, unless the subpoena is issued by the New Jersey State Legislature and deemed necessary for the purposes of legislative oversight.

This reporting required by N.J.S.A. 52:17B-193.2 et seq. (P.L. 2023, c.19) to NJ OHSP is in addition to the contractor’s responsibility to report Security Incidents as may be set forth in the Contract Scope of Work. If the Contract Scope of Work does specify a notification period the contractor shall give notice of the Cybersecurity Incident to HESAA as soon as practicable, but not more than one business day after the Contractor reasonably believes that a Cybersecurity Incident has occurred.

4. INDEMNIFICATION AND INSURANCE

- 4.1 INDEMNIFICATION** - The contractor’s liability to the Authority and its employees in third party suits shall be as follows:

- a. Indemnification for Third Party Claims - The contractor shall assume all risk of and responsibility for, and agrees to indemnify, defend, and save harmless the Authority and its employees from and against any and all claims, demands, suits, actions, recoveries, judgments and costs and expenses in connection therewith which shall arise from or result directly or indirectly from the work and/or materials supplied under this contract, including liability of any nature or kind for or on account of the use of any copyrighted or un-copyrighted composition, secret process, patented or unpatented invention, article or appliance furnished or used in the performance of this contract.
- b. The contractor’s indemnification and liability under subsection (a) is not limited by, but is in addition to the insurance obligations contained in Section 4.2 of these Terms and Conditions.
- c. In the event of a patent and copyright claim or suit, the contractor, at its option, may: (1) procure for the Authority the legal right to continue the use of the product; (2) replace or modify the product to provide a non-infringing product that is the functional equivalent; or

(3) refund the purchase price less a reasonable allowance for use that is agreed to by both parties.

4.2 INSURANCE - The contractor shall secure and maintain in force for the term of the contract insurance as provided herein. All required insurance shall be provided by insurance companies with an A-VIII or better rating by A.M. Best & Company. All policies must be endorsed to provide 30 days' written notice of cancellation or material change to the Authority at the address shown below. If the contractor's insurer cannot provide 30 days written notices, then it will become the obligation of the contractor to provide the same. The contractor shall provide the Authority with current certificates of insurance for all coverages and renewals thereof. Renewal certificates shall be provided within 30 days of the expiration of the insurance. The contractor shall not begin to provide services or goods to the Authority until evidence of the required insurance is provided. The certificates of insurance shall indicate the title of the contract in the Description of Operations box and shall list the Higher Education Student Assistance Authority, PO Box 545, Trenton, New Jersey 08625 in the Certificate Holder box.

The insurance to be provided by the contractor shall be as follows:

- a. Occurrence Form Comprehensive General Liability Insurance or its equivalent: The minimum limit of liability shall be \$1,000,000 per occurrence as a combined single limit for bodily injury and property damage. In addition contractor shall maintain cyber security and data breach insurance at industry standard levels. The above required Comprehensive General Liability Insurance policy or its equivalent shall name the Authority, its officers, and employees as "Additional Insureds" and include the blanket additional insured endorsement or its equivalent. The coverage to be provided under these policies shall be at least as broad as that provided by the standard basic, unamended, and unendorsed Comprehensive General Liability Insurance occurrence coverage forms or its equivalent currently in use in the State of New Jersey, which shall not be circumscribed by any endorsement limiting the breadth of coverage.
- b. Automobile Liability Insurance which shall be written to cover any automobile used by the insured. Limits of liability for bodily injury and property damage shall not be less than \$1 million per occurrence as a combined single limit. The Authority must be named as an "Additional Insured" and a blanket additional insured endorsement or its equivalent must be provided when the services being procured involve vehicle use on the Authority's behalf or on Authority controlled property.
- c. Worker's Compensation Insurance applicable to the laws of the State of New Jersey and Employers Liability Insurance with limits not less than:

\$1,000,000 BODILY INJURY, EACH OCCURRENCE;
\$1,000,000 DISEASE EACH EMPLOYEE; and
\$1,000,000 DISEASE AGGREGATE LIMIT.

- d. This \$1 million amount may have been raised by the RFP when deemed necessary by the Authority.

In the case of a contract entered into pursuant to N.J.S.A. 52:32-17 et seq. (small business set-asides) the minimum amount of insurance coverage in subsections a, b, and c above may be amended for certain commodities when deemed in the best interest of the Authority by the Executive Director.

5. **TERMS GOVERNING ALL CONTRACTS**

5.1 **CONTRACTOR IS INDEPENDENT CONTRACTOR** – The contractor's status shall be that of any independent Contractor and not as an employee of the State.

5.2 **FORCE MAJEURE** – Neither party will be liable to the other for any delay or inability to perform its obligations if such delay or inability arises from any act of G-d, fire, natural disaster, act of war (declared or undeclared), act of terrorism (domestic or international), riot, civil disturbance, pandemic, or other health crises (arising during the term of the contract). In the event of such a delay or inability to perform, the time for performance will be extended by an amount reasonable under the specific circumstances and mutually agreed-upon date sufficient to allow contractor to perform the work delayed by the force majeure.

5.3 **CONTRACT TERM AND EXTENSION OPTION** - If, in the opinion of the Authority, it is in the best interest of the Authority to extend a contract, the contractor shall be so notified of the Authority's Intent at least 30 days prior to the expiration date of the existing contract. The contractor shall have 15 calendar days to respond to the Authority's request to extend the term and period of performance of the contract. If the contractor agrees to the extension, all terms and conditions including pricing of the original contract shall apply unless more favorable terms for the Authority have been negotiated.

5.4 **STATE'S OPTION TO REDUCE SCOPE OF WORK** – The Authority has the option, in its sole discretion, to reduce the scope of work for any deliverable, task or subtask called for under this contract. In such an event, the Authority shall provide to the contractor advance written notice of the change in scope of work and what the Authority believes should be the corresponding adjusted contract price. Within 5 business days of receipt of such written notice, if either is applicable:

- a. If the contractor does not agree with the Authority's proposed adjusted contract price, the contractor shall submit to the Authority any additional information that the contractor believes impacts the adjusted contract price with a request that the Authority reconsider the proposed adjusted contract price. The parties shall negotiate the adjusted contract price. If the parties are unable to agree on an adjusted contract price, the Authority shall make a prompt decision taking all such information into account, and shall notify the contractor of the final adjusted contract price.
- b. If the contractor has undertaken any work effort toward a deliverable, task or subtask that is being changed or eliminated such that it would not be compensated under the adjusted contract, the contractor shall be compensated for such work effort according to the applicable portions of its price schedule and the contractor shall submit to the Authority an itemization of the work effort already completed by deliverable, task or subtask within the scope of work, and any additional information the Authority may request. The Authority shall make a prompt decision taking all such information into account, and shall notify the Contractor of the compensation to be paid for such work effort.

Any changes or modifications to the terms of this Contract shall be valid only when they have been reduced to writing and signed by the contractor and HESAA.

5.5 CHANGE IN LAW – If, after award, a change in applicable law or regulations occurs which affects the contract, the parties may amend the contract, which including new work required by the change in law or to eliminated work no longer required by the change in law along with a commensurate price changes. The parties shall negotiation the terms of the change in good faith, however if agreement is not possible after reasonable efforts, HESAA shall make a prompt decision taking all relevant information into account, and shall notify the contractor of the final adjusted scope of work and contract price.

5.6 SUSPENSION OF WORK - The Authority may, for valid reason, issue a stop order directing the contractor to suspend work under the contract for a specific time. The contractor shall be paid for goods ordered, goods delivered, or services requested and performed until the effective date of the stop order. The contractor shall resume work upon the date specified in the stop order, or upon such other date as the Authority may thereafter direct in writing. The period of suspension shall be deemed added to the contractor's approved schedule of performance.

5.7 TERMINATION OF CONTRACT

a. For Convenience:

Notwithstanding any provision or language in this contract to the contrary, HESAA may terminate this contract at any time, in whole or in part, for the convenience of the Authority, upon no less than 30 days written notice to the contractor.

b. For Cause:

1. Where a contractor fails to perform or comply with a contract or a portion thereof, the Authority may terminate the contract, in whole or in part, upon 10 days' notice to the contractor with an opportunity to respond.

2. Where in the reasonable opinion of the Authority, a contractor continues to perform a contract poorly as demonstrated by e.g., formal complaints, late delivery, poor performance of service, or short-shipping and there has been a failure on the part of the contractor to make progress towards ameliorating the issue(s) or problem(s) set forth in the complaint, HESAA may terminate the contract, in whole or in part, upon 10 days' notice to the contractor with an opportunity to respond.

c. In cases of emergency HESAA may shorten the time periods of notification and may dispense with an opportunity to respond.

d. In the event of termination under this section, the contractor shall be compensated for work performed in accordance with the contract, up to the date of termination. Such compensation may be subject to adjustments.

5.8 SUBCONTRACTING – The contractor may not subcontract other than as identified in the contractor's proposal without the prior written consent of HESAA. Such consent, if granted in part, shall not relieve the contractor of any of its responsibilities under the contract, nor shall it create privity of contract between the Authority and any subcontractor. If the contractor uses a subcontractor to fulfill any of its obligations, the Contractor shall be responsible for the subcontractor's: (a) performance; (b) compliance with all of the terms and conditions of the contract; and (c) compliance with the requirements of all applicable laws. Nothing contained in any of the contract documents shall be construed as creating any contractual relationship between any subcontractor and HESAA.

5.9 RESERVED

5.10 MERGERS, ACQUISITIONS - If, during the term of this contract, the contractor shall merge with or be acquired by another firm, the contractor shall give notice to the Authority as soon as practicable and in no event longer than 30 days after said merger or acquisition. The contractor shall provide such documents as may be requested by the Authority, which may include but need not be limited to the following: corporate resolutions prepared by the awarded contractor and new entity ratifying acceptance of the original contract, terms, conditions and prices; updated information including ownership disclosure and Federal Employer Identification Number. The documents must be submitted within 30 days of the request. Failure to do so may result in termination of the contract for cause.

If, at any time during the term of the contract, the contractor's partnership, limited liability company, limited liability partnership, professional corporation, or corporation shall dissolve, the Authority must be so notified. All responsible parties of the dissolved business entity must submit to the Authority, in writing, the names of the parties proposed to perform the contract, and the names of the parties to whom payment should be made. No payment shall be made until all parties to the dissolved business entity submit the required documents to the Authority.

The contractor may not assign its responsibilities under the contract, in whole or in part, without the prior written consent of the Authority.

5.11 PERFORMANCE GUARANTEE OF CONTRACTOR - The Contractor hereby certifies that:

- a. The equipment offered is standard new equipment, and is the manufacturer's latest model in production, with parts regularly used for the type of equipment offered; that such parts are all in production and not likely to be discontinued; and that no attachment or part has been substituted or applied contrary to manufacturer's recommendations and standard practice;
- b. All equipment supplied to the Authority and operated by electrical current is UL listed where applicable;
- c. All new machines are to be guaranteed as fully operational for the period stated in the contract from time of written acceptance by the Authority. The contractor shall render prompt service without charge, regardless of geographic location;
- d. Sufficient quantities of parts necessary for proper service to equipment shall be maintained at distribution points and service headquarters;
- e. Trained mechanics are regularly employed to make necessary repairs to equipment in the territory from which the service request might emanate within a 48-hour period or within the time accepted as industry practice;
- f. During the warranty period the contractor shall replace immediately any material which is rejected for failure to meet the requirements of the contract; and
- g. All services rendered to the Authority shall be performed in strict and full accordance with the specifications stated in the contract. The contract shall not be considered complete until final approval by the Authority is rendered.

5.12 DELIVERY REQUIREMENTS -

- a. Deliveries shall be made at such time and in such quantities as ordered in strict accordance with conditions contained in the contract.
- b. The contractor shall be responsible for the delivery of material in first class condition to the Authority in accordance with good commercial practice.

- c. Items delivered must be strictly in accordance with the contract.
- d. In the event delivery of goods or services is not made within the number of days stipulated or under the schedule defined in the contract, HESAA shall be authorized to obtain the material or service from any available source, the difference in price, if any, to be paid by the contractor.

5.13 APPLICABLE LAW AND JURISDICTION - This contract and any and all litigation arising therefrom or related thereto shall be governed by the applicable laws, regulations and rules of evidence of the State of New Jersey without reference to conflict of laws principles and shall be filed in the appropriate Division of the New Jersey Superior Court.

5.14 CONTRACT AMENDMENT – Except as provided herein, the contract may only be amended by written agreement of the Authority and the contractor.

5.15 MAINTENANCE OF RECORDS–

- a. Pursuant to N.J.AC. 17:44-2.2, the contractor shall maintain all documentation related to products, transactions or services under this contract for a period of 5 years from the date of final payment unless otherwise specified in the RFP. Such records shall be made available to the Authority and State Comptroller, for audit and review.
- b. The State may request, receive, review, and audit copies of any and all records and documents related to a State contract at any time. The contractor shall make a good faith effort to cooperate with the request and upon receipt of the request, the contractor shall promptly provide the requested records and documents free of charge in the time, place, and manner specified. Failure of the contractor to comply with the request or the audit may be used by HESAA to establish contract non-compliance, to take any action, or seek any remedy available under the contract, at law, or in equity.

5.16 ASSIGNMENT OF ANTITRUST CLAIM(S) - The contractor recognizes that in actual economic practice, overcharges resulting from antitrust violations are in fact usually borne by the ultimate purchaser. Therefore, and as consideration for executing this contract, the contractor, acting herein by and through its duly authorized agent, hereby conveys, sells, assigns, and transfers to the Authority, all right, title and interest to all claims and causes of action it may now or hereafter acquire under the antitrust laws of the United States or the State of New Jersey, relating to the particular goods and services purchased or acquired by the Authority pursuant to this contract.

In connection with this assignment, the following are the express obligations of the contractor:

- a. It shall take no action that will in any way diminish the value of the rights conveyed or assigned hereunder;
- b. It shall advise the Attorney General of New Jersey:
 - 1. In advance of its intention to commence any action on its own behalf regarding any such claim or cause(s) of action; and
 - 2. Immediately upon becoming aware of the fact that an action has been commenced on its behalf by some other person(s) of the pendency of such action.
- c. It shall notify the defendants in any antitrust suit of the within assignment at the earliest practicable opportunity after the contractor has initiated an action on its own behalf or becomes aware that such an action has been filed on its behalf by another person. A copy of such notice shall be sent to the Attorney General of New Jersey; and

- d. It is understood and agreed that in the event any payment under any such claim or cause of action is made to the contractor, it shall promptly pay over to the Authority the allotted share thereof, if any, assigned to the Authority hereunder.
- 5.17 NEWS RELEASES** – The contractor is not permitted to issue news releases pertaining to any aspect of the services being provided under this contract without prior written consent of the Authority.
- 5.18 ADVERTISING** – The contractor shall not use the State’s name, seal, or logos as part of any commercial advertising without first obtaining the prior written consent of the New Jersey Secretary of State. The contractor shall not use HESAA’s name, seal, logos, images or any data or results arising from this contract as part of any commercial advertising without first obtaining the prior written consent of the Authority.
- 5.19 ORGAN DONATION** – As required by N.J.S.A. 52:32-33.1, the State encourages the contractor to disseminate information relative to organ donation and to notify its employees, through information and materials or through an organ and tissue awareness program, of organ donation options. The information provided to employees should be prepared in collaboration with the organ procurement organizations designated pursuant to 42 U.S.C. 1320b-8 to serve in this State.
- 5.20 LICENSES AND PERMITS** – the contractor shall obtain and maintain in full force and effect all required licenses, permits, and authorizations necessary to perform this contract. Notwithstanding the requirements of the RFP, the contractor shall supply HESAA with evidence of all such licenses, permits, and authorizations. This evidence shall be submitted subsequent to the contract award. All costs of all such licenses, permits and authorizations must be considered by the contractor in its quote.
- 5.21 CLAIMS AND REMEDIES** –
- a. All claims asserted against HESAA by the contractor shall be subject to the New Jersey Tort Claims Act, N.J.S.A. 59:1-1 et seq., and/or the New Jersey Contractual Liability Act, N.J.S.A. 59:13-1, et seq.
 - b. Noting in this contract shall be construed to be a waiver by HESAA of any warranty, expressed or implied, of any remedy at law or equity, except as specifically and expressly stated in writing executed by the Authority.
 - c. In the event that the contractor fails to comply with any material contract requirements, the Authority may take steps to terminate this contract in accordance with these Standard Terms and Conditions, authority the delivery of contract items by any available means, with the difference between the price paid and the defaulting contractor’s price either being deducted from any monies due the defaulting contractor or being an obligation owed the State by the defaulting contractor, as provided for in the State administrative code, or take any other action or seek any other remedies available at law or in equity.
- 5.22 ACCESSIBILITY COMPLIANCE** – The contractor acknowledges that HESAA may be required to comply with the accessibility standards of Section 508 of the Rehabilitation Act, 29 U.S.C. 794. The contractor agrees that any information that it provides to HESAA in the form of a Voluntary Product Accessibility Template (VPAT) about the accessibility of the Software is accurate to a commercially reasonable standard and the contractor agrees to provide HESAA with technical information available to support such VPAT documentation in the event that HESA relied on any of the contractor’s VPAT information to comply with the accessibility standards of Section 508 of

the Rehabilitation Act, 29 U.S.C. 794. In addition, contractor shall defend any claims against HESAA that the Software does not meet the accessibility standards set forth in the VPAT provided by the provider in order to comply with the accessibility standards of Section 508 of the Rehabilitation Act, 29 U.S.C. 794 and will indemnify HESAA with regards to any claim made against HESAA with regards to any judgment or settlement resulting from those claims to the extent the contractor's Software provided under this contract was not accessible in the same manner as, or to the degree set forth, in the contractor's statements or information about accessibility as set forth in the then-current version of an applicable VPAT.

5.23 CONFIDENTIALITY –

- a. The obligations of HESAA under this provision are subject to the New Jersey Open Public Records Act ("OPRA"), N.J.S.A. 47:1A-1 et seq., the New Jersey common law right to know, and any other lawful document request or subpoena.;
- b. By virtue of this contract, the parties may have access to information that is confidential to one another. The parties agree to disclose to each other only information that is required for the performance of their obligations under this contract. Contractor's Confidential Information, to the extent not expressly prohibited by law, shall consist of all information clearly identified as confidential at the time of disclosure of Vendor Intellectual Property ("Contractor Confidential Property"). Notwithstanding the previous sentence, the terms and pricing of this contract are subject to disclosure under OPRA, the common law right to know, and any other lawful document request or subpoena.;
- c. HESAA's Confidential Information shall consist of all information or data contained in documents supplied by HESAA, any information or data gathered by the contractor in fulfillment of the contract and any analysis thereof (whether in fulfillment of the contract or not);
- d. A party's Confidential Information shall not include information that (a) is or becomes a part of the public domain through no act or omission of the other party, except that if the information is personally identifying to a person or entity regardless of whether it has become part of the public domain through other means, the other party must maintain full efforts under the contract to keep it confidential; (b) was in the other party's lawful possession prior to the disclosure and had not been obtained by the other party either directly or indirectly from the disclosing party; (c) is lawfully disclosed to the other party by a third party without restriction on the disclosure; or (d) is independently developed by the other party;
- e. HESAA agrees to hold Contractor's Confidential Information in confidence, using at least the same degree of care used to protect its own Confidential Information;
- f. In the event that HESAA receives a request for Contractor Confidential Information related to this contract pursuant to a court order, subpoena, or other operation of law, HESAA agrees, if permitted by law, to provide contractor with as much notice, in writing, as is reasonably practicable and HESAA's intended response to such order of law. Contractor shall take any action it deems appropriate to protect its documents and/or information;
- g. In addition, in the event contractor receives a request for HESAA Confidential Information pursuant to a court order, subpoena, or other operation of law, contractor shall, if permitted by law, provide HESAA with as much notice, in writing, as is reasonably practicable and contractor's intended response to such order of law. HESAA shall take any action it deems appropriate to protect its documents and/or information; and
- h. Notwithstanding the requirements of nondisclosure described in this section, either party may release the other party's Confidential Information:
 1. If directed to do so by a court or arbitrator of competent jurisdiction; or

2. Pursuant to lawfully issued subpoena or other lawful document request:
 - i. in the case of HESAA, if HESAA determines the documents or information are subject to disclosure and contractor does not exercise its rights as described in section 5.23f., or if contractor is unsuccessful in defending its rights as described in section 5.23f.; or
 - ii. in the case of contractor, if contractor determines the documents or information are subject to disclosure and HESAA does not exercise its rights described in section 5.23g, or if HESAA is unsuccessful in defending its rights as described in section 5.23g.

6. TERMS RELATING TO PRICE AND PAYMENT

- 6.1 PRICE FLUCTUATION DURING CONTRACT** - Unless otherwise agreed to in writing by the Authority, all prices quoted shall be firm through issuance of contract or purchase order and shall not be subject to increase during the period of the contract. In the event of a manufacturer's or contractor's price decrease during the contract period, the Authority shall receive the full benefit of such price reduction on any undelivered purchase order and on any subsequent order placed during the contract period. The Authority must be notified, in writing, of any price reduction within 5 days of the effective date. Failure to report price reductions may result in cancellation of contract for cause, pursuant to section 5.7b.1.

In an exceptional situation HESAA may consider a price adjustment. Requests for price adjustments must include justification and documentation.

- 6.2 TAX CHARGES**— HESAA is exempt from State sales or use taxes and Federal excise taxes. Therefore, price quotations must not include such taxes. The State's Federal Excise Tax Exemption number is 22-75-0050K.

6.3 PAYMENT TO VENDORS –

- a. HESAA is authorized to order and the contractor is authorized to ship only those items covered by the contract resulting from the RFP. If a review of orders placed by HESAA reveals that goods and/or services other than those covered by the contract have been ordered and delivered, such delivery shall be a violation of the terms of the contract and may be considered by HESAA as a basis to terminate the contract and/or not award the contractor a subsequent contract. HESAA may take such steps as are necessary to have the items returned by the Authority, regardless of the time between the date of delivery and discovery of the violations. In Such event, the contractor shall reimburse HESAA the full purchase price;
- b. The contractor must submit invoices to HESAA with supporting documentation evidencing that work or goods for which payment is sought has been satisfactorily completed or delivered. For commodity contracts, the invoice, together with the Bill of Lading, and/or other documentation to confirm shipment and receipt of contracted goods must be received by HESAA prior to payment. For contracts featuring services, invoices must reference the tasks or subtasks detailed in the Scope of Work and must be in strict accordance with the firm, fixed prices submitted for each task or subtask. When applicable, invoices should reference the appropriate tasks or subtask or price line number from the contractor's proposal. All invoices must be approved by HESA before payment will be authorized.
- c. In all time and materials contracts, HESAA shall monitor and approve the hours of work and the work accomplished by contractor and shall document both the work and the approval. Payment shall not be made without such documentation. A form of timekeeping record that

should be adopted as appropriate for the Scope of Work being performed can be found at [Vendor Timesheet.xls \(live.com\)](#); and

- d. The contractor shall provide, on a monthly and cumulative basis, a breakdown in accordance with the budget submitted, of all monies paid to any small business, minority or woman-owned, or disabled veteran owned subcontractors. This breakdown shall be sent to the Office of Diversity and Inclusion.
- e. The contractor shall have sole responsibility for all payments due any subcontractor.

6.4 OPTIONAL PAYMENT METHOD: P-CARD – The State offers contractors the opportunity to be paid through the MasterCard procurement card (p-card). A contractor’s acceptance and HESAA’s use of the p-card are optional. P-card transactions do not require the submission of a contractor invoice; purchasing transactions using the p-card will usually result in payment to a contractor in three days. A contractor should take note that there will be a transaction-processing fee for each p-card transaction. To participate, a contractor must be capable of accepting MasterCard. Additional information can be obtained from banks or merchant service companies.

6.5 NEW JERSEY PROMPT PAYMENT ACT- The New Jersey Prompt Payment Act, N.J.S.A. 52:32-32 et seq., requires state agencies to pay for goods and services within 60 days of the agency's receipt of a properly executed State Payment Voucher or within 60 days of receipt and acceptance of goods and services, whichever is later. Properly executed performance security, when required, must be received by the Authority prior to processing any payments for goods and services accepted by HESAA. Interest will be paid on delinquent accounts at a rate established by the State Treasurer. Interest shall not be paid until it exceeds \$5.00 per properly executed invoice. Cash discounts and other payment terms included as part of the original agreement are not affected by the Prompt Payment Act.

6.4 AVAILABILITY OF FUNDS – The Authority’s obligation to make payment under this contract is contingent upon the availability of appropriated funds and receipt of revenues from which payment for contract purposes can be made. No legal liability on the part of the Authority for payment of any money shall arise unless and until funds are appropriated each fiscal year to HESAA by the State Legislature and made available through receipt of revenues.

Appendix 1

Cost Sheets

I. Bundled Fee for All Services Described in the RFP.

- A. The bundled fee must be “no load” in nature and based on a percent of the average daily net assets under management including those assets managed by the Division. The bundled fee covers all services described in the RFP and will be charged to contributors.
- B. Be specific in describing any and all assumptions you used in providing the all-inclusive fee bid.

Note: The requirement that bundled fees be proposed on a no-load basis does not preclude proposing investment vehicles that include other fees or commissions to compensate advisors or sales persons. Cost comparisons will be based on the bundled fee proposal. Commissions or fees to advisors or sales persons are the responsibility of the vendor.

- C. The bundled fee is net of the administrative fee for HESAA as described in section 5.2.B. of this RFP.

Basis Points

II. Provide a separate schedule of all load options charged for advisor sold plans.

APPENDIX 2

Marketing Proposal

1. Amount vendor will spend in year one to market the Plan (both Direct-Sold and Advisor-Sold):

Marketing the Plan to New Jersey residents: \$ _____
Marketing the Direct-Sold Plan _____ %
Marketing State Plan Benefits _____ %
Marketing the Plan outside of New Jersey: \$ _____

2. Amount vendor will spend in year two to market the Plan (both Direct-Sold and Advisor-Sold):

Marketing the Plan to New Jersey residents: \$ _____
Marketing the Direct-Sold Plan _____ %
Marketing State Plan Benefits _____ %
Marketing the Plan outside of New Jersey: \$ _____

3. Amount vendor will spend in year three to market the Plan (both Direct-Sold and Advisor-Sold):

Marketing the Plan to New Jersey residents: \$ _____
Marketing the Direct-Sold Plan _____ %
Marketing State Plan Benefits _____ %
Marketing the Plan outside of New Jersey: \$ _____

4. Amount vendor will spend in year four to market the Plan (both Direct-Sold and Advisor-Sold):

Marketing the Plan to New Jersey residents: \$ _____
Marketing the Direct-Sold Plan _____ %
Marketing State Plan Benefits _____ %
Marketing the Plan outside of New Jersey: \$ _____

5. Amount vendor will spend in year five to market the Plan (both Direct-Sold and Advisor-Sold):

Marketing the Plan to New Jersey residents: \$ _____
Marketing the Direct-Sold Plan _____ %
Marketing State Plan Benefits _____ %
Marketing the Plan outside of New Jersey: \$ _____

6. Amount vendor will spend in year six to market the Plan (both Direct-Sold and Advisor-Sold):

Marketing the Plan to New Jersey residents: \$ _____
Marketing the Direct-Sold Plan _____ %
Marketing State Plan Benefits _____ %
Marketing the Plan outside of New Jersey: \$ _____

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7. Amount vendor will spend in year seven to market the Plan(both Direct-Sold and Advisor-Sold):

Marketing the Plan to New Jersey residents:	\$ _____
Marketing the Direct-Sold Plan	_____ %
Marketing State Plan Benefits	_____ %

Marketing the Plan outside of New Jersey: \$ _____

8. Total minimum marketing commitment for contract term: \$ _____

Appendix 3

Terms of Custodial Agreement

The contractor shall provide global master custody, accounting, compliance, and performance services relating to the investments and assets of the Division of Investment managed accounts (“DOI Managed Accounts” or “Funds”), as outlined below. The DOI managed accounts include five age-based funds and the traditional fund. The contractor shall furnish all services, materials, and personnel necessary to provide custody, accounting, compliance, performance, and reporting services to DOI in compliance with those professional and fiduciary standards established as reasonable and customary by the industry for similar services. In the provision of custodial bank services, the contractor shall conform to all applicable local, state, federal, and foreign laws, rules, and regulations governing such services.

In the event that the contractor is not a bank, as defined by New Jersey state law, the contractor must subcontract for the services of a bank as custodian for investments, funds, securities and other assets of the fund under the investment management of the DOI. The contractor shall provide a comprehensive system for selecting custodians and evaluating and monitoring their internal control structures, performance, and financial condition. The contractor shall not be relieved of its fiduciary duties and responsibilities through such delegation, and shall remain liable for any and all financial losses as it relates to the actions or inactions of the custodians and their agents. The custodian and its agents shall be responsible for the services delegated to it to the same degree as the contractor and be otherwise held accountable to the same degree of fiduciary duty and responsibility as the appointing contractor.

1.1 CUSTODY AND TRADE SETTLEMENT

The contractor shall hold all property for the DOI managed accounts subject to and in accordance with the terms of this RFP, subject to any additional instructions provided by the DOI Director or DOI Designee in writing and shall provide the following services:

- A. Ownership of all property held on behalf of the DOI managed accounts shall at all times be and remain in the DOI managed accounts, and the specific securities and other property held by the contractor shall at all times be identifiable on the contractor’s records as being held on behalf of the DOI managed accounts. The contractor may not assign, hypothecate, pledge, use or otherwise dispose of any property except pursuant to written instructions approved by the Treasurer or the DOI Director or the express provisions of this RFP. The contractor may not assert any right, charge, security interest, lien, encumbrance, or other claim of any kind to the property;
- B. Register securities in the name of the applicable individual fund or in the name of the contractor or its nominee, and assist DOI in re-registering securities that are not in acceptable form to the contractor;
- C. The DOI Director shall, from time to time, at the reasonable request of the contractor, furnish to the contractor appropriate instruments to enable contractor to hold or deliver in proper form for transfer, or to register in name of the Funds or the name of the contractor’s nominee, any property that it may hold on behalf of the Funds;
- D. Except as otherwise permitted by law or directed by written instructions from the DOI Director, all securities held under this RFP that are not held through the federal reserve book-entry system, a securities depository or clearing agency, or in another book-entry

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system, shall be held by the contractor in an account and physically segregated and set apart at all times from the contractor's proprietary assets and, unless in bearer form, shall be registered in the name of the contractor's nominee, or the appropriate Funds, and shall be physically held by the contractor. Except as otherwise permitted by law or directed by written instructions from the DOI Director, the contractor shall hold securities in the country or other jurisdiction in which the principal trading market for such securities is located, where such securities are to be presented for cancellation and/or payment and/or registration, or where such securities are acquired;

- E. Implement and maintain a written information security program to safeguard the personal information of each Fund's participants and beneficiaries;
- F. Provide on-line security clearing at the DTC (Depository Trust Company), Federal Reserve, Euroclear and other clearing agents as required;
- G. Integrate with a trade settlement process provider (e.g, Omgeo);
- H. Affirm all internally executed trades in all exchanges used on behalf of DOI;
- I. Settle and safe keep or electronically register all book entry and physically-held securities;
- J. Provide timely notification of pending and failed trades to DOI staff and interact with third parties, such as brokers as directed by DOI;
- K. Request, complete, file and maintain proper forms with any and all required tax agencies and shall initiate tax reclaim filings and process collections on behalf of the Funds, if applicable, including collections from reclaims filed by a prior contractor; provided, however, that the contractor shall have no responsibility or liability to pay any tax obligations for which the Funds are liable. The contractor shall advise and assist DOI in determining which classification (e.g., government agency, pension plan) would be best to use in each jurisdiction where DOI has an investment in order to maximize tax benefits for DOI, through either relief at source or tax reclaims;
- L. Provide DOI a detailed and timely report related to cash flow needs. The report must be timely and available in a format that DOI or a third party may use to transact and settle the cash flow needs;
- M. Perform trade settlement on a delivery versus payment basis. Free delivery settlement must receive prior written approval by DOI;
- N. Accept trade data daily electronically via the trade order management system utilized by DOI (currently INDATA iPM). Receive and record on the trade date electronically transmitted trades, which will be periodically transmitted throughout the day with the final transmission at approximately 4:15 pm Eastern Time;
- O. Upon direction by DOI, deliver or cause to be delivered securities owned by the Funds and held by the contractor upon: (i) the sale of securities (in accordance with the customary or established practices and procedures of the relevant jurisdiction, market or securities

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system); (ii) the receipt of payment under a repurchase agreement related to the securities; (iii) a tender offer or other similar offer for the securities; (iv) the call, redemption or retirement of the securities; (v) the transfer, exchange or conversion of the securities, including pursuant to any plan of merger or reorganization; (vi) the surrender of warrants, rights or similar securities; (vii) requirement under an options or futures contract or in connection with securities lending by the Funds; and (viii) other purposes determined by DOI; and

- P. Debit or credit the appropriate individual fund account in connection with the purchase and sale of securities on a contractual settlement basis. Payments in connection with a purchase transaction shall be debited at the time ordinarily required to settle the transaction in the applicable market, and shall be credited when DOI notifies the contractor that the purchase has been canceled. A provisional credit shall be made in connection with a sale transaction at the time the monies would ordinarily be available in the applicable market, provided that the contractor is in possession of the securities being sold. The contractor shall indemnify the applicable fund for any damages, including interest at the contractor's overdraft rate, resulting from the failure of any transaction to settle, if such failure was due to action or inaction of the contractor.

1.2 ACCOUNTING AND AUDITING

The contractor shall provide the following services:

- A. Serve as the official "book of record" for each of the Funds, and any additional funds as created by DOI in the future;
- B. Provide records on a New Jersey State fiscal year basis, of July 1 to June 30, for the term of the contract;
- C. Provide trade date accounting for all securities and full accrual accounting for all Funds and applicable subaccounts. All assets shall be reported at current market value pursuant to applicable accounting standards;
- D. Provide cost basis for all publicly traded securities using average cost;
- E. Provide daily fund accounting and daily pricing of portfolios;
- F. Provide a daily, comprehensive Generally Accepted Accounting Principles (GAAP) basis pricing system ensuring the accuracy of the prices received from various external sources by employing procedures to verify the primary price (DOI reserves the right to mandate the primary pricing source) to a secondary pricing source, compare prior period's prices to the current period's prices and investigate both changes outside established tolerances, as well as changes from the prior day that appear unreasonable in relation to current market trends. Provide updated daily values for each fund's publicly traded fixed income and equity portfolios;
- G. Provide accounting and reporting capabilities which comply with all American Institute of Certified Public Accountants (AICPA), Financial Accounting Standards Board (FASB) and Governmental Accounting Standards Board (GASB) reporting (including GASB 28 and 40) requirements, including the separation of realized and unrealized securities and currency gains and losses;

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- H. Provide itemized and detailed daily record of all purchases and sales of securities, all receipts and disbursements of cash, and all other debits and credits;
- I. Provide general and sub-ledgers reflecting all asset, liability, reserve, capital, income and expense accounts, including interest accrued and interest received;
- J. Provide a daily and monthly trial balances for each subaccount;
- K. Provide timely accounting for all corporate actions, including, but not limited to, capital changes, mergers, acquisitions, tenders, stock splits, warrants, and spin-offs;
- L. Provide straight-through processing for derivative transactions, including call options, and any other derivative instruments;
- M. Perform accurate segregation and accounting of income and expense classifications reported in the statement of changes in net assets in accordance with applicable accounting standards, which shall include, but not be limited to, interest income, dividend income, capital gains, capital losses, unrealized gains/losses, accrual basis fees, investment expenses, etc.;
- N. Provide unaudited daily and audited monthly net asset value accounting for the Funds in accordance with N.J.A.C. 17:16-68, which shall include, but not be limited to the following:
 - 1. Daily valuation of all assets and liabilities of the Funds, reflecting trade date accounting;
 - 2. Computation of the net asset value and net asset value per unit for each of the Funds;
 - 3. Calculation of and maintenance of the records for units owned;
 - 4. Recording of contributions and withdrawals to/from the Funds at the prior day closing NAV per unit;
 - 5. Tracking of the gains and losses recognized upon the withdrawal of units, which will be reflected on the trial balance; and
 - 6. In the event that an error is detected during the month end audit process which causes the unaudited month end NAV of a Fund to change by \$0.005 or more, and cash contributions or withdrawals were made to or from any of the Funds at an incorrect unaudited NAV per unit, the contractor shall restate the applicable custody and accounting record(s) for each applicable day to reflect transactions at the correct audited NAV;
- O. Provide technical expertise and assistance to DOI investment accounting and portfolio administration personnel including, but not limited to:
 - 1. Assistance in identifying ways in which the contractor's resources, products, and information can be used to maximize efficiency of investment accounting and trade settlement procedures, including on-site training as requested;

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2. Providing ongoing updates, information, and training concerning new investment instruments and accounting issues surrounding various investment types;
 3. Providing technical assistance in implementing recently released accounting pronouncements issued by GASB, FASB, and any other applicable standards;
 4. Providing direct access to designated individuals to assist with technical questions; and
 5. Providing an account administrator(s) available by telephone between the hours of 8:30 a.m. and 5:00 p.m. Eastern Time;
- P. Provide daily verification and reconciliation of net cash flows for funds transacted internally by DOI staff (purchases, sales, maturities, income payments, principal payments, etc.) on a contractual settlement basis for the purpose of determining the daily cash requirements and required transfers to/from Cash Management Fund. The contractor shall provide adequate staff to assist DOI with this process daily;
- Q. Provide all audited month-end accounting reports in a format acceptable to DOI. In addition, ad hoc query and reporting functions shall be available, and the contractor shall, by mutual agreement, and in a timely manner, provide additional custom reports (complying with industry-standard report formats developed in the future) as requested by DOI, at no additional charge; and
- R. Provide a monthly transaction report by the fifth (5th) day for each Fund that specifies all purchase and sale transactions, the dates thereof, prices paid and obtained, name(s) of the executing brokers, and the account name.

1.3 REPORTING

The contractor shall provide the following services:

- A. Provide daily reporting for each Fund (and applicable subaccounts), which includes, but is not limited to:
 1. Trial balance with supporting subledgers;
 2. Daily unit value report; and
 3. Daily purchases and sales report;
- B. Provide monthly financial reporting for the Funds (and applicable subaccounts) by the 8th business day, which includes, but is not limited to:
 1. Trial balance with supporting subledgers;
 2. Income statement; and
 3. Audited monthly accounting package;

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- C. Provide year-end financial reporting for each Fund. Reporting should include detailed support that agrees to each line item for audit purposes. The year-end package will include, but not be limited to:
 - 1. Statement of Net Assets;
 - 2. Statement of Changes in Net Assets;
 - 3. Schedule of Maturities – All fixed income reported using actual maturity date except asset backed, mortgage backed, and commercial mortgage backed securities. Average life is used to report these securities in the appropriate maturity bucket or acceptable alternative;
 - 4. Schedule of Credit Ratings – ability to provide Moody’s, Fitch, and Standard & Poor’s ratings as the reporting source for this report; and
 - 5. GASB 53 Reporting;
- D. If required, provide independent data as requested by DOI’s auditors in a format and time frame acceptable to them;
- E. Other Reporting:
 - 1. All required monthly, annual, biannual, and quinquennial reporting to the Federal Reserve;
 - 2. Information to prepare quarterly SEC 13(f) filings; and
 - 3. Accrued income by account, security, and type;
- F. Online access to all data including asset transaction histories and positions and ad-hoc reporting capability; and
- G. Other reports as may be required by DOI.

1.4 CASH MANAGEMENT

The contractor shall provide the following services:

- A. To the extent that cash is received after the daily sweep to CMF, provide an automated daily sweep of net cash flows, by account, to contractor’s short-term investment fund (STIF), as directed by DOI;
- B. Provide daily cash flow projections and other cash management reports as requested by DOI and as modified from time-to-time as circumstances warrant;
- C. Perform preliminary cash flow reconciliation with DOI staff daily. DOI and the contractor must agree on the daily cash requirement by 11 am;
- D. On heavy bond interest payment days such as the 15th and 25th, provide a complete preliminary cash flow projection and reconciliation two days prior to settlement;

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- E. Collect, when due, all interest dividends or other income with respect to securities or other assets, and credit such income to the applicable fund. Income shall be credited upon receipt or on the contractor's payable date income schedule, whichever is earlier. The contractor shall, in accordance with applicable market practice, promptly make a claim for all income not received when due and report such income to DOI. Income credited in advance of receipt may be reversed upon determination that payment will not occur;
- F. Upon DOI instruction, pay out moneys of the Funds in connection with (i) the purchase of securities, (ii) the conversion, exchange or surrender of securities, (iii) payments of fees and expenses, (iv) trading in options contracts; or (vi) other purposes determined by DOI;

1.5 CORPORATE ACTIONS

The contractor shall perform the following services:

- A. Employ "best of breed" vendors for corporate action information collection and timely notification (including detailed requirements of clients' or its agents' entitlements and deadlines) to DOI or its agents;
- B. Provide notification of all mandatory and voluntary corporate actions related to the Funds' individual securities including dividend payments, stock splits, mergers, acquisitions, tenders, warrants, puts, calls and other non-scheduled redemptions, sufficiently in advance of the required response date for DOI to exercise its rights or powers. Provide the ability to utilize standing instructions by market and type of action. With respect to any communication that is not responded to prior to the contractor's deadline, the contractor shall follow up with email and phone call to confirm receipt; and
- C. Maintain an automated system for capturing, tracking, notifying, and approving corporate actions and reporting on aging actions that DOI can access.

1.6 CLASS ACTIONS CLAIMS

The contractor shall perform the following services:

- A. Identify and forward relevant securities class-action claims and related litigation notices to DOI sufficiently in advance of the respective filing date;
- B. Provide transaction records as may be required to respond to such notices for review and approval by DOI, file class action claims on behalf of DOI and report on recovered amounts;
- C. With respect to international class actions, review the class actions and file claims to the extent the contractor is able to do so. If the contractor is unable to file the claim due to legal requirements, forward all available documentation regarding the class action sufficiently in advance of the filing date; and
- D. For actions arising after termination, the contractor shall continue to make relevant transaction and payment information available to DOI, and shall continue to file claims on behalf of DOI to the extent such claims arise in connection with transactions that occurred during the term of the agreement.

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1.7 PROXY PROCESSING

The contractor shall provide the following services:

- A. Upon commencement of the contract and each time additional accounts are added, work directly with DOI's proxy voting agent, in a timely manner, to provide letters of authorization and all other relevant required information necessary so that accounts can be set up in a timely manner and proxy voting is enabled on time;
- B. Provide a daily feed of DOI's holdings to the proxy voting agent in the format required by the agent and ensure this occurs across all subaccounts/funds; and
- C. Designate a representative who will be available to DOI or the proxy voting agent for questions or information related to proxies. Provide DOI the name, email address, and phone number of the representative.

1.8 TECHNOLOGY AND SYSTEMS REQUIREMENTS

1.8.1 SECURE INTERFACES

The contractor shall provide the following services:

- A. Provide secure interfaces with DOI's trade order management system, currently, INDATA iPMto receive transactions daily; and
- B. Provide electronic access to data to DOI, consultants, investment advisers, record keepers, and any other third party approved in advance by DOI.

1.8.2 REQUIREMENTS FOR INTERFACING WITH DOI DATA WAREHOUSE

The contractor shall provide the following services:

- A. Electronically transmit to a data warehouse designated by DOI all audited transactions and month-end positions by the fifth (5th) business day following the end of each month or at such later time agreed to by DOI subject to availability of information;
- B. Should there be a subsequent conversion to another data warehouse system or service at any time during the term of this contract, including any extensions thereof, the contractor will similarly provide an electronic interface to such other system in the necessary data formats and may be required to provide such interfaces to both the former and successor systems during a period of parallel operation of both systems; and
- C. Provide a daily feed of transactions and valuations including any backdated transactions and valuations not sent initially.

1.8.3 TECHNICAL SUPPORT

The contractor shall provide the following services:

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- A. Provide a technical point of contact within the firm familiar with the overall business relationship to work with DOI to answer questions, discuss advances in the online services and address concerns; and
- B. Provide on-site training to DOI staff during the initial conversion process and at any time when substantial changes have been made to any of the systems.

1.8.4 SYSTEMS REQUIREMENTS, INCLUDING ONLINE ACCESS

The contractor shall provide the following services:

- A. Provide secure, on-line, real time access to data held in the contractor's records via the internet. Complete histories of investment activity of all Fund holdings shall be maintained throughout the term of the custodial relationship. For performance evaluation purposes, total historical rates of return provided by the incumbent contractor will be backloaded. The contractor may archive data after a mutually acceptable timeframe, subject however to restoration for on-line availability should such a need arise. At the end of the contract, contractor shall provide data to DOI in an acceptable format;
- B. Provide adequate protection against unauthorized access to DOI records under the contractor's control. The system must provide the ability to authenticate users, audit access and changes to data, and restrict or grant users privileges in accessing and changing data based on their role. The infrastructure controls, and processes supporting the contractor's service must be comparable to State of NJ IT security standards;
- C. Contractor shall use reasonable care to protect the confidentiality of all financial, statistical, and/or personnel data supplied to the contractor, provided that portfolio holdings information may be reported in an aggregate form with information from contractor's other clients without specific reference to the Funds or the State;
- D. Safeguard records against potential loss or destruction by fire, theft, vandalism, storm, earthquake, terrorism or any other hazard, by replicating data to a secure location so that records can be recreated which are current at least to the prior month-end and any daily activity immediately preceding the occurrence of such event. Safeguards should include contingency sites for key operational sites, restricted access and authentication for data centers, backup power and telecommunication options that can be immediately deployed;
- E. Provide an established and proven plan for business continuation in emergency situations. The contractor shall recreate records and resume operations necessary for the daily investment activities of DOI, including but not limited to, trade settlement, money movement and cash sweep (to include a verbal authorization plan to move from written or electronic signatures to verbal), and portfolio holding data essential to portfolio management, within eight hours of any occurrence of any major disaster or other cause which destroys records and/or interrupts normal operation of the contractor's systems. The contractor shall periodically test its business continuation plan and operating procedures. Every twelve months, the contractor shall provide assurances that testing confirmed their abilities to operate as indicated in the contractor's business continuation plan;

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- F. Retain computer records of all audited investment transactions and daily positions on electronically readable storage media for seven (7) years. The contractor shall assure that records maintained on electronically readable storage media are checked for viability on an annual basis and migrated, if necessary, to more current technology in order to maintain accessibility during the entire retention period. Upon contract termination, the contractor shall translate the information to a flat file, or other format mutually determined, for retention by DOI;
- G. Provide business critical reports by alternate means (e.g. facsimile transmission or e-mail) upon request, and store business critical reports for future transmission when normal business processes have been restored; and
- H. Provide the means to connect to the contractor's systems via an alternate route to be used in the event that the connection normally used is not functional or DOI has experienced a circumstance that requires using DOI's offsite backup location.

1.9 PERFORMANCE MEASUREMENT AND ANALYTICS

The contractor shall provide the following services:

- A. Contractor must have the ability to interface and/or accept a feed from other contractors engaged by DOI for cash flow and transaction information;
- B. For performance evaluation purposes, total historical rates of return provided by the incumbent contractor will be backloaded with data;
- C. The contractor's system shall have the ability to calculate performance at the asset class and fund level (e.g. performance shall be provided for each of the five age-based funds and the Traditional fund separately);
- D. Provide monthly performance reports detailing market performance, portfolio performance, and any level of detail or any aggregate deemed necessary by DOI. These reports are to include current as well as historical data;
 - 1. Provide monthly audited performance reports for the prior month's reporting cycle by the eighth (8th) business day of the month; and
 - 2. Provide monthly audited performance reports in a format approved by DOI.
- E. DOI and the contractor may mutually agree to a later delivery schedule for performance reports subject to availability of third-party information or substantive changes in DOI portfolio composition or structure;
- F. Provide a data feed in an agreed upon format to DOI's general consultant for independent verification of quarterly performance of portfolios and benchmarks. Work in conjunction with consultants to investigate and resolve discrepancies in a timely manner;
- G. Performance reports should detail market values, cash flows and returns of each portfolio, as well as any consolidations deemed necessary by DOI;

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- H. Portfolio returns are to be gross, net of management fees, or net of all fees, and calculation methodologies should be current with industry standards;
- I. Transmit raw performance data, transaction data, rates of return, index returns for DOI benchmarks or any other information concerning DOI's accounts to vendor(s) selected by DOI on a daily, monthly or less frequent basis as determined by DOI;
- J. Load and store all historical performance data into the performance measurement and analytics system;
- K. Provide data feeds of the following data from the contractor's performance system in formats specified by DOI for use in DOI internal systems:
 - 1. Monthly audited returns at the composite and fund level; and
 - 2. Monthly index returns for all relevant DOI benchmarks.

1.10 COMPLIANCE MONITORING AND REPORTING

The contractor shall provide the following services:

- A. Provide daily investment compliance reporting on a T+1 basis that measures subaccounts and aggregates against SIC regulations, and other policies provided by DOI. The process also requires daily notification of breaches to staff;
- B. The service will encompass the following:
 - 1. Provision of a formal investment guideline and policy review and gap analysis for each restriction;
 - a) Creation of the initial set of tests to meet DOI's requirements;
 - b) Document gaps on rule matrix with comment as to why test cannot be performed;
 - c) On-going assistance in implementing new or modifying existing tests;
 - d) Tracking changes or updates to rules to automatically record in rule matrix noting date of change and user authorizing the change;
 - e) List the individual accounts and aggregates tested for each rule in the matrix; and
 - f) Document formal confirmation, by DOI, of proper interpretation of the tests;
 - 2. Ability to review compliance work with online system capturing the reason why exceptions occurred, access to alert and warning notifications, alert histories and a set of core compliance reports. The online system should provide easy access to DOI compliance rule matrixes, compliance results, and historical breach reports that can be downloaded to PDF or Excel;

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3. The compliance application should incorporate fail management capabilities. Those will include the ability to assign severities, breaches, and approvals for each alert. DOI or assigned contractor's employee should be able to view the test breaches, assign breaches to individuals for follow-up, and record commentary or research results online. The comments should carry forward as applicable;
 4. Designated contractor's compliance staff shall perform compliance monitoring daily with formal reports summarizing results to DOI daily. It is expected that contractor's compliance staff will research all exceptions first, and only send questions to DOI as necessary to resolve/document actual breaches;
 5. Compliance reports will include a summary for each subaccount or aggregates as specified by DOI. Reports will display the status of each test; a pass, an alert or a warning, and ability to summarize why alert occurred. Reports will be based on a T+1 basis; and
 6. Ability to assist in the identification of compliance requirements for new Federal SEC filing or global market regulations;
- C. Compliance system must be tested and operational by the date of conversion to ensure a seamless transition.

1.11 TRANSITION

The contractor shall perform the following services:

- A. Perform all procedures necessary to convert from the current contractors' system to the new contractor's system of record:
 1. The contractor shall present to DOI management a detailed plan for, as well as schedule of, the transition from the current contractors to the new contractor. The plan and schedule must include the timing of each phase of the transition as well as the proposed involvement of the contractor's employees in the process, the level of involvement anticipated from DOI's employees and the proposed involvement of the current contractor in the transition process;
 2. The contractor will reconcile custody positions to the prior contractor's records, research all reconciling items, and correct all position discrepancies. The beginning balances posted to contractor systems shall be derived from the prior contractor's records including the cost and market values of securities;
 3. All interfaces, including, but not limited to, those to DOI, external investment advisers, pricing services, Bloomberg, third-party record keepers and service providers, benchmark providers and others must be ready and adequately tested prior to conversion, or an acceptable alternative provided as mutually agreed;
 4. The asset conversion process, including the reconciliation of custody positions, values, receivables, liabilities, net asset values in the aggregate and per unit, and the proper identification of reconciling items must be completed, including necessary parallel processing, with full operation prior to the implementation date of the contract but no later than six months following the award of the contract;

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5. The contractor shall set up accounts per DOI provided account schematic and instructions and authorized signatories per transaction type and limit. The custodian shall review and confirm with DOI that accounts have been set up properly prior to parallel processing; and
 6. The contractor shall provide DOI with a complete list of required documentation to establish a relationship with the contractor satisfying all internal and market requirements, and provide signature ready documents.
- B. Upon termination of this contract, the contractor shall cooperate fully with the successor contractor to facilitate the transition from the contractor's system to the successor's system at no additional cost;
 - C. During transition, the contractor shall provide to DOI and the successor any information about the contractor's system as may reasonably be needed by the successor to prepare for and effect the transition. Such information might include data formats, data element definition, update frequencies, etc. The contractor shall not be expected to provide proprietary information about its internal systems;
 - D. The contractor shall provide to the successor a copy of all DOI data in a mutually agreed form and format for test purposes;
 - E. On the effective date of the conversion from the contractor to the successor contractor, the contractor shall provide a complete final copy of all current DOI files to the successor. To complete close-out of transactions in process, suitable and mutually agreed arrangements shall be made between the contractor, DOI, and the successor for processing of such transactions received subsequent to the effective date of conversion;
 - F. The contractor shall make a continued effort to collect and forward collected tax reclaims due DOI in a timely manner and coordinate with the successor contractor on outstanding claims for as long as it receives reclaims. Upon termination, the contractor shall be responsible for continuing to perform its obligations during any contract transition period; and
 - G. The contractor shall provide to the successor all securities, funds and other property held by the contractor and shall transfer to the appropriate account of the successor all of the Fund's securities.

1.12 SERVICE ORGANIZATION CONTROL (SOC) REPORT

The contractor shall name the contractor's clients and its auditors as intended users of the contractor's Public Fund Service Organization Control (SOC) reports, and provide a copy of the SOC reports to DOI when they are available.

1.13 PERSONNEL

- A. The contractor shall make appropriate personnel available to meet with DOI staff on site, at dates and times determined by DOI, at least quarterly, or more frequently if required by DOI, to discuss services related to DOI's needs;

Appendix 3

- B. The contractor shall provide direct access to appropriate computer system technical staff for assistance with system problems;
- C. The contractor shall have in place a relationship management protocol that assures the appropriate escalation of issues and special projects within the context of DOI relationship;
- D. The contractor shall provide a dedicated group of appropriate staff, resources, and technical expertise to meet the scope of services requested in this RFP;
- E. The contractor shall provide technical experts to advise DOI on any GASB and FASB pronouncements that impact the accounts managed by DOI;
- F. The contractor shall make appropriate personnel available to reconcile, communicate and provide resolution with all external advisers and/or agents of DOI as required; and
- G. The contractor shall provide adequate staffing and resources to facilitate reconciliations between DOI's internal systems and contractor's records at the discretion and direction of DOI.

1.14 CLIENT CONFERENCES

The contractor shall provide the following services:

- A. Invite relevant DOI staff to participate in the contractor's client conferences and any and all other client conferences or similar educational activities provided by the contractor and normally offered to contractor's clients; and
- B. Such shall be considered part of services rendered by the contractor under this Contract, and all costs normally paid or reimbursed by the contractor, such as registration fees, materials, lodging, conference meals and refreshments, related to such client conferences or similar educational activities shall be deemed part of this Contract.

Appendix 4

Glidepath Allocation and Performance

Glidepath Allocation

Mutual Fund or Separate Allocation	Strat 1	Strat 2	Strat 3	Strat 4	Strat 5	Strat 6	Strat 7	Strat 8	Strat 9	Strat 10
Strategy Name										
Expense Ratio										
Ticker										
Inception Date										
AUM										
Beneficiary Age	%	%	%	%	%	%	%	%	%	%
0										
1										
2										
3										
4										
5										
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