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Chief Deputy Treasurer

**MARYLAND STATE TREASURER'S OFFICE**

**Louis L. Goldstein Treasury Building  
80 Calvert Street, Room 109  
Annapolis, Maryland 21401**

**REQUEST FOR PROPOSALS**

**BANKING SERVICES**

**FOR THE**

**COLLEGE SAVINGS PLANS OF MARYLAND**

**RFP #CSPM-03062014**

**DUE DATE: APRIL 18, 2014**

Issued: March 6, 2014

## KEY INFORMATION SUMMARY SHEET

**Maryland State Treasurer's Office  
Request for Proposals  
For  
Banking Services for the  
College Savings Plans of Maryland  
RFP #CSPM-03062014**

**Procurement Officer:** Anne Jewell  
Tel.: (410)260-7903  
Fax: (410)974-3530  
Email: [procurement@treasurer.state.md.us](mailto:procurement@treasurer.state.md.us)

**Submit Proposals to:** Maryland State Treasurer's Office  
Attn: Anne Jewell, Procurement Officer  
Louis L. Goldstein Treasury Building  
80 Calvert Street, Room 109  
Annapolis, Maryland 21401

**Solicitation Issue Date:** March 6, 2014

**Deadline for Receipt of Questions:** March 19, 2014 by 2:00 p.m. Local Time

**Pre-Proposal Conference:** March 31, 2014 at 11:00 a.m. Local Time

**Proposal Due Date and Time:** April 18, 2014 at 2:00 p.m. Local Time

**Oral Presentations:** May 1-2, 2014

**Tentative Contract Award:** May 21, 2014

**Notice:** Prospective offerors (the "Offerors") who received this document from eMaryland Marketplace (<https://emaryland.buyspeed.com/bso>), or from a source other than the Issuing Office, should immediately contact the Procurement Officer and provide their name and mailing address in order that amendments to this Request for Proposals ("RFP" or "solicitation") or other communications can be sent to them. Any prospective Offeror who fails to notify the Issuing Office with this information assumes complete responsibility in the event that they do not receive the amendments and other communications from the Issuing Office prior to the closing date.

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## **SECTION I. PROCUREMENT INFORMATION**

### **1.01 Summary Statement**

The Maryland State Treasurer's Office (the "Office") on behalf of the College Savings Plans of Maryland ("CSPM") is seeking proposals to provide banking services for the following: Category A - Depository and Disbursement Services, Category B - Lockbox Services and Category C - Custody Services, relating to the cash management and assets overseen by the Agency Board of Directors (the "Board") for the Prepaid College Trust and other trust funds that may be assigned to be administered by the Board. Offerors are encouraged to submit proposals for Category A, Category B, and/or Category C, or any combination of these categories.

### **1.02 Procurement Method**

The Office will conduct this solicitation in accordance with the competitive sealed proposals process under COMAR 21.05.03 and may award one or more contracts arising out of this RFP (the "Contract").

### **1.03 Issuing Office and Procurement Officer**

Maryland State Treasurer's Office  
Louis L. Goldstein Treasury Building  
80 Calvert Street, Room 109  
Annapolis, Maryland 21401

Procurement Officer: Anne Jewell  
Phone: (410) 260-7903  
E-mail: [procurement@treasurer.state.md.us](mailto:procurement@treasurer.state.md.us)

The sole point of contact for purposes of this procurement is the Procurement Officer. The Procurement Officer may designate others to act on her behalf. The Office may change the Procurement Officer or the limits of her authority at its discretion.

### **1.04 Contract Officer**

The Contract Officer monitors the daily activities of the Contract and provides technical guidance to the Contractor. The State Contract Officer is:

Carol J. Kaiser  
Chief Investment and Operating Officer  
College Savings Plans of Maryland  
217 E. Redwood Street, Suite 1350  
Baltimore, Maryland 21202  
Tel: (443)769-1021  
Email: [ckaiser@collegesavingsmd.org](mailto:ckaiser@collegesavingsmd.org)

### **1.05 Use of eMaryland Marketplace**

eMaryland Marketplace (<https://emaryland.buyspeed.com/bs0>) is a free electronic commerce system administered by the Maryland Department of General Services. The RFP, associated materials, and all other solicitation-related material will be provided via eMaryland Marketplace.

This means that all such information is immediately available to subscribers of eMaryland Marketplace. All subscribers will receive solicitation notifications as well as solicitation update/change order notifications. Because of the instant access afforded by eMaryland Marketplace, it is recommended that all Offerors interested in doing business with Maryland State agencies subscribe to eMaryland Marketplace. The successful Offeror will be required to subscribe to eMaryland Marketplace upon Contract award.

### **1.06 Schedule of Events**

<u>Event</u>	<u>Date</u>
Solicitation Issue Date	March 6, 2014
Deadline for Receipt of Questions	March 19, 2014 by 2:00 p.m. Local Time
Pre-Proposal Conference	March 31, 2014 at 11:00 a.m. Local Time
Proposal Due Date	April 18, 2014 by 2:00 p.m. Local Time
Oral Presentations	May 1-2, 2014
Tentative Date of Contract Award	May 21, 2014

### **1.07 Questions and Inquiries**

All Offerors should direct their questions and inquiries to the Procurement Officer identified in Section I., 1.03 above. **Questions must be submitted in writing by mail or via email and received by the Issuing Office no later than 2:00 p.m. local time on Wednesday, March 19, 2014.** Oral questions will not be permitted. If the questions or inquiries pertain to a specific section of the RFP, Offerors must reference the relevant page and section number(s).

### **1.08 Pre-proposal Conference**

**A pre-proposal conference will be held on Monday, March 31, 2014 at 11:00 a.m. local time at the Louis L. Goldstein Treasury Building, Assembly Room, 1<sup>st</sup> Floor, 80 Calvert Street, Annapolis, Maryland 21401.** If you plan to attend the Pre-proposal Conference, please notify the Procurement Officer by email at: [procurement@treasurer.state.md.us](mailto:procurement@treasurer.state.md.us) (identified in Section I., 1.03 above). Please provide your contact information and the number of individuals expected to attend.

### **1.09 Submission Requirements and Deadline**

To be considered for award, Offerors must submit to the Procurement Officer a package containing one (1) written original, and five (5) copies (total of 6) of the Technical Proposal and the Price Proposal, each in separate sealed envelopes. All submissions shall indicate the RFP Title and number and the Offeror's name and address. **Proposals must be received by the Procurement Officer at the Issuing Office no later than 2:00 p.m. local time on Friday, April 18, 2014.** Additionally each Offeror must provide to the Procurement Officer on compact disks one electronic copy each of the Technical and Price Proposals submitted. As with the written submission, the electronic copy submission of the Technical Proposal and the Price Proposal must be provided in separate sealed envelopes. Refer to Section IV. Proposal Format for Two-Volume Submission requirements.

The Office will not grant requests for extension of the submission date or time. Offerors mailing proposals should allow sufficient mail and internal delivery time to ensure timely receipt of the proposals by the Procurement Officer at the Issuing Office. Except as permitted under COMAR 21.05.02.10, the Office will not consider proposals or unsolicited amendments to proposals arriving in the Issuing Office or received by the Procurement Officer after the closing date and time, regardless of the method of their transmission. The Office will not consider proposals submitted by electronic means only (facsimile or e-mail).

### **1.10 False Statements**

Offerors are advised that State Finance and Procurement Article, §11-205.1, Annotated Code of Maryland provides as follows:

(a) *In general.* - In connection with a procurement contract a person may not willfully:

- (1) falsify, conceal, or suppress a material fact by any scheme or device;
- (2) make a false or fraudulent statement or representation of a material fact; or
- (3) use a false writing or document that contains a false or fraudulent statement or entry of a material fact.

(b) *Aiding or conspiring with others.* - A person may not aid or conspire with another person to commit an act under subsection (a) of this section.

(c) *Penalty.* - A person who violates any provision of this section is guilty of a felony and on conviction is subject to a fine not exceeding \$20,000 or imprisonment not exceeding 5 years or both.

### **1.11 Duration of Offer**

Proposals submitted in response to this solicitation are irrevocable for 120 days following the later of the proposal due date or the date the Procurement Officer receives final best and final offers, if any. At the request of the Procurement Officer, the Offeror may agree in writing to extend this period.

## SECTION II. GENERAL INFORMATION

### **2.01 Purpose**

The overall purpose of this RFP is to provide information to Offerors interested in preparing and submitting proposals to provide for any or all of the three identified categories of banking services as: Category A is Depository and Disbursement Services, Category B is Lockbox Services and Category C is Custody Services.

### **2.02 Electronic Distribution**

This RFP is published on *eMaryland Marketplace*, posted on the websites for the National Association of State Treasurers and the Office, and emailed to financial institutions known to be interested in receiving RFPs. Potential Offerors wishing to receive copies of the written document should contact the Procurement Officer identified in Section I, 1.03, above.

### **2.03 Revisions to the RFP**

The Office reserves the right to amend this RFP at any time prior to the proposal due date and time. If it becomes necessary to revise this RFP at any time prior to the proposal due date and time, the Office will provide amendments to all prospective Offerors that were sent this RFP or otherwise are known by the Procurement Officer to have obtained this RFP. Offerors will be required to acknowledge in writing the receipt of all amendments. In addition, the Office will post amendments to the RFP on the Office's Web Page at [www.treasurer.state.md.us](http://www.treasurer.state.md.us), (select "Procurement" and then "RFP for Banking Services for CSPM"), and through eMaryland Marketplace at: <https://emaryland.buyspeed.com/bso>. The Office will send amendments made after the due date for proposals only to those Offerors who submitted a timely proposal.

Failure to acknowledge receipt of amendments does not relieve the Offeror from complying with all terms of any such amendment.

### **2.04 Cancellation of the RFP; Rejection of All Proposals**

The Office may cancel this RFP, in whole or in part, or may reject all proposals submitted in response whenever this action is determined to be fiscally advantageous to the State or otherwise in its best interests.

### **2.05 Proposal Acceptance; Discussions**

The Office reserves the right to accept or reject any and all proposals, in whole or in part, received in response to this RFP, to waive or permit cure of minor irregularities, and to conduct discussions with all qualified Offerors in any manner necessary to serve the best interests of the State of Maryland. The Office also reserves the right, in its sole discretion,



to award the Contracts based upon the written proposals received without prior discussions or negotiations.

## **2.06 Oral Presentation**

In support of their proposals, Offerors may be required to make an oral presentation, or conduct a demonstration, or both, not more than two calendar weeks after the Office has requested an Offeror to do so. Failure to be prepared to make an oral presentation or conduct a demonstration within this time period may prevent the Offeror's proposal from receiving further consideration. All written representations will become part of the Offeror's proposal and are binding if the Contract is awarded to the Offeror.

## **2.07 Incurred Expenses**

The State will not be responsible for any costs incurred by an Offeror in preparing and submitting a proposal in response to this RFP, including costs incurred in making an oral presentation, if required.

## **2.08 Proposal Form**

Offerors should prepare proposals simply and economically, providing a straightforward, concise description of the Offeror's proposal for meeting the requirements of this procurement. The Office will not accept oral, telegraphic, facsimile, mailgram, or electronically transmitted proposals.

## **2.09 Multiple Proposals**

The Office will not accept multiple or alternative proposals.

## **2.10 Access to Public Records Act Notice**

An Offeror should give specific attention to the identification of those portions of its proposal that it considers confidential, proprietary commercial information or trade secrets, and provide justification why such materials, upon request, should not be disclosed by the State under the Access to Public Records Act, State Government Article, Title 10, Subtitle 6, Annotated Code of Maryland. The Office may charge a fee for copies and search and preparation time, in accordance with COMAR 25.01.04.09. The Office may require payment of such fees before releasing the requested information.

## **2.11 Protests**

Any protest or dispute related respectively to this solicitation or the resulting Contract shall be subject to the provisions of COMAR 21.10 (Administrative and Civil Remedies). Offerors must file in writing any protest regarding this solicitation with the Procurement Officer. If the reason for the protest is apparent before the proposal opening, the Offeror must file the protest before the proposal opening. In all other cases, the Offeror must file

the protest within 7 calendar days after the reason for the protest is known or should have been known.

The term "filed" means receipt by the Procurement Officer who has issued this solicitation.

The protest must be in writing and must contain (1) the name and address of the protester; (2) the appropriate identification of the solicitation and, if a Contract has been awarded, the Contract number if it is known; (3) a statement of the reasons for the protest; and (4) any supporting exhibits, evidence, or documents to substantiate any claims unless the documents are not available within the filing time, in which case the date by which the supporting documents are expected to be available is to be noted.

## **2.12 Proposal Opening**

Proposals will not be opened publicly.

## **2.13 Bid/Proposal Affidavit**

All proposals submitted by an Offeror must be accompanied by a completed Bid/Proposal Affidavit. A copy of this Affidavit is included as Appendix B to this RFP.

## **2.14 Living Wage Requirements**

A solicitation for services under a State contract valued at \$100,000 or more may be subject to State Finance and Procurement Article, Title 18, Annotated Code of Maryland. Additional information regarding the State's Living Wage requirement is contained in this solicitation (see Appendix C entitled Living Wage Requirements for Service Contracts). If the Offeror fails to complete and submit the Affidavit of Agreement (see Appendix D), the State may determine an Offeror to be not responsible.

Contractors and subcontractors subject to the Living Wage Law shall pay each covered employee at least \$13.19 per hour, if State contract services valued at 50% or more of the total value of the contract are performed in the Tier 1 Area. If State contract services valued at 50% or more of the total contract value are performed in the Tier 2 Area, an Offeror shall pay each covered employee at least \$9.91 per hour. The specific Living Wage rate is determined by whether a majority of services take place in a Tier 1 Area or Tier 2 Area of the State. The Tier 1 Area includes Montgomery, Prince George's, Howard, Anne Arundel, and Baltimore Counties, and Baltimore City. The Tier 2 Area includes any county in the State not included in the Tier 1 Area. If the employees who perform the services are not located in the State, the head of the unit responsible for a State contract pursuant to §18-102 (d) shall assign the tier based upon where the recipients of the services are located.

The Contract resulting from this solicitation has been deemed to be a Tier 1 contract.

**All proposals must be accompanied by a completed Living Wage Affidavit of Agreement. A copy of this Affidavit is included as Appendix D to this RFP.**

## **2.15 Contract Affidavit**

All Offerors are advised that if a Contract is awarded as a result of this solicitation, the successful Offeror will be required to complete a Contract Affidavit. A copy of this Affidavit is included for informational purposes as Appendix F to this RFP. This Affidavit need not be submitted with an Offeror's proposal.

## **2.16 Representations**

By submitting a proposal in response to this RFP, the Offeror represents that (a) it is not in arrears in the payment of any obligation due and owing the State or any department or unit thereof, including but not limited to the payment of taxes and employee benefits (the "State Obligations"), and (b) it is in compliance with all federal, State and local laws applicable to its activities and obligations under the Contract. Further, if selected for award, the Offeror agrees that these representations will continue in effect during the term of the Contract.

## **2.17 Minority Business Enterprises**

The Office has not established a minority business enterprise subcontractor participation goal for this solicitation, but Offerors are encouraged to work with certified MBE subcontractors. A directory of certified MBEs is maintained by the Maryland State Department of Transportation Office of Minority Business Enterprise. The directory is available online at [www.mdot.state.md.us](http://www.mdot.state.md.us). Select the "Minority/Disadvantaged Business Enterprise" label.

## **2.18 Veteran-Owned Small Business Enterprise**

The Office has not established a veteran-owned small business enterprise ("VSBE") subcontractor participation goal for this solicitation, but Offerors are encouraged to work with certified VSBE subcontractors. A VSBE must be verified by the Center for Veterans Enterprise of the United States Department of Veterans Affairs. The VSBE list is at: <http://www.vetbiz.gov>.

## **2.19 No Guarantee of Work**

No Contractor is guaranteed any minimum amount of work or compensation.

## **2.20 Order of Precedence**

The Contract between the parties will be embodied in the Contract documents which will consist of the following, listed in their order of precedence:

1. the executed Contract;
2. the RFP; and
3. the Offeror's proposal.

The Office will not accept any modifications to the order of precedence provision of this solicitation. If the Offeror proposes any terms and conditions inconsistent with the requirements of the solicitation, the Offeror must clearly state those terms and conditions in its proposal.

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## **SECTION III. SCOPE OF SERVICES AND REQUIREMENTS**

### **3.01 Background**

The College Savings Plans of Maryland (“CSPM”) is an independent State agency (“Agency”) that currently offers two Section 529 college savings programs, the Maryland Prepaid College Trust (“MPCT”) and the Maryland College Investment Plan (“MCIP”). These programs are designed to help families save for future college costs in easy-to-use, affordable, tax-advantaged vehicles in order to reduce reliance on loans to pay for higher education expenses.

The Maryland General Assembly created the MPCT during the 1997 legislative session. MPCT is a program of the CSPM, authorized by the Maryland Annotated Code, Education Article, Section 18, Subtitle 19. The MCIP was created during the 2000 legislative session, authorized by the Maryland Annotated Code, Education Article, Section 18, Subtitle 19A. The Enabling Legislation cited above created the CSPM Board (Board) to direct the MPCT and the MCIP. The Board consists of ten members; five of which are ex-officio members. The ex-officio members are the Treasurer of the State of Maryland, Board Chair, the Comptroller of the State of Maryland, the Secretary of the Maryland Higher Education Commission, the Maryland State Superintendent of Schools and the Chancellor of the University System of Maryland. The five remaining members are public members appointed by the Governor.

#### **Maryland Prepaid College Trust**

The purpose of the MPCT is to provide a means for payment of the cost of tuition and mandatory fees in advance of enrollment at eligible institutions of higher education. It provides for the payment of tuition and mandatory fees based in part on current costs of Maryland public colleges and universities. Account holders or Beneficiaries must be Maryland or Washington, D.C. residents at the time of enrollment. An Account Holder enters into a contract for the future payment of tuition and mandatory fees for a designated beneficiary. When the Beneficiary enrolls in college, the MPCT will pay the contract benefits. Following graduation from high school, the beneficiary has ten years plus the number of years purchased to use the contract benefits. This time period may be extended by any time served in active U.S. military duty. The contract benefits are based on State of Maryland resident rates for Maryland four-year public colleges and universities and in-county rates for Maryland community colleges. Contract benefits can be used toward these costs at any accredited, degree granting, private or out-of-state college or university.

By law, MPCT funds are not considered moneys of the State and may not be deposited into the General Fund of the State of Maryland. As of June 30, 2013, the MPCT had approximately 34,470 accounts and invested assets of approximately \$756 million.

In accordance with Maryland law, the Board has adopted an Investment Policy. This Investment Policy outlines the Board's long-term investment goals for providing the funding of future benefits and the administration of the MPCT investments. The Investment Policy is available upon request to the Procurement Officer. The Board selects external investment managers to invest the MPCT funds. The Board has adopted guidelines as part of the Investment Management Agreements for separate account managers. These guidelines include standards for diversification within each account, minimum liquidity and maturities, minimum quality standards, prohibited investments and portfolio turnover.

As of June 30, 2013, the MPCT's assets were valued at approximately \$770.3 million with \$359.4 million in separately managed accounts, \$274.2 million in mutual fund and \$122.3 in other commingled accounts. The remaining balance was in the Trust's bank accounts.

Attached is a MPCT's chart of investment accounts plus a Board reserve account. The chart identifies the external manager accounts and the corresponding investment vehicles utilized as of 6/30/13 (Exhibit 1).

### **Maryland College Investment Plan**

The Maryland College Investment Plan ("MCIP") was established under the Maryland College Investment Trust. MCIP is a private purpose trust fund, used to account for resources legally held in trust for individual investors. The Board serves as trustee of the Maryland College Investment Trust, and has contracted with T. Rowe Price Associates, Inc. ("Price Associates") to serve as the program manager. The contract has a seven-year base term that expired on June 30, 2013 and the first of two two-year renewal terms has been exercised by the Board. This contract has one remaining two-year renewal term that may be exercised at the sole discretion of the Board. MCIP is marketed directly to investors without sales charges and currently offers eight enrollment-based and six fixed-investment portfolios. Each portfolio invests in predetermined underlying equity, fixed-income, and/or money market mutual funds managed by Price Associates or T. Rowe Price International, Inc., a wholly-owned subsidiary of Price Associates. Each Underlying Mutual Fund is registered with the Securities and Exchange Commission under the Investment Company Act of 1940.

As of June 30, 2013, there were approximately 180,000 accounts in the Plan with total invested assets of approximately \$3.2 billion.

For additional information about the MPCT or the MCIP, refer to the Agency's website at [www.collegesavingsmd.org](http://www.collegesavingsmd.org) and to the annual report at:

[http://files.collegesavingsmd.org/CSPMD\\_Annual\\_Report\\_Summary.pdf?y=2013](http://files.collegesavingsmd.org/CSPMD_Annual_Report_Summary.pdf?y=2013)

## **Broker-Dealer College Investment Plan**

The Enabling Legislation was amended in 2008 to authorize the Board to establish a Broker-dealer College Investment Plan. To date, the Board has not established this plan. The plan is substantially similar to the MCIP described above; however, the Broker-dealer College Investment Plan will be sold through brokers.

## **Summary of Account Operation and Flow of Funds—MPCT**

The CSPM account operation and flow of funds is described below and depicted graphically in Exhibit 2. Currently the MPCT uses three bank accounts for its operations.

### **Depository/Disbursement Accounts**

These depository/disbursement accounts accept account holder payments to the MPCT as required by their contract (Exhibit 1, MPCT Depository Account). Account holders may make their payments by any of the following methods:

- Checks that are mailed or delivered to the MPCT office in Baltimore, then deposited to the account;
- Checks that are mailed to the lockbox and then deposited to the account;
- ACH payments that are deposited to the account;
- Wire transfer.

These depository accounts are used to fund the following Disbursements:

- MPCT investments, as follows:
  - Mutual and commingled funds – The Board currently invests in 10 mutual or commingled funds, which are listed in Exhibit 1 under “Mutual and Commingled Fund Assets not with Custodian”.
- Custodial Investment Accounts (see below for a separate description of these accounts).
- Funds are drawn on the depository account by either electronic payment or check remittances to pay for tuition benefits for enrolled beneficiaries in the Prepaid College Trust, as well as rollovers to other 529 plans as permitted by Section 529 of the Internal Revenue Code, and refunds to account holders who request them from the Trust as permitted by their contract.
- Agency administrative expenses funds are used to pay agency vendors.
- Funds remaining in the depository account are swept into overnight investments by the depository bank (see Exhibit 2 for MPCT Overnight Investment).

The Board has delegated authority to withdraw funds from these depository accounts to the Agency’s Executive Director and Chief Investment and Operating Officer and one Board member. All checks require signatures by two of these individuals. All electronic transfers require dual authorization.

## **Custodial Account – MPCT Investments**

The MPCT investments including separately managed accounts and commingled funds are held in custodial accounts that are funded from the depository account. These accounts are listed in Exhibit 1 under “MPCT Custodial Investment Accounts.”

An analysis of activity in the custodial accounts for a recent 12-month period is attached as Exhibit 3.

As with mutual and commingled funds, the number of funds remains relatively stable. In the event of a manager’s replacement, a transition manager may be used.

Currently, four of the accounts hold some non-US equity or debt securities, all of which are dollar-denominated and held by the Custodial bank. The Board has delegated authority to deposit or withdraw funds from these custodial accounts to the Agency’s Executive Director, Chief Investment and Operating Officer and one Board member. All checks require signatures by two of these individuals. All electronic transfers require dual authorization. Authorized investment managers purchase and sell assets in these accounts pursuant to permissions and restrictions included in MPCT’s Investment Policy and Guidelines. The managers are not authorized to take custody or possession of any of the cash or securities involved. All transactions are processed delivery versus payment (“DVP”).

## **Custodial Account – Board Reserve**

A Reserve account exists outside of the trusts for the MPCT and the MCIP. The Board has delegated authority to deposit or withdraw funds from this reserve account to the Agency’s Executive Director, Chief Investment and Operating Officer and one Board member. All checks require signatures by two of these individuals. All electronic transfers require dual authorization. The Board holds funds in this account as a reserve for unanticipated expenses. The account is currently invested in a US Government Money Market fund. This account is listed in Exhibit 1 under “CSPM Board Custodial Investment Account.”

### **3.02 Minimum Qualifications**

As part of its proposal, each Offeror must demonstrate that it meets the requirements described in this section. Failure to do so may result in the rejection of the proposal.

1. The Offeror is a financial institution, as defined in §6-201 of the State Finance and Procurement of the Annotated Code of Maryland (Exhibit 5).
2. The Offeror must be certified by or a member with the Federal Deposit Insurance Corporation (“FDIC”).
3. The Offeror must have a Kroll Bond Rating Agency, Inc. (KBRA) rating, or a similar financial strength rating from a nationally recognized statistical rating organization of at least a “C”.



4. The Offeror must process Electronic Funds Transfers (“EFTs”) in the manner prescribed by the National Automated Clearing House Association (“NACHA”).
5. The Offeror must be a member of, or have the ability to clear electronic transactions or cash through, all major entry or electronic securities depositories, such as the DTC/ID system and the Federal Reserve System.
6. The Offeror must provide for the collateralization of all State funds deposited to any bank account that meets the requirements of §§ 6-202, 6-209 and 6-222 of the State Finance and Procurement Article, (See Exhibits 6, 7, and 8 respectively). All collateral must be held in the name of the State of Maryland either, (a) with the Federal Reserve Bank of Richmond, (b) with the Federal Reserve Bank of Boston, or (c) at the sole discretion of the Treasurer, on deposit with an independent financial institution acceptable to the Treasurer.
7. For Custodial Services, as of June 30, 2013, the Offeror must provide custodial services for at least \$20 billion in custody assets. The \$20 billion must include domestic and international equity and fixed income assets.

### **3.03 Minimum Service Requirements**

In its proposal, each Offeror shall acknowledge and agree to comply with the following for the term of the Contract:

1. The Offeror must provide an individual who will be the Board’s and Agency’s principal contact for all operational aspects of services under the Contract. This individual must have sufficient authority to solve routine problems and command the resources necessary to address complex problems. The Offeror must agree to meet with the Board, or the Board’s designee, at least quarterly to review contract issues, to inform the staff of new services/technologies, and to plan improvements in service.
2. The Offeror shall maintain its KBRA Rating or similar financial strength rating from a nationally recognized statistical rating organization, such as Kroll Bond Rating Agency, Inc., of at least a "C" for the term of the Contract. Should the Offeror's rating drop below "C", the Maryland State Treasurer (the “Treasurer”), at her discretion, may dismiss the Offeror, require additional collateral of the Offeror, or take other actions as she deems necessary under the circumstances to protect the interests of the State of Maryland.
3. The Offeror shall provide collateral for accounts in accordance with the requirements set forth in §§ 6-202, 6-209, and 6-222 of the State Finance and Procurement Article. (See Exhibits 6, 7 and 8 respectively). Except as required or permitted under § 6-202 with respect to surety bonds or letters

of credit provided as collateral, the collateral shall be on deposit in the name of the State of Maryland, either, (a) with the Federal Reserve Bank of Richmond, (b) with the Federal Reserve Bank of Boston, or (c) at the sole discretion of the Treasurer, on deposit with an independent financial institution acceptable to the Treasurer. The Offeror must agree to conform to all FDIC guidelines on collateral to insure clear title to all collateral held will rest with the Treasurer in the event of default. If an overnight investment program is proposed (above), that requires collateralization, the collateral pledged to secure account deposits may also be used to secure the overnight repurchase agreement.

4. Fees for any and all accounts must be invoiced directly to the Agency each month and at no time shall the accounts be debited for service fees. The accounts and billing records for the CSPM may be reviewed and audited by the Office or a duly-authorized representative of the Office, upon reasonable notice.

### **3.04 Banking Services Requirements**

The Offeror is to provide banking services described in Category A - Depository and Disbursement Services, Category B - Lockbox Services, and Category C - Custody Services, relating to the accounts, investments and assets under the stewardship of the CSPM Board, including without limitation to the accounts and assets of the MPCT and any other trust funds assigned to be administered by the Board.

The Offeror under this Request for Proposal shall provide services, materials and personnel necessary to provide the banking services in compliance with those professional and fiduciary standards established as reasonable and customary by the industry for similar services. In the provision of banking services, the Contractor shall conform to all applicable local, state and federal laws, rules and regulations governing such services. The Contractor's records with regard to all services and assets will be considered part of the official record utilized by the CSPM.

#### **Category A - Depository Services**

The Contractor shall provide, at a minimum, the Depository Services listed below for CSPM:

1. A local depository facility for routine deposits.
2. For check deposits, the Offeror must provide a remote deposit option.

3. For ACH transactions, the Offeror must provide a processing system, which provides for the following:
  - a. processing of ACH files at least once each business day and provide next day availability on items processed,
  - b. secure site to upload daily ACH transactions,
  - c. for the processing of pre-note transactions,
  - d. for immediate notification of all dishonored items, and
  - e. timely notification of daily settlement.
  
4. For Cash Management, the Offeror must provide a system, which provides for the following:
  - a. an overnight investment vehicle for all funds remaining in the depository account at close of business each day.
    - i. The investment program must meet the requirement of § 6-222 of the State Finance and Procurement Article (Exhibit 8). In addition, any investment program utilizing repurchase agreements must provide that collateral is held at the Federal Reserve.
    - ii. Offeror must provide for the collateralization of all funds deposited into any bank account in accordance with §§ 6-202 and 6-209 of the State Finance and Procurement Article (Exhibits 6 and 7). All collateral must be held in the name of the Agency either at the Federal Reserve of Richmond, (b) with the Federal Reserve of Boston, or (c) at the sole discretion of the Treasurer, on deposit with an independent financial institution acceptable to the Treasurer.
  - b. an automated daily sweep of net cash flows to the Contractor's short-term investment fund ("STIF") or external money market funds, as directed by the CSPM.
  - c. cash management reports as requested by CSPM and as modified from time-to-time as circumstances warrant.
  - d. Overnight investment management services for the funds received after the occurrence of the daily sweep.
  - e. a complete updated list of overnight and short-term investment options available, including pricing and performance history.
  
5. The Offeror must provide a system of courier services, both armed and unarmed, to the Agency. Use of the services is at the discretion of the Agency and must be approved by the Agency.

6. For Depository Account Reporting, the Offeror must provide the following:
  - a. a secure online system to monitor individual transactions, balances, and view images of deposits, checks and electronic reports that include transaction information on all Accounts, ACH and wire transactions and stop payments on checks,
  - b. monthly account statements, a monthly analysis summary, a monthly report on investments activity detailed by day and a monthly report including all information required for verification of the invoice for services by the tenth (10th) business day of the month (for the prior month's reporting cycle), secure online system and also delivered on DVD or other medium specified by the Agency,
  - c. a monthly file of all transactions in all accounts to the Agency by the third (3rd) business day after the books are closed (for the prior month's reporting cycle), delivered by secure online system and also on DVD or other medium as specified by the Agency, and
  - d. a legally acceptable copy of all validated deposit tickets, deposit items, and check images received for a period up to 7 years.

### **Disbursement Services**

1. For Disbursement processing, the Offeror must provide an online processing system, which provides for the following:
  - a. verification that the withdrawal transaction is acceptable based on the guidelines provided by the CSPM,
  - b. verification that presented checks are not stale dated,
  - c. stop payment requests,
  - d. controlled disbursement,
  - e. payee positive pay verification,
  - f. wire transfers within 30 minutes of secondary authorization, and
  - g. ACH transactions.

### **Category B - Lockbox Services**

1. For the Lockbox, the Offeror must provide a processing system, which provides for the following:
  - a. daily deposit of funds and provision of next day availability on items deposited,
  - b. same business day deposit processing for all items received in good order,
  - c. verification that the deposit amount and payee is acceptable based on the guidelines provided by the CSPM,
  - d. verification that the check is not more than 2 days post dated or 6 months stale dated,
  - e. verification that the check is signed,

- f. provision of check images within 3 days of request,
  - g. capture an image of all items processed in a format that is mutually agreed upon by the Offeror and the CSPM,
  - h. a secure site to download daily lockbox transactions,
  - i. send all documents to the CSPM via U.S. mail by the end of each business day,
  - j. delivery of images, in an agreed upon format, on a daily basis, and
  - k. checks initially returned should be resubmitted an additional two (2) times.
2. The Returned Check processing system must provide the following:
- a. be capable of sending images and/or actual physical returned items with accompanying information, and
  - b. create and send an advice of charge and an itemized listing of the return items to the designated CSPM contact point for each CSPM bank account.

### **Category C - Custodial Services**

For Custodial Services, the Offeror must provide the services listed below for the MPCT Custodial Investment Accounts, based on a fiscal year of July 1 through June 30.

#### **1. Accounting and Auditing**

The Contractor shall provide:

- a. Trade and settlement date accounting for all assets.
- b. Full accrual accounting for all assets including, but not limited to the following:
  - i. all income and security transactions (cash and non-cash); domestic and international equity, domestic and international fixed-income securities, commingled funds, private market funds, and foreign tax reclaim receivables;
  - ii. capital changes, including mergers, acquisitions, tenders, stock splits, warrants, and spin-offs;
  - iii. options, futures, swaps, and any other derivative instruments;
  - iv. forward exchange contracts;
  - v. unless otherwise directed by the CSPM, all investments booked at cost and reported with updated market values. Gains and losses on securities sold shall be recognized on an average cost basis;
  - vi. a daily comprehensive pricing system ensuring the accuracy of asset market prices.

- c. Technical expertise and assistance to the CSPM's personnel including, but not limited to:
  - i. 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;
  - ii. ongoing updates, information, and training concerning new investment instruments and accounting issues surrounding various investment types;
  - iii. technical assistance in implementing recently released accounting pronouncements issued by the Governmental Accounting Standards Board ("GASB") and the Financial Accounting Standards Board ("FASB");
  - iv. an account administrator(s) available by telephone between the hours of 8:30 a.m. and 6:00 p.m. Eastern Time on normal business days.

## 2. Trade Settlement and Custody

The Contractor shall provide:

- a. Book-entry security clearing at the Depository Trust Company ("DTC"), Federal Reserve and other clearing agents.
- b. Book-entry trade affirmation capabilities with DTC for external investment managers and viewable by CSPM personnel.
- c. Executing foreign exchange transactions, monitoring foreign tax liability, and collecting tax reclaims including monthly reconciliations of tax reclaims from prior Contractor.
- d. Settlement on a delivery versus payment ("DVP") basis. Free delivery settlement must receive prior written approval by the CSPM.
- e. Settlement of international equity, fixed income, and derivative instruments.

## 3. Income Settlement and Income Crediting

- a. The Contractor shall credit or debit the appropriate account in connection with the purchase, sale, maturity, redemption, income, dividends or other disposition of securities and other assets held in said accounts.
- b. The Contractor shall agree to pay fail compensation in an amount equal to the daily earnings for the cash sweep vehicle of the account for all securities that are settled under actual settlement procedures, provided:
  - i. the security was in the Contractor's custody; and
  - ii. the CSPM, its investment managers or agents, or any party selected by them, was not responsible for the failure to settle.

#### 4. Cash Management

The Contractor shall provide:

- a. An automated daily sweep of net cash flows, by account, to the Contractor's short-term investment fund ("STIF") or external money market funds, as directed by the CSPM.
- b. Cash flow projections and other cash management reports as requested by the CSPM and as modified from time-to-time as circumstances warrant.
- c. Overnight investment management services for the funds received after the occurrence of the daily sweep.
- d. A complete updated list of overnight and short-term investment options available, including pricing and performance history.

#### 5. Reporting Requirements

The Contractor shall provide:

- a. Consolidated secure online reports that include transaction and holdings information on all Assets. The Contractor will perform a recordkeeping function with respect to units held of commingled and mutual funds, in which the Contractor's sole responsibility is to accurately reflect information which it has received from the authorized commingled or mutual fund manager. Where possible, it is desirable to also include in such reports the underlying holdings at a CUSIP level of commingled and mutual funds.
- b. Monthly reconciled accounting statements by the eighth (8th) business day of the month (for the prior month's reporting cycle), delivered via secure online system and also delivered on DVD or other medium specified by the CSPM.
- c. A monthly file of all transactions in all accounts to the CSPM by the third (3rd) business day after the books are closed (for the prior month's reporting cycle), delivered via secure online system and also on DVD or other medium as specified by the CSPM.
- d. An accurate report of all holdings, yearly transactions, and other pertinent investment data, in a format acceptable to the CSPM, no later than 15 business days after the end of each fiscal year.

#### 6. Corporate Actions, Class Actions and Proxy Voting

The Contractor shall:

- a. Provide notification of corporate actions including bond puts, calls and other scheduled and non-scheduled redemptions to the external investment managers in a timely manner. A secure online system to process corporate actions is required.

- b. Provide reports of all class actions, claims filed and settlements received at least monthly. A secure online reporting system to view these is required.
- c. File claims in all class action or similar suits on behalf of the CSPM when applicable. Provide reports of filed claims at least monthly.

7. Technology/Plans Requirements

The Contractor shall:

- a. Interface with the CSPM's Local Area Network ("LAN") via internet for purposes of secure downloading of reports and extracted data for analysis using software products such as Microsoft Excel, as well as "inquiry only" access by authorized internal and external users.
- b. Interface with the CSPM's current and future external investment managers and with those managers which may be added by the CSPM from time-to-time. SWIFT messaging capability is preferred for exchanging information with investment managers. The Contractor shall immediately discontinue exchanging data related to the MPCT with any such manager when directed to do so by the CSPM.
- c. Provide on-line, real-time access to data held in the Contractor's records by authorized Staff. Complete histories of investment activity of all MPCT holdings shall be maintained throughout the term of the custodial relationship. After forty eight (48) months of on-line accessibility by Staff, the Contractor may archive data at the Contractor's option, subject however to restoration for on-line availability should such a need arise.
- d. Provide all reports defined in Section E "Reporting Requirements." In addition, ad hoc query and reporting functions shall be available for audit purposes, 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 the CSPM for audit purposes, at no additional charge.
- e. Provide training to CSPM staff during the initial conversion process, as new CSPM staff is added, and any time substantial changes have been made to the online information-delivery program.
- f. Provide adequate protection against unauthorized access to MPCT records under the Contractor's control.
- g. Safeguard records in a secure location so that records can be recreated which are current at least to the prior month-end and the end of the day preceding an occurrence of a disruptive event.
- h. Provide an established and proven plan for business continuity in emergency situations. The Contractor shall recreate records and resume operations necessary for daily investment activities, including but not limited to, trade settlement, money movement and cash sweep, and portfolios holding data essential to portfolio management, within twenty-four 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 continuity 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 continuity plan.

- i. Provide business critical reports by alternate means (e.g., facsimile transmission or email) upon request and store business critical reports for future transmission when normal business processes have been restored.
- j. Retain computer records of all reconciled investment transactions and month-end 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 format mutually determined for retention by the CSPM.

## 8. Performance Measurement

The Contractor shall provide:

- a. Monthly performance reports of Assets detailing the market values, cash flows and returns of each portfolio, as well as any consolidations deemed necessary by the MPCT at gross, net of management fees, and net of all fees using Global Investment Performance Standards ("GIPS") compliant calculation methodology.
- b. Daily performance reports detailing the market values, cash flows and returns of each portfolio for all Assets in custody as well as any consolidations deemed necessary by the MPCT.
- c. Monthly audited core performance reports for the prior month's reporting cycle by the tenth business day of the month.
- d. Monthly audited sector and industry level reports by the twelfth business day of the month.
- e. At least monthly, a transmission of raw performance data, transactions data, rates of return or any other information concerning the MPCT's accounts to the MPCT or designee.

## 9. Proxy-Voting Reporting and Related Services

The Contractor shall provide:

- a. Proxies and proxy statements for U.S. corporations to the Agency or designee prior to annual and special meetings within a timeframe sufficient for relevant receipt, analysis and vote determination. Provide proxies and proxy statements to the Agency, its external

managers or designee prior to annual and special meetings for foreign corporations. Such proxies and proxy statements will be provided subject to local market practice but in a manner consistent with the practice of the Contractor's peers for the relevant market, at a minimum.

- b. Secure online access or a secure interface between the Contractor's system and the Agency's or its designee.
- c. Quarterly consolidated reports of proxy vote activity for all separately managed accounts. A secure online reporting system is required.
- d. At the option of the MPCT, proxy voting capabilities for separate account holdings and any other holdings for which the MPCT has proxy-voting authority, including proxy voting services, notification of proxy information, and a monthly report detailing all proxy voting activity.

10. Performance Analytics (optional)

The Contractor may provide:

- a. Performance analytics and attribution analysis for the MPCT's accounts versus relevant agreed-upon benchmarks in formats acceptable to the MPCT.
- b. Monthly performance reports detailing market performance, portfolio performance, and any level of detail or any aggregate deemed necessary by the MPCT. These reports are to include current as well as historical data.
- c. A quarterly "Investment Performance Analysis" across all MPCT funds in a format to be agreed upon between the Contractor and the CSPM. This report will be due thirty (30) days after the close of the calendar quarter reported upon and will be delivered to the CSPM in hard copy and electronically.
- d. To the Agency all necessary MPCT fund performance and analytical data generated or maintained by the Contractor no later than thirty (30) days after the close of the calendar quarter reported upon. Recognizing the Contractor's timely delivery of this data is contingent upon its timely receipt of the necessary data from all of the MPCT's managers.
- e. An electronically delivered professional capital markets review to enable the Agency to include relevant pieces of the markets review into a quarterly Board report. This review shall be due forty-five (45) calendar days after the close of the prior calendar quarter.
- f. Based upon its knowledge of client and industry trends, advise the Agency of the Contractor's latest performance measurement tools and products as they become available.

### **3.05 Personnel, Meetings, Client Conference (all Categories)**

1. The Contractor shall make appropriate personnel available to meet at least once annually with CSPM staff on site, at mutually agreeable dates and times to discuss services related to the CSPM's needs.
2. The Contractor shall provide access to appropriate technical staff of the Contractor to resolve problems with interfaces related to its services to CSPM and for assistance with Contractor software or system issues affecting services to the CSPM.
3. The Contractor must have in place a relationship management protocol which assures the appropriate and timely escalation of issues within the context of the CSPM relationship.
4. The Contractor shall invite the appropriate Board members and CSPM staff to participate in the Contractor's group client conferences and all other educational activities provided by the Contractor and normally offered to the Contractor's clients.

### **3.06 Transition (all Categories as appropriate)**

The Contractor shall:

1. Perform all procedures necessary to convert from the system of the current contractor to the new Contractor's system of record should this RFP result in the selection of a new Contractor, including the following:
  - a. the Contractor shall present to CSPM management a detailed plan for, as well as schedule of, the transition from the current contractor 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 CSPM employees and the proposed involvement of the current contractor in the transition process;
  - b. the Contractor will reconcile custody positions to the prior contractor's records, research all reconciling items, and correct all position discrepancies;
  - c. all interfaces, including, but not limited to, those with the CSPM, outside investment managers, pricing services and others must be ready and adequately tested prior to conversion or an acceptable alternative provided as mutually agreed; and
  - d. the asset conversion process, including the reconciliation of custody positions, values, outstanding foreign tax claims, receivables, or liabilities and the proper identification and resolution of reconciling items must be completed such that all parallel processing shall run through the last day of the current contract (June 30, 2014) with full operation on the following day (July 1, 2014).
2. Upon termination of the contract awarded under this RFP, the Contractor shall cooperate fully with the successor contractor to facilitate the transition from the Contractor's system to the successor's system.

3. During transition, the Contractor shall provide to the CSPM and the successor all information about the Contractor's system that may reasonably be needed by or useful to 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.
4. The Contractor shall provide to the successor a copy of all CSPM data in a mutually-agreed form and format for test purposes.
5. 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 CSPM files to the successor and to the Agency. To complete close-out of transactions in process, suitable and mutually-agreed arrangements shall be made between the Contractor, the CSPM, and the successor for processing of such transactions received subsequent to the effective date of conversion.
6. The Contractor shall make a continued effort to collect tax reclaims due the CSPM and coordinate with the successor Contractor on outstanding claims.
7. Provide the necessary personnel to ensure a smooth transition.

### **3.07 Other Services for Consideration**

Describe any other services beyond those requested in this RFP that the Offeror believes could offer additional benefits to CSPM. Please include any suggested improvements to the payment process that might reduce the Board's overall costs.

### **3.08 Term**

The initial term of the Contract(s) shall be for a period beginning July 1, 2014 and ending June 30, 2017. The Contract will also contain an option to renew, upon the same terms and conditions, for two additional one-year periods. Exercise of the renewal options will be solely at the discretion of the Treasurer.

### **3.09 Compensation**

By submitting a response to this solicitation, the Offeror agrees to accept any payments from the State by electronic funds transfer unless the State Comptroller's Office grants an exemption. The selected Offeror shall register using form COT/GAD X-10 Vendor Electronic Funds ("EFT") Registration Request Form. Any request for exemption must be submitted to the State Comptroller's Office for approval at the address specified on the COT/GAD X-10 form and must include the business identification information as stated on the form and include the reason for the exemption. The COT/GAD X-10 Vendor Electronic Funds ("EFT") Registration Request Form may be downloaded from: [www.comp.state.md.us](http://www.comp.state.md.us), select "General Accounting Division," then "Electronic Funds Transfer Program, and then "Form X-10."

## **SECTION IV. PROPOSAL FORMAT**

### **4.01 Transmittal Letter**

The Offeror must include a brief transmittal letter prepared on the Offeror's business stationery to accompany the original and required copies of the two-volume proposal. The transmittal letter must be signed by an individual authorized to bind the Offeror to all statements, including services and prices, contained within the proposal. This transmittal letter should also indicate that, if selected, the Offeror will execute a contract with materially the same terms as the Form of Standard Contract included as Appendix E and Collateral Security Agreement materially the same as Appendix G.

### **4.02 Two-Volume Submission**

The selection procedure for this procurement requires that the initial technical evaluation of the proposals be completed before consideration of the Offeror's price proposals. Consequently, each proposal must be submitted in two volumes as indicated below.

### **4.03 Volume I - Technical Proposal**

The volume(s) containing the technical proposal(s) shall be labeled "Volume I – RFP for Banking Services for the College Savings Plans of Maryland [Category A, B, and/or C], RFP #03062014."

The technical proposal shall contain the transmittal letter (Section 4.01), the completed Bid/Proposal Affidavit (Appendix B), and the Affidavit of Agreement Maryland Living Wage Requirements (Appendix D). The proposals must include responses to Section 3.02 Minimum Qualifications and Section 3.03 Minimum Service Requirements; however, this information need not be duplicated if the Offeror submits proposals on multiple Categories of banking services.

The technical proposal should be prepared in a clear and concise manner. The ideal response would reiterate each subsection and then list the Offeror's response, item by item so that an evaluator can read the requirement followed by the response.

**The technical proposal shall provide all required information in the following subsections:**

1. Request for General Information
  - a. Name of Offeror.
  - b. Mailing address of office from which the proposal is being submitted.
  - c. Name of individual who will represent the Offeror as the primary contact person on matters relating to the proposal; and

- d. Telephone, e-mail and mailing address and facsimile numbers of the individual identified in item c above.

2. Offeror's Qualifications

- a. Each Offeror shall specifically and clearly provide brief supporting statements on how it meets the Minimum Qualifications in Section 3.02.
- b. The Offeror shall include one and only one copy of the Offeror's most recent audited financial statements with all attachments, including the unqualified audit opinion, in the original volume of its Technical Proposal.

3. Offeror's Capabilities

- a. Each Offeror shall specifically and clearly provide acknowledgements to comply with the requirements described in Section 3.03 Minimum Service Requirements.
- b. Each Offeror shall provide in its proposal detailed descriptions of the services described in Section 3.04 Banking Services Requirements by category.
- c. Each Offeror shall provide a brief statement acknowledging compliance with the requirements in Section 3.05 Personnel, Meetings, Client Conference.
- d. Each Offeror shall provide a detailed transition plan of the services as described in Section 3.06 Transition.
- e. Each Offeror shall include a brief description of any other value added services as indicated in Section 3.07 Other Services for Consideration.

4. Personnel

Each Offeror shall provide a list of the personnel who are to be assigned to this project if the Offeror is selected for award of a contract, including the proposed project role or assignment and provide their resumes.

5. References

Identify a minimum of two current references for each specific Category as follows: A - Depository and Disbursement services, B - Lockbox Services, and C - Custodial Services. References shall include the name of each organization, the mailing and street address, point of contact, and telephone number. Include a brief description of the services rendered for each referenced organization.

The Procurement Officer or Evaluation Committee Chair may contact one or more of these references, and in addition, may contact any other reference of their choosing.

6. Community Benefits

Provide information about the Offeror (or, in the case of an Offeror that is not a financial institution, the financial institution that will serve as the depository of funds to be distributed through EPCs) required to be considered under State Finance and Procurement Article, §6-203, Annotated Code of Maryland (See Exhibit 9) by the Treasurer in designating a financial institution for banking services, including, without limitation:

- a. The Offeror's rating on its most recent examination under the Federal Community Reinvestment Act of 1977, P.L. Number 95-128. If the Offeror operates in a state other than Maryland, the Offeror shall provide Maryland-specific information within the assessment area section of its Community Reinvestment Act report.
- b. A statement as to whether, during the previous 5 years, a court in the State of Maryland or in another state has found, in a final adjudication, that the Offeror, its affiliates or an entity acquired by the Offeror has violated any antidiscrimination statute or regulation.
- c. Information demonstrating the extent of the Offeror's assistance to small and minority-owned businesses over the past 5 years through:
  - 1) successfully making loans in Maryland through State or federal lending programs designed to assist small and minority-owned businesses;
  - 2) having an active outreach program to assist small and minority-owned businesses through which the Offeror has made efforts in Maryland; and
  - 3) establishing strategic partnerships in Maryland with entities whose mission is to provide technical assistance to small and minority-owned businesses.

7. Economic Benefit to the State of Maryland

Describe the benefits that will accrue to the Maryland economy as a direct result of the Offeror's performance of the contract resulting from the solicitation. Economic benefits include:

- a. The Contract dollars to be recycled into Maryland's economy in support of the Contract, through the use of Maryland subcontractors, suppliers, and joint venture partners. Offerors should be as specific as possible and provide a breakdown of expenditures in this category. Do not provide actual dollars for each category. Include percent of the total budget requested.

- b. The numbers and types of jobs for Maryland residents resulting from the contract. Indicate job classifications, number of employees in each classification, and the aggregate payroll to which the Contractor has committed at both prime, and if applicable, subcontract levels. Do not provide actual dollars for each category. Include percent of the total budget requested.
- c. Tax revenues to be generated for Maryland and its political subdivisions as a result of this Contract. Indicate the tax category (sales tax, payroll taxes, inventory taxes, and estimated personal income taxes for new employee). Provide a forecast of the total tax revenues resulting from the Contract. Do not provide actual dollars for each category. Include percent of the total budget requested.
- d. Subcontract dollars committed to Maryland Small Business and Minority Business Enterprises. Do not provide actual dollars for each category. Include percent of the total budget requested.
- e. In addition to the factors listed above, the Offeror should explain any other economic benefits to the State of Maryland that would result from the Offeror's proposal

8. Standard Operating Agreements (if applicable)

If you intend to incorporate your own operating documents/agreements into the Contract, submit copies of your standard operating agreements associated with the services proposed to be provided.

9. Additional Information (Optional)

Include any additional information the Offeror deems relevant to this procurement and the satisfaction of the State's objectives.

10. Company Literature (if applicable):

If you provide company literature or other material in response to any RFP requirement, describe such literature or other material under this heading and include a reference to the applicable sections of the RFP by name and page citation. If you do not provide the requested section and page citations, the remainder of your response for that section may be considered complete without reference to the additional documents.

#### **4.04 Disclosures**

Provide a written statement disclosing any relationships with persons or entities that may create a conflict of interest, or the appearance of a conflict of interest. Disclose specific details of any pending legal proceedings (criminal or civil), or regulatory or disciplinary actions by any state or federal regulatory agency, involving the firm or members of the



firm; or any convictions, judgments or settlements resulting from such proceedings or actions within the past five years.

**4.05 Volume II – Price Proposal**

This volume containing the price proposal(s) shall be labeled "Volume II – RFP for Banking Services for College Savings Plans of Maryland [Category A, B, and/or C]- Price," and sealed separately. Each price proposal volume must consist of a completed Price Proposal in the format included as Appendix A [Appendix A-1, A-2, A-3]] and signed by an individual authorized to bind the selected Offeror to all statements and fees contained in the proposal(s).

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## **SECTION V. EVALUATION AND SELECTION PROCEDURE**

### **5.01 Qualifying Proposals**

The Procurement Officer first will review each proposal for completeness of response to requirements contained in Section IV, Proposal Format. Failure to respond to the appropriate questions or in the manner required may disqualify an Offeror's proposal from consideration by the Evaluation Committee.

### **5.02 Evaluation Committee and Evaluation Criteria**

An Evaluation Committee appointed by the Treasurer or the Treasurer's designee will evaluate all qualifying proposals (those proposals that are reasonably susceptible to selection for Contract award) received by the submission deadline. The Evaluation Committee will rank the proposals for each Category and make a recommendation for award based on (1) technical merit (see Section 5.03 below), as demonstrated in the technical proposal and oral presentations, if any, and (2) price proposal, both as presented in the best and final offer, if any. Technical merit will be given more weight than price in determining the Evaluation Committee's final ranking for each Category.

### **5.03 Technical Evaluation**

After the Procurement Officer identifies the qualifying proposals, the Evaluation Committee will conduct an initial evaluation of the technical merit of each qualifying proposal for each Category based on the information provided in the proposal in response to Section 4.03 Volume I - Technical Proposal above. The Evaluation Committee's final technical evaluation may include information obtained during oral presentations, if any.

For the technical evaluation for each Category, the Evaluation Committee will take into consideration the following factors listed in the order of relative importance (greatest first):

1. Offeror's Qualifications and Capabilities
2. Prior Experience
3. Personnel
4. References
5. Community Benefits
6. Economic Benefits to Maryland

#### **5.04 Evaluation of Costs/Fees**

Following completion of the initial technical evaluation for each Category, the Evaluation Committee will conduct an initial evaluation of the pricing of each proposal for that Category and will establish a financial ranking of all proposals in the Category.

#### **5.05 Best and Final Offer**

When deemed in the best interest of the State, the Procurement Officer may permit qualified Offerors to revise their initial proposals by submitting best and final offers. The Procurement Officer shall notify each qualified Offeror of the scope of the requested best and final offer, and shall establish a date and time for the submission. The Procurement Officer may require more than one series of best and final offers and discussions, if determined that it is in the State's best interest to do so. If more than one best and final offer is requested, an Offeror's immediate previous offer shall be construed as its best and final offer unless the Offeror submits a timely notice of withdrawal or another best and final offer. The Procurement Officer may consult with and seek the recommendation of the Evaluation Committee during the best and final offer process.

#### **5.06 Final Evaluation and Recommendation for Award**

Following oral presentations, reference checks, and submissions of best and final offers, if any, the Evaluation Committee will perform its final evaluations and will make a recommendation to the Procurement Officer for award of the Contract to the responsible Offeror or Offerors whose proposal is determined to be the most advantageous to the State based on the results of the final technical and financial evaluations. Contract award, if any, is subject to the approval of the Treasurer or the Treasurer's designee upon the recommendation of the Procurement Officer.

#### **5.07 Debriefing of Unsuccessful Offerors**

The Office will conduct a debriefing for an unsuccessful Offeror provided the Procurement Officer receives a written request within a reasonable period of time after sending notice of award. The Office shall honor the requests for debriefings at the earliest feasible time after the request has been received. The Office shall hold debriefings in accordance with COMAR 21.05.03.06.

## 5.08 **Responsibility**

### 1. General

- (a) The procurement regulations in COMAR Title 21 define a “responsible” Offeror as one “...who has the capability in all respects to perform fully the Contract requirements, and the integrity and reliability that shall assure good faith performance.”
- (b) COMAR Title 21 also requires that the Procurement Officer determine before awarding a contract to an Offeror whether the Offeror is responsible. The determination of responsibility is based on the subjective judgment of the Procurement Officer about whether the Offeror meets the definition of a “responsible” Offeror.
- (c) In addition, the unreasonable failure of an Offeror to supply information promptly in connection with the determination of responsibility shall be grounds for a determination that the Offeror is not responsible.

### 2. Discussions

The Office reserves the right to discuss and negotiate with qualified Offerors or potentially qualified Offerors, (i.e., which are reasonably susceptible of being selected for award). Discussions or negotiations will be conducted with all qualified Offerors. The Office, however, is not obligated to conduct any discussions or negotiations. Each Offeror should be aware that the Office can select a proposal without first discussing the matter with the selected Offeror.

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## **APPENDIX A**

### **PRICE PROPOSAL INSTRUCTIONS**

1. Offerors must submit their price proposals on the relevant Price Proposal Form for Banking Services for Category A (Appendix A-1), Category B (Appendix A-2), and Category C (Appendix A-3) in accordance with these instructions and as specified on the form. Each price proposal must be separately sealed.
2. Each price proposal submitted needs to be completed and signed by an individual who is authorized to bind the financial institution to all fees offered.
3. Additional fees not specifically requested on Appendix A-1, A-2 or A-3, which are required to provide the requested services outlined in this RFP must be included following the listed items for each Category. For each item, describe in detail how each fee is assessed (ie., per item/unit price/per month/per year).
4. The selected Offeror may not charge any fees not included in its proposal.
4. It is imperative that the Price Proposal, Appendix A (A-1, A-2, A-3), is completed accurately. Any incorrect entries or inaccurate price by the Offeror will be treated as provided in COMAR 21.05.03.03E and 21.05.02.12.

**APPENDIX A-1 – PRICE PROPOSAL  
CATEGORY A - DEPOSITORY AND DISBURSEMENT SERVICES**

**RFP for General Banking Services for College Savings Plans of Maryland, RFP #CSPM-03062014**

Mandatory Service – A-1					Monthly Units	Unit Price	Monthly \$ Total	Annual \$ Total
<b>Deposit / Disbursement</b>								
	Monthly Account Maintenance Fee				1			
	Automated Sweep				20			
	Checks Paid				100			
	Electronic Checks Paid				100			
	Check Imaging				200			
	Debits Posted				100			
	Electronic Debits Posted				100			
	Credits Posted				600			
	Electronic Credits Posted				500			
	Items Returned Unpaid				100			
	Represented Items				100			
	Overdraft Item Paid				100			
	Branch Deposit				40			
	Remote Deposit							
	Scanner				1			
		Monthly Fee			1			
		Item			100			
	Stop Payments				1			
	Deposit Correction/Adjustment				20			
	Wire Transfer							
		Domestic Incoming Wire Transfer			1			
		Domestic Outgoing Wire Transfer			1			
		International Incoming Wire Transfer			1			
		International Outgoing Wire Transfer			1			
		Wire Template Storage			100			
	ACH Origination Fees							
		Set-Up Fee			1			
		Monthly Fee			1			
		Transmission Fee			20			
		Item Fee						
		ACH - same day			100			
		ACH - one day			100			
		ACH - two day			3500			
		ACH Debit File			10			
		ACH Debit Item			3500			
	ACH NOC				1000			
	ACH Received Item				1000			
	ACH Returned Item				100			
	ACH Reporting Fees							
		Account			1			
		Item			7000			
	On-Line System Fees				1			















**APPENDIX B**  
**(To be submitted with Technical Proposal)**  
**BID/PROPOSAL AFFIDAVIT**

A. Authority

I HEREBY AFFIRM THAT:

I (print name) \_\_\_\_\_ possess the legal authority to make this Affidavit.

B. CERTIFICATION REGARDING COMMERCIAL NONDISCRIMINATION

The undersigned bidder hereby certifies and agrees that the following information is correct: In preparing its bid on this project, the bidder has considered all proposals submitted from qualified, potential subcontractors and suppliers, and has not engaged in "discrimination" as defined in §19-103 of the State Finance and Procurement Article of the Annotated Code of Maryland. "Discrimination" means any disadvantage, difference, distinction, or preference in the solicitation, selection, hiring, or commercial treatment of a vendor, subcontractor, or commercial customer on the basis of race, color, religion, ancestry, or national origin, sex, age, marital status, sexual orientation, or on the basis of disability or any otherwise unlawful use of characteristics regarding the vendor's, supplier's, or commercial customer's employees or owners. "Discrimination" also includes retaliating against any person or other entity for reporting any incident of "discrimination". Without limiting any other provision of the solicitation on this project, it is understood that, if the certification is false, such false certification constitutes grounds for the State to reject the bid submitted by the bidder on this project, and terminate any contract awarded based on the bid. As part of its bid or proposal, the bidder herewith submits a list of all instances within the past 4 years where there has been a final adjudicated determination in a legal or administrative proceeding in the State of Maryland that the bidder discriminated against subcontractors, vendors, suppliers, or commercial customers, and a description of the status or resolution of that determination, including any remedial action taken. Bidder agrees to comply in all respects with the State's Commercial Nondiscrimination Policy as described under Title 19 of the State Finance and Procurement Article of the Annotated Code of Maryland.

B-1. Certification Regarding Minority Business Enterprises.

The undersigned bidder hereby certifies and agrees that it has fully complied with the State Minority Business Enterprise Law, State Finance and Procurement Article, §14-308(a)(2), Annotated Code of Maryland, which provides that, except as otherwise provided by law, a contractor may not identify a certified minority business enterprise in a bid or proposal and:

- (1) Fail to request, receive, or otherwise obtain authorization from the certified minority business enterprise to identify the certified minority proposal;
- (2) Fail to notify the certified minority business enterprise before execution of the contract of its inclusion in the bid or proposal;
- (3) Fail to use the certified minority business enterprise in the performance of the contract; or

(4) Pay the certified minority business enterprise solely for the use of its name in the bid or proposal.

Without limiting any other provision of the solicitation on this project, it is understood that if the certification is false, such false certification constitutes grounds for the State to reject the bid submitted by the bidder on this project, and terminate any contract awarded based on the bid.

B-2. Certification Regarding Veteran-Owned Small Business Enterprises. The undersigned bidder hereby certifies and agrees that it has fully complied with the State veteran-owned small business enterprise law, State Finance and Procurement Article, §14-605, Annotated Code of Maryland, which provides that a person may not:

(1) Knowingly and with intent to defraud, fraudulently obtain, attempt to obtain, or aid another person in fraudulently obtaining or attempting to obtain public money, procurement contracts, or funds expended under a procurement contract to which the person is not entitled under this title;

(2) Knowingly and with intent to defraud, fraudulently represent participation of a veteran-owned small business enterprise in order to obtain or retain a bid preference or a procurement contract;

(3) Willfully and knowingly make or subscribe to any statement, declaration, or other document that is fraudulent or false as to any material matter, whether or not that falsity or fraud is committed with the knowledge or consent of the person authorized or required to present the declaration, statement, or document;

(4) Willfully and knowingly aid, assist in, procure, counsel, or advise the preparation or presentation of a declaration, statement, or other document that is fraudulent or false as to any material matter, regardless of whether that falsity or fraud is committed with the knowledge or consent of the person authorized or required to present the declaration, statement, or document;

(5) Willfully and knowingly fail to file any declaration or notice with the unit that is required by COMAR 21.11.12; or

(6) Establish, knowingly aid in the establishment of, or exercise control over a business found to have violated a provision of §B-2(1)—(5) of this regulation.

### C. AFFIRMATION REGARDING BRIBERY CONVICTIONS

I FURTHER AFFIRM THAT:

Neither I, nor to the best of my knowledge, information, and belief, the above business (as is defined in Section 16-101(b) of the State Finance and Procurement Article of the Annotated Code of Maryland), or any of its officers, directors, partners, controlling stockholders, or any of its employees directly involved in the business's contracting activities including obtaining or performing contracts with public bodies has been convicted of, or has had probation before judgment imposed pursuant to Criminal Procedure Article, §6-220, Annotated Code of Maryland, or has pleaded nolo contendere to a charge of, bribery, attempted bribery, or conspiracy to bribe in violation of Maryland law, or of the law of any other state or federal law, except as follows (indicate the reasons why the affirmation cannot be given and list any conviction, plea, or imposition of probation before judgment with the date, court, official or administrative body, the sentence or

disposition, the name(s) of person(s) involved, and their current positions and responsibilities with the business):

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#### D. AFFIRMATION REGARDING OTHER CONVICTIONS

I FURTHER AFFIRM THAT:

Neither I, nor to the best of my knowledge, information, and belief, the above business, or any of its officers, directors, partners, controlling stockholders, or any of its employees directly involved in the business's contracting activities including obtaining or performing contracts with public bodies, has:

(1) Been convicted under state or federal statute of:

(a) A criminal offense incident to obtaining, attempting to obtain, or performing a public or private contract; or

(b) Fraud, embezzlement, theft, forgery, falsification or destruction of records or receiving stolen property;

(2) Been convicted of any criminal violation of a state or federal antitrust statute;

(3) Been convicted under the provisions of Title 18 of the United States Code for violation of the Racketeer Influenced and Corrupt Organization Act, 18 U.S.C. §1961 et seq., or the Mail Fraud Act, 18 U.S.C. §1341 et seq., for acts in connection with the submission of bids or proposals for a public or private contract;

(4) Been convicted of a violation of the State Minority Business Enterprise Law, §14-308 of the State Finance and Procurement Article of the Annotated Code of Maryland;

(5) Been convicted of a violation of §11-205.1 of the State Finance and Procurement Article of the Annotated Code of Maryland;

(6) Been convicted of conspiracy to commit any act or omission that would constitute grounds for conviction or liability under any law or statute described in subsections (1)—(5) above;

(7) Been found civilly liable under a state or federal antitrust statute for acts or omissions in connection with the submission of bids or proposals for a public or private contract;

(8) Been found in a final adjudicated decision to have violated the Commercial Nondiscrimination Policy under Title 19 of the State Finance and Procurement Article of the Annotated Code of Maryland with regard to a public or private contract; or

(9) Admitted in writing or under oath, during the course of an official investigation or other proceedings, acts or omissions that would constitute grounds for conviction or liability under any law or statute described in §§B and C and subsections D(1)—(8) above, except as follows (indicate

reasons why the affirmations cannot be given, and list any conviction, plea, or imposition of probation before judgment with the date, court, official or administrative body, the sentence or disposition, the name(s) of the person(s) involved and their current positions and responsibilities with the business, and the status of any debarment):

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**E. AFFIRMATION REGARDING DEBARMENT**

I FURTHER AFFIRM THAT:

Neither I, nor to the best of my knowledge, information, and belief, the above business, or any of its officers, directors, partners, controlling stockholders, or any of its employees directly involved in the business's contracting activities, including obtaining or performing contracts with public bodies, has ever been suspended or debarred (including being issued a limited denial of participation) by any public entity, except as follows (list each debarment or suspension providing the dates of the suspension or debarment, the name of the public entity and the status of the proceedings, the name(s) of the person(s) involved and their current positions and responsibilities with the business, the grounds of the debarment or suspension, and the details of each person's involvement in any activity that formed the grounds of the debarment or suspension).

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**F. AFFIRMATION REGARDING DEBARMENT OF RELATED ENTITIES**

I FURTHER AFFIRM THAT:

(1) The business was not established and it does not operate in a manner designed to evade the application of or defeat the purpose of debarment pursuant to Sections 16-101, et seq., of the State Finance and Procurement Article of the Annotated Code of Maryland; and

(2) The business is not a successor, assignee, subsidiary, or affiliate of a suspended or debarred business, except as follows (you must indicate the reasons why the affirmations cannot be given without qualification):

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#### G. SUB-CONTRACT AFFIRMATION

I FURTHER AFFIRM THAT:

Neither I, nor to the best of my knowledge, information, and belief, the above business, has knowingly entered into a contract with a public body under which a person debarred or suspended under Title 16 of the State Finance and Procurement Article of the Annotated Code of Maryland will provide, directly or indirectly, supplies, services, architectural services, construction related services, leases of real property, or construction.

#### H. AFFIRMATION REGARDING COLLUSION

I FURTHER AFFIRM THAT:

Neither I, nor to the best of my knowledge, information, and belief, the above business has:

(1) Agreed, conspired, connived, or colluded to produce a deceptive show of competition in the compilation of the accompanying bid or offer that is being submitted;

(2) In any manner, directly or indirectly, entered into any agreement of any kind to fix the bid price or price proposal of the bidder or offeror or of any competitor, or otherwise taken any action in restraint of free competitive bidding in connection with the contract for which the accompanying bid or offer is submitted.

#### I. CERTIFICATION OF TAX PAYMENT

I FURTHER AFFIRM THAT: Except as validly contested, the business has paid, or has arranged for payment of, all taxes due the State of Maryland and has filed all required returns and reports with the Comptroller of the Treasury, the State Department of Assessments and Taxation, and the Department of Labor, Licensing, and Regulation, as applicable, and will have paid all withholding taxes due the State of Maryland prior to final settlement.

#### J. CONTINGENT FEES

I FURTHER AFFIRM THAT:

The business has not employed or retained any person, partnership, corporation, or other entity, other than a bona fide employee, bona fide agent, bona fide salesperson, or commercial selling agency working for the business, to solicit or secure the Contract, and that the business has not paid or agreed to pay any person, partnership, corporation, or other entity, other than a bona fide employee, bona fide agent, bona fide salesperson, or commercial selling agency, any fee or any other consideration contingent on the making of the Contract.

#### K. CERTIFICATION REGARDING INVESTMENTS IN IRAN

(1) The undersigned certifies that, in accordance with State Finance and Procurement Article, §17-705, Annotated Code of Maryland:

(a) It is not identified on the list created by the Board of Public Works as a person engaging in investment activities in Iran as described in State Finance and Procurement Article, §17-702, Annotated Code of Maryland; and

(b) It is not engaging in investment activities in Iran as described in State Finance and Procurement Article, §17-702, Annotated Code of Maryland.

2. The undersigned is unable to make the above certification regarding its investment activities in Iran due to the following activities:

\_\_\_\_\_

\_\_\_\_\_

**L. CONFLICT MINERALS ORIGINATED IN THE DEMOCRATIC REPUBLIC OF CONGO (FOR SUPPLIES AND SERVICES CONTRACTS)**

I FURTHER AFFIRM THAT:

The business has complied with the provisions of State Finance and Procurement Article, §14-413, Annotated Code of Maryland governing proper disclosure of certain information regarding conflict minerals originating in the Democratic Republic of Congo or its neighboring countries as required by federal law.

**M. ACKNOWLEDGEMENT**

I ACKNOWLEDGE THAT this Affidavit is to be furnished to the Procurement Officer and may be distributed to units of: (1) the State of Maryland; (2) counties or other subdivisions of the State of Maryland; (3) other states; and (4) the federal government. I further acknowledge that this Affidavit is subject to applicable laws of the United States and the State of Maryland, both criminal and civil, and that nothing in this Affidavit or any contract resulting from the submission of this bid or proposal shall be construed to supersede, amend, modify or waive, on behalf of the State of Maryland, or any unit of the State of Maryland having jurisdiction, the exercise of any statutory right or remedy conferred by the Constitution and the laws of Maryland with respect to any misrepresentation made or any violation of the obligations, terms and covenants undertaken by the above business with respect to (1) this Affidavit, (2) the contract, and (3) other Affidavits comprising part of the contract.

I DO SOLEMNLY DECLARE AND AFFIRM UNDER THE PENALTIES OF PERJURY THAT THE CONTENTS OF THIS AFFIDAVIT ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE, INFORMATION, AND BELIEF.

Date: \_\_\_\_\_

By: \_\_\_\_\_ (print name of Authorized Representative and Affiant)

\_\_\_\_\_ (signature of Authorized Representative and Affiant)

**APPENDIX C**  
**Living Wage Requirements for Service Contracts**

- A. This contract is subject to the Living Wage requirements under Title 18, State Finance and Procurement Article, Annotated Code of Maryland and the regulations proposed by the Commissioner of Labor and Industry. The Living Wage generally applies to a Contractor or Subcontractor who performs work on a State contract for services that is valued at \$100,000 or more. An employee is subject to the Living Wage if he/she is at least 18 years old or will turn 18 during the duration of the contract; works at least 13 consecutive weeks on the State Contract and spends at least one-half of the employee's time during any work week on the State Contract.
- B. The Living Wage Law does not apply to:
- (1) A Contractor who:
    - (A) has a State contract for services valued at less than \$100,000, or
    - (B) employs 10 or fewer employees and has a State contract for services valued at less than \$500,000.
  - (2) A Subcontractor who:
    - (A) performs work on a State contract for services valued at less than \$100,000,
    - (B) employs 10 or fewer employees and performs work on a State contract for services valued at less than \$500,000, or
    - (C) performs work for a contractor not covered by the Living Wage Law as defined in B(1)(B) above, or B (3) or C below.
  - (3) Service contracts for the following:
    - (A) services with a Public Service Company;
    - (B) services with a nonprofit organization;
    - (C) services with an officer or other entity that is in the Executive Branch of the State government and is authorized by law to enter into a procurement ("Unit"); or
    - (D) services between a Unit and a County or Baltimore City.
- C. If the Unit responsible for the State contract for services determines that application of the Living Wage would conflict with any applicable Federal program, the Living Wage does not apply to the contract or program.
- D. A Contractor must not split or subdivide a State contract for services, pay an employee through a third party, or treat an employee as an independent contractor

or assign work to employees to avoid the imposition of any of the requirements of Title 18, State Finance and Procurement, Annotated Code of Maryland.

- E. Each Contractor/Subcontractor, subject to the Living Wage Law, shall post in a prominent and easily accessible place at the work site(s) of covered employees a notice of the Living Wage Rates, employee rights under the law, and the name, address, and telephone number of the Commissioner.
- F. The Commissioner of Labor and Industry shall adjust the wage rates by the annual average increase or decrease, if any, in the Consumer Price Index for all urban consumers for the Washington/Baltimore metropolitan area, or any successor index, for the previous calendar year, not later than 90 days after the start of each fiscal year. The Commissioner shall publish any adjustments to the wage rates on the Division of Labor and Industry's Website. An employer subject to the Living Wage Law must comply with the rate requirements during the initial term of the contract and all subsequent renewal periods, including any increases in the wage rate, required by the Commissioner, automatically upon the effective date of the revised wage rate.
- G. A Contractor/Subcontractor who reduces the wages paid to an employee based on the employer's share of the health insurance premium, as provided in §18-103(c), State Finance and Procurement Article, Annotated Code of Maryland, shall not lower an employee's wage rate below the minimum wage as set in §3-413, Labor and Employment Article, Annotated Code of Maryland. A Contractor/Subcontractor who reduces the wages paid to an employee based on the employer's share of health insurance premium shall comply with any record reporting requirements established by the Commissioner of Labor and Industry.
- H. A Contractor/Subcontractor may reduce the wage rates paid under §18-103(a), State Finance and Procurement, Annotated Code of Maryland, by no more than 50 cents of the hourly cost of the employer's contribution to an employee's deferred compensation plan. A Contractor/Subcontractor who reduces the wages paid to an employee based on the employer's contribution to an employee's deferred compensation plan shall not lower the employee's wage rate below the minimum wage as set in §3-413, Labor and Employment Article, Annotated Code of Maryland.
- I. Under Title 18, State and Finance Procurement Article, Annotated Code of Maryland, if the Commissioner determines that the Contractor/Subcontractor violated a provision of this title or regulations of the Commissioner, the Contractor/Subcontractor shall pay restitution to each affected employee, and the State may assess liquidated damages of \$20 per day for each employee paid less than the Living Wage.
- J. Information pertaining to reporting obligations may be found by going to the DLLR Website <http://www.dllr.state.md.us/> and clicking on Living Wage.

**APPENDIX D**  
**(To be submitted with Technical Proposal)**  
**Affidavit of Agreement**  
**Maryland Living Wage Requirements-Service Contracts**

Contract No. CSPM-03062014

Name of Contractor \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_

**If the Contract is Exempt from the Living Wage Law**

The Undersigned, being an authorized representative of the above named Contractor, hereby affirms that the Contract is exempt from Maryland's Living Wage Law for the following reasons: (check all that apply)

- Bidder/Offeror is a nonprofit organization
- Bidder/Offeror is a public service company
- Bidder/Offeror employs 10 or fewer employees and the proposed contract value is less than \$500,000
- Bidder/Offeror employs more than 10 employees and the proposed contract value is less than \$100,000

**If the Contract is a Living Wage Contract**

- A. The Undersigned, being an authorized representative of the above named Contractor, hereby affirms our commitment to comply with Title 18, State Finance and Procurement Article, Annotated Code of Maryland and, if required, to submit all payroll reports to the Commissioner of Labor and Industry with regard to the above stated contract. The Bidder/Offeror agrees to pay covered employees who are subject to living wage at least the living wage rate in effect at the time service is provided for hours spent on State contract activities, and to ensure that its Subcontractors who are not exempt also pay the required living wage rate to their covered employees who are subject to the living wage for hours spent on a State contract for services. The Contractor agrees to comply with, and ensure its Subcontractors comply with, the rate requirements during the initial term of the contract and all subsequent renewal periods, including any increases in the wage rate established by the Commissioner of Labor and Industry, automatically upon the effective date of the revised wage rate.

**Attachment D (continued)**  
**Affidavit of Agreement**  
**Maryland Living Wage Requirements-Service Contracts**

- B. \_\_\_\_\_ (initial here if applicable) The Bidder/Offeror affirms it has no covered employees for the following reasons: (check all that apply)
- All employee(s) proposed to work on the State contract will spend less than one-half of the employee's time during every work week on the State contract;
  - All employee(s) proposed to work on the State contract will be 17 years of age or younger during the duration of the State contract; or
  - All employee(s) proposed to work on the State contract will work less than 13 consecutive weeks on the State contract.

The Commissioner of Labor and Industry reserves the right to request payroll records and other data that the Commissioner deems sufficient to confirm these affirmations at any time.

Name of Authorized Representative: \_\_\_\_\_

\_\_\_\_\_  
Signature of Authorized Representative

Title: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
Witness Name (Typed or Printed)

\_\_\_\_\_  
Witness Signature

\_\_\_\_\_  
Date

**APPENDIX E**

**CONTRACT FOR  
BANKING SERVICES [CATEGORY A, B, C]  
FOR THE  
COLLEGE SAVINGS PLANS OF MARYLAND**

**BETWEEN**

**MARYLAND STATE TREASURER'S OFFICE**

**AND**

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## CONTRACT

**THIS CONTRACT** (the "Contract") is made as of the \_\_\_ day of \_\_\_\_\_, 2014, by and between [NAME AND ADDRESS] (the "Contractor"), and the **MARYLAND STATE TREASURER'S OFFICE**, 80 Calvert Street, Annapolis, Maryland 21401 (the "Office"), on behalf of the **COLLEGE SAVINGS PLANS OF MARYLAND** (the "CSPM"), offices of the **STATE OF MARYLAND** (the "State").

**IN CONSIDERATION OF** the premises and the covenants herein contained, the parties agree as follows:

### ARTICLE I - SCOPE OF SERVICES

The Office hereby engages the Contractor to perform the services set forth below:

- 1.1. General Services. The Contractor shall provide banking services as described in this Contract, which includes the following exhibits:

Exhibit	The Office's Request for Proposals ("RFP") for Banking Services for the College Savings Plans of Maryland, RFP #CSPM-03062014;
Exhibit	Contractor's Technical Proposal dated ____;
Exhibit	Contractor's Price Proposal dated ____;
Exhibit	Contractor's Presentation dated ____;
Exhibit	Collateral Security Agreement dated ____;
Exhibit	Designation of Depository dated ____;
Exhibit	Bid/Proposal Affidavit, Living Wage Affidavit, Contract Affidavit; and
Exhibit	Contractor's "Bank Operating Documents," dated _____.

- 1.2. If there are any inconsistencies between this Contract and the Exhibits, the terms of this Contract shall control. If there is any conflict among the Exhibits, Exhibit A, shall control.

- 1.3 The Procurement Officer may, at any time, by written order, make changes in the work within the general scope of the Contract. No other order, statement or conduct of the Procurement Officer or any other person shall be treated as a change or entitle the Contractor to an equitable adjustment under this section. Except as otherwise provided in this Contract, if any change under this section causes an increase or decrease in the Contractor's cost of, or the time required for, the performance of any part of the work, whether or not changed by the order, an equitable adjustment in the Contract price shall be made and the Contract modified in writing accordingly. The Contractor must assert in writing its right to an adjustment under this section within thirty (30) days of receipt of written change order and shall include a written statement setting forth the nature and cost of such claim. No claim by the Contractor shall be allowed if asserted after final payment under this Contract. Failure to agree to an adjustment under this section shall be a



dispute under Section 4.5., Disputes. Nothing in this section shall excuse the Contractor from proceeding with the Contract as changed.

## **ARTICLE II - TERM**

- 2.1. The initial term of this Contract shall be for the period beginning July 1, 2014 and ending June 30, 2017.
- 2.2. In addition there shall be two additional one-year renewal options, which may be exercised at the sole discretion of the Treasurer or the Treasurer's designee.
- 2.3. After the end of the Contract term, should a new contract be awarded to a contractor other than the incumbent, the Contract shall be deemed to be extended, Contractor shall continue to perform Contract services, and Contractor shall continue to receive the compensation specified in the Contract for such services, until such time as the transition to the new contractor is complete. Contractor shall also assist the Office during any transition period to a new contractor and provide all necessary information and data to any subsequent contractor.
- 2.4. The provisions of Sections 4.1 (Liability), 4.5 (Disputes), 4.6 (Maryland Law Prevails), 4.21 (Retention of Records/Audit), 4.25 (Ownership of Documents and Materials), and 4.26 (Patents, Copyrights and Trade Secrets) of this Contract shall survive termination of this Contract for any reason.

## **ARTICLE III - CONSIDERATION, PAYMENT AND PERFORMANCE**

- 3.1. Contractor shall charge only the fees as described on Contractor's Price Proposal [BAFO] as attached hereto as Exhibit \_\_ and any Price Supplement as attached hereto as Exhibit \_\_. These fees shall not be adjusted during the term of this Contract including any renewal option periods.
- 3.2. Payments to the Contractor may be withheld, without interest or penalty, when in the sole discretion of the State Treasurer, the Contractor's performance of any of the services under this Contract is unsatisfactory, or does not meet generally accepted industry standards. Notice of such withholding of payment and the reasons therefore shall be promptly provided to the Contractor, who shall be afforded an opportunity to cure any performance deficiencies.
- 3.3.1. All invoices for goods and services shall be submitted to:

College Savings Plans of Maryland  
Attn: Chief Financial Officer  
217 E. Redwood Street, Suite 1350  
Baltimore, Maryland 21202

3.3.2. Invoices must be submitted either:

- (a) For ongoing services, on a monthly basis for goods or services rendered in the preceding month; or
- (b) For one-time or periodic services, with 30 days of delivery or completion of the goods or services.

3.3.3. Except as provided in Section 3.3.2 above, payments to the Contractor pursuant to this Contract shall be made no later than 30 days after receipt by the Office of a proper invoice from the Contractor. Each invoice for services rendered must reflect the Contractor's federal tax identification number, which is \_\_\_\_\_, and shall clearly indicate the specific type of service provided. Charges for late payment of invoices, other than as prescribed by Title 15, Subtitle 1 of the State Finance and Procurement Article, Annotated Code of Maryland, as from time to time amended, are prohibited.

## **ARTICLE IV – GENERAL CONDITIONS**

### **4.1. Liability**

The Contractor agrees to assume full responsibility for any and all damage to the property of the Office, both real and personal, which results from or arises in connection with, the performance of this Contract.

The Contractor hereby agrees to indemnify and save harmless the State against all claims, damages, costs, losses and liabilities whatsoever, for any and all injury to persons and property that may arise out of the performance of this Contract.

The Contractor agrees to maintain adequate insurance coverage in order to fulfill its responsibilities under this section.

### **4.2. Tax Exemption**

The State is generally exempt from Federal Excise Taxes, Maryland Sales and Use Taxes, District of Columbia Sales Tax and Transportation Taxes. Exemption certificates shall be completed upon request.

### **4.3. Subcontracting; Assignment**

The Contractor may not subcontract any portion of the services provided under this Contract without obtaining the prior written approval of the State, nor may the Contractor sell, transfer, or otherwise assign its obligations under this Contract, or any portion thereof, or any of its rights or obligations hereunder, without the prior written approval of the State; provided, however, that the Contractor may subcontract services under or make an

assignment of this Contract to an affiliate of the Contractor that is fully capable of performing such services if the Contractor retains full responsibility for the Contract. Any such subcontract or assignment shall be subject to any terms and conditions that the Office deems necessary to protect the interest of the State. The Office shall not be responsible for the fulfillment of the Contractor's obligations to subcontractors.

#### 4.4. Non-Hiring of Officials and Employees

No official or employee of the State of Maryland, as defined under State Government Article, §15-102, Annotated Code of Maryland, whose duties as such official or employee include matters relating to or affecting the subject matter of this Contract, shall during the pendency and term of this Contract and while serving as an official or employee of the State become or be an employee of the Contractor or any entity that is a subcontractor on this Contract.

#### 4.5. Disputes

This Contract shall be subject to the provisions of Title 15, Subtitle 2 of the State Finance and Procurement Article of the Annotated Code of Maryland (Dispute Resolution), and COMAR 21.10 (Administrative and Civil Remedies). Pending resolution of a claim, the Contractor shall proceed diligently with the performance of the Contract in accordance with the Procurement Officer's decision.

#### 4.6. Maryland Law Prevails

The provisions of this Contract shall be governed by the Laws of Maryland.

#### 4.7. Amendments

This Contract, including the exhibits hereto, constitutes the entire agreement between the parties and all other communications prior to its execution, whether written or oral, with reference to the subject matter of this Contract are superseded by this Contract. Any amendment to this Contract must first be approved in writing by the Procurement Officer, subject to any additional approvals required by State law. No amendment to this Contract shall be binding unless so approved and unless it is in writing and signed by the party to be charged.

#### 4.8. Nondiscrimination in Employment

The Contractor agrees: (a) not to discriminate in any manner against an employee or applicant for employment because of race, color, religion, creed, age, sex, marital status, national origin, ancestry or disability of a qualified individual with a disability; (b) to include a provision similar to that contained in subsection (a), above, in any subcontract except a subcontract for standard commercial supplies or raw materials; and (c) to post and to cause subcontractors to post in conspicuous places available to employees and applicants for employment, notices setting forth the substance of this clause.

#### 4.9. Commercial Nondiscrimination Clause

- 4.9.1. As a condition of entering into this Contract, Contractor represents and warrants that it will comply with the State's Commercial Nondiscrimination Policy, as described under Title 19 of the State Finance and Procurement Article of the Annotated Code of Maryland. As part of such compliance, Contractor may not discriminate on the basis of race, color, religion, ancestry or national origin, sex, age, marital status, sexual orientation, disability or other unlawful forms of discrimination in the solicitation, selection, hiring, or commercial treatment of subcontractors, vendors, suppliers, or commercial customers, nor shall Contractor retaliate against any person for reporting instances of such discrimination. Contractor shall provide equal opportunity for subcontractors, vendors, and suppliers to participate in all of its public sector and private sector subcontracting and supply opportunities, provided that this clause does not prohibit or limit lawful efforts to remedy the effects of marketplace discrimination that have occurred or are occurring in the marketplace. Contractor understands that a material violation of this clause shall be considered a material breach of this Contract and may result in termination of this Contract, disqualification of Contractor from participating in State contracts, or other sanctions. This clause is not enforceable by or for the benefit of, and creates no obligation to, any third party.
- 4.9.2. As a condition of entering into this Contract, upon the Maryland Human Relations Commission's request, and only after the filing of a complaint against Contractor under Title 19 of the State Finance and Procurement Article of the Annotated Code of Maryland, as amended from time to time, Contractor agrees to provide within 60 days after the request a complete list of the names of all subcontractors, vendors, and suppliers that Contractor has used in the past 4 years on any of its contracts that were undertaken within the State of Maryland, including the total dollar amount paid by Contractor on each subcontract or supply contract. Contractor further agrees to cooperate in any investigation conducted by the State pursuant to the State's Commercial Nondiscrimination Policy as set forth under Title 19 of the State Finance and Procurement Article of the Annotated Code of Maryland, and to provide any documents relevant to any investigation that is requested by the State. Contractor understands that violation of this clause is a material breach of this Contract and may result in Contract termination, disqualification by the State from participating in State contracts, and other sanctions.

#### 4.10. Contingent Fee Prohibition

The Contractor, architect, or engineer (as applicable) warrants that it has not employed or retained any person, partnership, corporation, or other entity, other than a bona fide employee or agent working for the Contractor, architect, or engineer, to solicit or secure this Contract, and that it has not paid or agreed to pay any person, partnership, corporation, or other entity, other than a bona fide employee or agent, any fee or any other consideration contingent on the making of this Contract.

#### 4.11. Living Wage Requirements

A solicitation for services under a State contract valued at \$100,000 or more may be subject to Title 18, State Finance and Procurement (SFP) Article, Annotated Code of Maryland.

Contractors and Subcontractors subject to the Living Wage Law shall pay each covered employee at least \$13.19 per hour, if State contract services valued at 50% or more of the total value of the contract are performed in the Tier 1 Area. If State contract services valued at 50% or more of the total Contract value are performed in the Tier 2 Area, an Offeror shall pay each covered employee at least \$9.91 per hour. The specific Living Wage rate is determined by whether a majority of services take place in a Tier 1 Area or Tier 2 Area of the State. The Tier 1 Area includes Montgomery, Prince George's, Howard, Anne Arundel, and Baltimore Counties, and Baltimore City. The Tier 2 Area includes any county in the State not included in the Tier 1 Area. In the event employees who perform the services are not located in the State, the head of the unit responsible for a State contract pursuant to §18-102 (d) shall assign the tier based upon where the recipients of the services are located.

This Contract has been deemed to be a Tier 1 contract.

#### 4.12. Multi-Year Contracts Contingent upon Appropriations

If the General Assembly fails to appropriate funds or if funds are not otherwise made available for continued performance for any fiscal period of this Contract succeeding the first fiscal period, this Contract shall be cancelled automatically as of the beginning of the fiscal year for which funds were not appropriated or otherwise made available; provided, however, that this will not affect either the State's rights or the Contractor's rights under any termination clause in this Contract. The effect of termination of the Contract hereunder will be to discharge both the Contractor and the State from future performance of the Contract, but not from their rights and obligations existing at the time of termination. The Contractor shall be reimbursed for the reasonable value of any non-recurring costs incurred but not amortized in the price of the Contract. The State shall notify the Contractor as soon as it has knowledge that funds may not be available for the continuation of this Contract for each succeeding fiscal period beyond the first.

#### 4.13. Termination for Default

If the Contractor fails to fulfill its obligation under this Contract properly and on time, or otherwise violates any provision of the Contract, the State may terminate the Contract by written notice to the Contractor. The notice shall specify the acts or omissions relied upon as cause for termination. All finished or unfinished work provided by the Contractor shall, at the State's option, become the State's property. The State shall pay the Contractors fair and equitable compensation for satisfactory performance prior to receipt of notice of termination, less the amount of damages caused by Contractor's breach. If the damages are more than the compensation payable to the Contractor, the Contractor will remain liable

after termination and the State can affirmatively collect damages. Termination hereunder, including the determination of the rights and obligations of the parties, shall be governed by the provisions of COMAR 21.07.01.11B.

#### 4.14. Termination for Convenience

The performance of work under this Contract may be terminated by the State in accordance with this clause in whole, or from time to time in part, whenever the State shall determine that such termination is in the best interest of the State. The State will pay all reasonable costs associated with this Contract that the Contractor has incurred up to the date of termination and all reasonable costs associated with termination of the Contract. However, the Contractor shall not be reimbursed for any anticipatory profits that have not been earned up to the date of termination. Termination hereunder, including the determination of the rights and obligations of the parties, shall be governed by the provisions of COMAR 21.07.01.12A(2).

#### 4.15. Delays and Extensions of Time

The Contractor agrees to prosecute the work continuously and diligently and no charges or claims for damages shall be made by it for any delays or hindrances from any cause whatsoever during the progress of any portion of the work specified in this Contract.

Time extensions will be granted only for excusable delays that arise from unforeseeable causes beyond the control and without the fault or negligence of the Contractor, including but not restricted to, acts of God, acts of the public enemy, acts of the State in either its sovereign or contractual capacity, acts of another contractor in the performance of a Contract with the State, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, or delays of subcontractors or suppliers arising from unforeseeable causes beyond the control and without the fault or negligence of either the Contractor or the subcontractors or suppliers.

#### 4.16. Variations in Estimated Quantities

No equitable adjustment shall be permitted in favor of either the State or the Contractor in the event that the quantity of any pay item in this Contract is an estimated quantity and the actual quantity of such pay item varies from the estimated quantity stated in the Contract.

#### 4.17. Suspension of Work

The Procurement Officer unilaterally may order the Contractor in writing to suspend, delay, or interrupt all or any part of its performance for such period of time as the Procurement Officer may determine to be appropriate for the convenience of the State.

#### 4.18. Pre-Existing Regulations

In accordance with the provisions of §11-206 of the State Finance and Procurement Article, Annotated Code of Maryland, the regulations set forth in Title 21 of the Code of Maryland Regulations (COMAR Title 21) in effect on the date of execution of this Contract are applicable to this Contract.

#### 4.19. Financial Disclosure

The Contractor shall comply with the provisions of §13-221 of the State Finance and Procurement Article of the Annotated Code of Maryland, which requires that every business that enters into contracts, leases, or other agreements with the State of Maryland or its agencies during a calendar year under which the business is to receive in the aggregate \$100,000 or more, shall, within 30 days of the time when the aggregate value of these contracts, leases or other agreements reaches \$100,000, file with the Secretary of State of Maryland certain specified information to include disclosure of beneficial ownership of the business.

#### 4.20. Political Contribution Disclosure

The Contractor shall comply with the Election Law Article § 14-101 – 14-108, Annotated Code of Maryland, which requires that every person that enters into contracts, leases, or other agreements with the State, a county or an incorporated municipality, or their agencies, during a calendar year in which the person receives in the aggregate \$100,000 or more, shall file with the State Board of Elections a statement disclosing contributions in excess of \$500 made during the reporting period to a candidate for elective office in any primary or general election. The statement shall be filed with the State Board of Elections: (1) before a purchase or execution of a lease or contract by the State, a county, an incorporated municipality, or their agencies, and shall cover the preceding two calendar years; and (2) if the contribution is made after the execution of a lease or contract, then twice a year, throughout the Contract term, on: (a) February 5, to cover the 6-month period ending January 31; and (b) August 5, to cover the 6-month period ending July 31.

#### 4.21. Retention of Records/Audit

The Contractor shall retain and maintain all records and documents relating to this Contract for three years after final payment by the State hereunder or any applicable statute of limitations, whichever is longer, and shall make them available for inspection and audit by authorized representatives of the State, including the Procurement Officer or his designee, at all reasonable times.

#### 4.22. Compliance with Laws

The Contractor hereby represents and warrants that:

- 4.22.1. It is qualified to do business in the State of Maryland and that it will take such action as, from time to time, hereafter may be necessary to remain so qualified;
- 4.22.2. It is not in arrears with respect to the payment of any monies due and owing the State of Maryland, or any department or unit thereof, including but not limited to the payment of taxes and employee benefits, and that it shall not become so in arrears during the term of this Contract;
- 4.22.3. It shall comply with all federal, State and local laws, regulations and ordinances applicable to its activities and obligations under this Contract; and
- 4.22.4. It shall obtain, at its expense, all licenses, permits, insurance, and governmental approvals, if any, necessary to the performance of its obligations under this Contract.

#### 4.23. Liability for Loss of Data

In the event of loss of any data or records necessary for the performance of this Contract where such loss is due to the error or negligence of the Contractor, the Contractor shall be responsible, irrespective of cost to the Contractor, for recreating such lost data or records.

#### 4.24. Cost and Price Certification

- 4.24.1. The Contractor by submitting cost or price information certifies that, to the best of its knowledge, the information submitted is accurate, complete, and current as a mutually determined specified date prior to the conclusion of any price discussions or negotiations for:
  - (1) A negotiated contract, if the total contract price is expected to exceed \$100,000, or a smaller amount set by the procurement officer; or
  - (2) A change order or contract modification, expected to exceed \$100,000, or a smaller amount set by the procurement officer.
- 4.24.2. The price under this Contract and any change order or modification hereunder, including profit or fee, shall be adjusted to exclude any significant price increases occurring because the Contractor furnished cost or price information which, as of the date agreed upon between the parties, was inaccurate, incomplete, or not current.



#### 4.25. Ownership of Documents and Materials

The Contractor agrees that all documents and materials including, but not limited to, reports, drawings, studies, specifications, estimates, maps, photographs, designs, graphics, mechanical, artwork, and computations prepared by or for it under the terms of this Contract shall at anytime during the performance of the services be made available to the State upon request by the State and shall become and remain the exclusive property of the State upon termination or completion of the services. The State shall have the right to use same without restriction or limitation and without compensation to the Contractor other than that provided by this Contract. The State shall be the owner for purposes or copyright, patent or trademark registration.

#### 4.26. Patents, Copyrights and Trade Secrets

4.26.1. If the Contractor furnishes any design, device, material, process or other item, which is covered by a patent, or copyright or which is proprietary to or a trade secret of another, Contractor shall obtain the necessary permission or license to use such item.

4.26.2. Contractor will defend or settle, at its own expense, any claim or suit against the State alleging that any such item furnished by Contractor infringes any patent, trademark, copyright, or trade secret. Contractor also will pay all damages and costs that by final judgment may be assessed against the State due to such infringement and all attorney fees and litigation expenses reasonably incurred by the State to defend against such a claim or suit. The obligations of this paragraph are in addition to those stated in paragraph 4.26.3. below.

4.26.3. If any product(s) furnished by Contractor become, or in Contractor's opinion are likely to become, the subject of a claim of infringement, Contractor will, at its option: (1) procure for the State the right to continue using the applicable item; (2) replace the product with a non-infringing product substantially complying with the item's specifications; or (3) modify the item so it becomes non-infringing and performs in a substantially similar manner to the original item.

#### 4.27. Confidentiality

Subject to the Maryland Public Information Act and any other applicable laws, including all confidential or proprietary information and documentation relating to either party (including without limitation, any information or data stored within the Contractor's computer systems) shall be held in absolute confidence by the other party. Each party shall, however, be permitted to disclose relevant confidential information to its officers, agents and employees to the extent that such disclosure is necessary for the performance of their duties under this Contract, provided the data may be collected, used, disclosed, stored and disseminated only as provided by and consistent with the law and the confidentiality provisions of the RFP. The provisions of this section shall not apply to information that (a) is lawfully in the public domain; (b) has been independently developed

by the other party without violation of this Contract; (c) was already in the possession of such party; (d) was supplied to such party by a third party lawfully in possession thereof and legally permitted to further disclose the information; or (e) which such party is required to disclose by law.

#### **ARTICLE V - NOTICES**

5.1. All notices required to be given by one party to the other hereunder shall be in writing and shall be addressed as follows:

If to the Office: Procurement Officer  
Maryland State Treasurer's Office  
Louis L. Goldstein Treasury Building  
80 Calvert Street  
Annapolis, Maryland 21401

If to the Agency: College Savings Plans of Maryland  
Attn: Chief Financial Officer  
217 E. Redwood Street, Suite 1350  
Baltimore, Maryland 21202

If to the Contractor: [Name and Address]

5.2. All invoices and all correspondence and inquiries relating to invoices or payments shall be addressed to the Agency identified above in Section 5.1.

#### **ARTICLE VI - ADMINISTRATION**

6.1. The work to be accomplished under this Contract shall be performed under the direction of the Contract Officer, College Savings Plans of Maryland Chief Financial Officer. All matters relating to the administration of this Contract shall be referred to the Procurement Officer for determination.

**ARTICLE VII - REPRESENTATIONS**

7.1. Each party to this Contract represents and warrants to the other that it has full right, power, and authority to execute this Contract.

**IN WITNESS WHEREOF**, the parties have executed this Contract as of the date hereinabove set forth.

**ATTEST:**

**[CONTRACTOR'S LEGAL NAME]**

\_\_\_\_\_

By: \_\_\_\_\_

[Signatory]

[Title]

**WITNESS:**

**MARYLAND STATE TREASURER'S OFFICE**

\_\_\_\_\_

By: \_\_\_\_\_

Nancy K. Kopp

State Treasurer

**WITNESS:**

\_\_\_\_\_

By: \_\_\_\_\_

Bernadette T. Benik

Chief Deputy Treasurer

**ACKNOWLEDGED AND ACCEPTED:  
COLLEGE SAVINGS PLANS OF  
MARYLAND**

By: \_\_\_\_\_

Approved for form and legal sufficiency  
for the Maryland State Treasurer's Office:

\_\_\_\_\_  
David P. Chaisson  
Assistant Attorney General

**APPENDIX F**  
**(To be submitted with the Contract)**  
**CONTRACT AFFIDAVIT**

**A. AUTHORIZED REPRESENTATIVE**

**I HEREBY AFFIRM THAT:**

I, \_\_\_\_\_ (print name), possess the legal authority to make this Affidavit.

**B. CERTIFICATION OF REGISTRATION OR QUALIFICATION WITH THE STATE  
DEPARTMENT OF ASSESSMENTS AND TAXATION**

**I FURTHER AFFIRM THAT:**

The business named above is a (check applicable box):

- (1) Corporation —  domestic or  foreign;
- (2) Limited Liability Company —  domestic or  foreign;
- (3) Partnership —  domestic or  foreign;
- (4) Statutory Trust —  domestic or  foreign;
- (5)  Sole Proprietorship.

and is registered or qualified as required under Maryland Law. I further affirm that the above business is in good standing both in Maryland and (IF APPLICABLE) in the jurisdiction where it is presently organized, and has filed all of its annual reports, together with filing fees, with the Maryland State Department of Assessments and Taxation. The name and address of its resident agent (IF APPLICABLE) filed with the State Department of Assessments and Taxation is:

Name and Department ID

Number: \_\_\_\_\_ Address: \_\_\_\_\_

and that if it does business under a trade name, it has filed a certificate with the State Department of Assessments and Taxation that correctly identifies that true name and address of the principal or owner as:

Name and Department ID Number: \_\_\_\_\_

Address: \_\_\_\_\_.

**C. FINANCIAL DISCLOSURE AFFIRMATION**

**I FURTHER AFFIRM THAT:**

I am aware of, and the above business will comply with, the provisions of State Finance and Procurement Article, §13-221, Annotated Code of Maryland, which require that every business that enters into contracts, leases, or other agreements with the State of Maryland

or its agencies during a calendar year under which the business is to receive in the aggregate \$100,000 or more shall, within 30 days of the time when the aggregate value of the contracts, leases, or other agreements reaches \$100,000, file with the Secretary of State of Maryland certain specified information to include disclosure of beneficial ownership of the business.

#### D. POLITICAL CONTRIBUTION DISCLOSURE AFFIRMATION

I FURTHER AFFIRM THAT:

I am aware of, and the above business will comply with, Election Law Article, §§14-101 — 14-108, Annotated Code of Maryland, which requires that every person that enters into contracts, leases, or other agreements with the State of Maryland, including its agencies or a political subdivision of the State, during a calendar year in which the person receives in the aggregate \$100,000 or more shall file with the State Board of Elections a statement disclosing contributions in excess of \$500 made during the reporting period to a candidate for elective office in any primary or general election.

#### E. DRUG AND ALCOHOL FREE WORKPLACE

(Applicable to all contracts unless the contract is for a law enforcement agency and the agency head or the agency head's designee has determined that application of COMAR 21.11.08 and this certification would be inappropriate in connection with the law enforcement agency's undercover operations.)

I CERTIFY THAT:

(1) Terms defined in COMAR 21.11.08 shall have the same meanings when used in this certification.

(2) By submission of its bid or offer, the business, if other than an individual, certifies and agrees that, with respect to its employees to be employed under a contract resulting from this solicitation, the business shall:

(a) Maintain a workplace free of drug and alcohol abuse during the term of the contract;

(b) Publish a statement notifying its employees that the unlawful manufacture, distribution, dispensing, possession, or use of drugs, and the abuse of drugs or alcohol is prohibited in the business' workplace and specifying the actions that will be taken against employees for violation of these prohibitions;

(c) Prohibit its employees from working under the influence of drugs or alcohol;

(d) Not hire or assign to work on the contract anyone who the business knows, or in the exercise of due diligence should know, currently abuses drugs or alcohol and is not actively engaged in a bona fide drug or alcohol abuse assistance or rehabilitation program;

(e) Promptly inform the appropriate law enforcement agency of every drug-related crime that occurs in its workplace if the business has observed the violation or otherwise has reliable information that a violation has occurred;

(f) Establish drug and alcohol abuse awareness programs to inform its employees about:

- (i) The dangers of drug and alcohol abuse in the workplace;
- (ii) The business's policy of maintaining a drug and alcohol free workplace;
- (iii) Any available drug and alcohol counseling, rehabilitation, and employee assistance programs; and
- (iv) The penalties that may be imposed upon employees who abuse drugs and alcohol in the workplace;

(g) Provide all employees engaged in the performance of the contract with a copy of the statement required by §E(2)(b), above;

(h) Notify its employees in the statement required by §E(2)(b), above, that as a condition of continued employment on the contract, the employee shall:

- (i) Abide by the terms of the statement; and
- (ii) Notify the employer of any criminal drug or alcohol abuse conviction for an offense occurring in the workplace not later than 5 days after a conviction;

(i) Notify the procurement officer within 10 days after receiving notice under §E(2)(h)(ii), above, or otherwise receiving actual notice of a conviction;

(j) Within 30 days after receiving notice under §E(2)(h)(ii), above, or otherwise receiving actual notice of a conviction, impose either of the following sanctions or remedial measures on any employee who is convicted of a drug or alcohol abuse offense occurring in the workplace:

- (i) Take appropriate personnel action against an employee, up to and including termination; or
- (ii) Require an employee to satisfactorily participate in a bona fide drug or alcohol abuse assistance or rehabilitation program; and

(k) Make a good faith effort to maintain a drug and alcohol free workplace through implementation of §E(2)(a)—(j), above.

(3) If the business is an individual, the individual shall certify and agree as set forth in §E(4), below, that the individual shall not engage in the unlawful manufacture, distribution,

dispensing, possession, or use of drugs or the abuse of drugs or alcohol in the performance of the contract.

(4) I acknowledge and agree that:

(a) The award of the contract is conditional upon compliance with COMAR 21.11.08 and this certification;

(b) The violation of the provisions of COMAR 21.11.08 or this certification shall be cause to suspend payments under, or terminate the contract for default under COMAR 21.07.01.11 or 21.07.03.15, as applicable; and

(c) The violation of the provisions of COMAR 21.11.08 or this certification in connection with the contract may, in the exercise of the discretion of the Board of Public Works, result in suspension and debarment of the business under COMAR 21.08.03.

#### F. CERTAIN AFFIRMATIONS VALID

I FURTHER AFFIRM THAT:

To the best of my knowledge, information, and belief, each of the affirmations, certifications, or acknowledgements contained in that certain Bid/Proposal Affidavit dated \_\_\_\_\_, 2013, and executed by me for the purpose of obtaining the contract to which this Exhibit is attached remains true and correct in all respects as if made as of the date of this Contract Affidavit and as if fully set forth herein.

I DO SOLEMNLY DECLARE AND AFFIRM UNDER THE PENALTIES OF PERJURY THAT THE CONTENTS OF THIS AFFIDAVIT ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE, INFORMATION, AND BELIEF.

Date: \_\_\_\_\_

By: \_\_\_\_\_ (printed name of Authorized Representative and Affiant)

\_\_\_\_\_ (signature of Authorized Representative and Affiant)

**APPENDIX G**  
**COLLATERAL SECURITY AGREEMENT**

**THIS COLLATERAL SECURITY AGREEMENT** (the “Agreement”) is made and entered into as of \_\_\_\_\_ by and between the Maryland State Treasurer’s Office, on behalf of the College Savings Plans of Maryland (the “CSPM”) hereinafter called the “Depositor”, and \_\_\_\_\_ [a national banking association, organized under the laws of the United States] or [organized under the laws of Maryland] and authorized by law to do banking business in the State of Maryland, hereinafter called the “bank.”

**Background**

The Depositor, in accordance with Maryland State law, has designated the Bank as a depository for public funds of the Depositor under the Banking Services for the College Savings Plans of Maryland Contract dated \_\_\_\_\_, 2014. During the term of this Agreement, the Depositor will designate the officer, or officers, who singly or jointly will be authorized to represent and act on behalf of the Depositor in any and all matters of every kind arising under this Agreement. This Agreement incorporates the terms of the Contract by reference for all purposes; however, to the extent that any provision in the Contract conflicts with any provision in this Agreement, this Agreement will control. All funds on deposit with the Bank to the credit of the Depositor are required to be secured by collateral of the kind and character permitted by §6-202 of the State Finance and Procurement Article of the Annotated Code of Maryland, as may be amended from time to time (“SFP §6-202”).

Under §6-209 of the State Finance and Procurement Article of the Annotated Code of Maryland, as may be amended from time to time (“SFP §6-209”), only certain collateral pledged by the Bank is required to be held by a custodian. For purposes of this Agreement, permissible collateral under SFP §6-202 shall be referred to as “Collateral” and any Collateral that is required to be held by a custodian under SFP §6-209 shall be referred to as “Securities Collateral.”

To perfect the security interest of the Depositor in Securities Collateral pledged by the Bank, a Federal Reserve Bank or a third party financial institution, acceptable to the Depositor, will hold the Securities Collateral in a custody account for the benefit of the Depositor. For purposes of this Agreement, such Federal Reserve Bank or third party financial institution shall be referred to as the “Trustee.”

In consideration of the foregoing, and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged by the parties, it is agreed as follows:

1. Under the terms of this Agreement, the Bank pledges to the Depositor, and grants to the Depositor a security interest in, the Securities Collateral owned by the Bank and held by the Trustee for the benefit of the Depositor, to secure the deposits held by the Bank for the Depositor as provided in SFP §6-209.



2. The total market value of the Securities Collateral held by the Trustee (which includes accrued interest or income to the extent it is not included in the market price) will be in an amount at least equal to such amount as is required under SFP §6-209, taking into account any other acceptable Collateral properly delivered to the Depositor. The market value of any security held as Securities Collateral will be obtained from a primary dealer. The Bank will provide a monthly collateral report to the Depositor at no charge. The report includes the market value and description of each item of Collateral pledged as of the last business day of the month.
3. The Bank has previously or will immediately deliver to the Trustee Securities Collateral of the kind and character permitted by SFP §6-202 of sufficient amount and market value to provide adequate collateral under SFP §6-209, taking into consideration any other acceptable Collateral properly delivered to the Depositor, for the funds of the Depositor deposited with the Bank. For so long as the depository relationship between the Depositor and the Bank shall exist hereunder, the Securities Collateral or substitute Securities Collateral, as provided for below, in an amount and market value sufficient to provide adequate Collateral, taking into consideration any other acceptable Collateral properly delivered to the Depositor, shall be kept and retained by the Trustee in trust.
4. The Bank shall cause the Trustee to accept the Securities Collateral and hold the same in trust for the purpose stated in this Agreement.
5. Should the Bank fail at any time to pay and satisfy, when due, any check, draft, or voucher lawfully drawn against any deposit, or in case the Bank becomes insolvent or in any manner breaches its contract with the Depositor, Depositor shall give written notice of such failure, insolvency or breach to the Bank, and the Bank shall have ten days to cure such failure, insolvency or breach. In the event the Bank shall fail to cure such failure, insolvency or breach within ten days, it shall be the duty of the Trustee, upon demand of the Depositor (supported by proper evidence of any of the above-listed circumstances), to surrender the Securities Collateral to the Depositor. The Depositor may sell all or any part of the Securities Collateral and out of the proceeds of such sale pay the Depositor all damages and losses sustained by it, together with all expenses of any and every kind incurred by it on account of such failure or insolvency, or sale. Following any sale, the Depositor shall provide an accounting to the Bank for the remainder, if any, of the proceeds or Collateral remaining unsold.
6. Any sale of all or part of the Securities Collateral, made by the Depositor under this Agreement may be either at public or private sale; provided, however, the Depositor shall give to the Bank ten days written notice of the time and place where such sale shall take place, and such sale shall be to the highest bidder for cash. The Depositor and the Bank shall have the right to bid at such sale.

7. If the Bank shall desire to sell or otherwise dispose of all or part of the Securities Collateral deposited with the Trustee, it may substitute other Securities Collateral of at least the same market value. Alternatively, the Bank may substitute other acceptable Collateral properly delivered to the Depositor in an amount equal to the market value of the Securities Collateral to be sold or otherwise disposed of. Such rights of substitution shall remain in full force and may be exercised by the Bank as often as it may desire; provided, however, that the aggregate market value of all Collateral pledged to the Depositor, shall be at least equal to the amount of Collateral required under SFP §6-209. If at any time, the aggregate market value of Securities Collateral deposited with the Trustee, taken together with any other acceptable Collateral properly delivered to the Depositor, is less than the total amount required under SFP §6-209, the Bank shall, upon request of the Depositor, deposit with the Trustee such additional Securities Collateral as may be necessary to cause the market value of such Securities Collateral, taken together with any other acceptable Collateral properly delivered to the Depositor, to equal the total amount of required Collateral. The Bank shall be entitled to income on securities held by the Trustee, and the Trustee may dispose of such income as directed by the Bank without approval of the Depositor.
8. The Bank shall cause the Trustee promptly to forward to the Depositor copies of safekeeping or trust receipts and/or activity reports covering all of the Collateral, including substitute Collateral as provided for herein.
9. If at any time the Securities Collateral in the hands of the Trustee shall have a market value, taking into account any other acceptable Collateral properly delivered to the Depositor, that exceeds the required amount of Securities Collateral, the Depositor shall authorize the withdrawal of a specified amount of Securities Collateral, and the Trustee may deliver this amount of Securities Collateral (and no more) to the Bank. Once the Bank receives the redelivered Securities Collateral, the Trustee shall have no further liability for such Securities Collateral.
10. Each of the Depositor and the Bank shall have the right to terminate this Agreement by advance written notice to the other of its election to do so. This Agreement shall be void from and after the expiration of sixty days after the receipt of such notice, provided all provisions of this Agreement have been fulfilled.
11. When the depositor-bank relationship ceases to exist between the Depositor and the Bank, and when the Bank has properly paid out all deposits of the Depositor, the Depositor shall give the Trustee written notice to that effect and the Trustee shall, with the approval of the Depositor, redeliver to the Bank all Securities Collateral then in its possession belonging to the Bank.

12. A. Any notice required to be given to the Bank in writing shall be sufficient if delivered to the following address:

\_\_\_\_\_  
\_\_\_\_\_

The Bank may change the above address by notifying the Depositor by facsimile or by such other means as is consistent with the Bank's usual means of notification to the Depositor.

- B. Any notice to be given to the Depositor shall be sufficient if delivered to the following address:

Maryland State Treasurer's Office  
Attn: Director of Treasury Management  
80 Calvert Street  
Annapolis, Maryland 21401  
Tel: (410)260-7129 – Fax: (410)974-2076

The Depositor may change the above address by notifying the Bank by facsimile or by such other means as is consistent with the Depositor's usual means of notification to the Bank.

13. This Agreement shall be binding upon, and shall insure to the benefit of, the parties hereto and their respective corporate successors.
14. No amendments or modification of this Agreement or waiver of any right under this Agreement shall be binding on any party unless it is in writing and is signed by all of the parties.

[Signatures Appear on the Following Page]

Executed by the undersigned duly authorized officers of the parties as of the date of this Agreement.

**ATTEST**

**[BANK NAME]**

\_\_\_\_\_

By: \_\_\_\_\_  
[Signatory]  
[Title]

**WITNESS:**

**MARYLAND STATE TREASURER'S  
OFFICE**

\_\_\_\_\_

By: \_\_\_\_\_  
Nancy K. Kopp  
State Treasurer

**WITNESS:**

\_\_\_\_\_

By: \_\_\_\_\_  
Bernadette T. Benik  
Chief Deputy Treasurer

Approved as to form and legal sufficiency  
for the Maryland State Treasurer's Office:

\_\_\_\_\_  
David P. Chaisson  
Assistant Attorney General

**APPENDIX I  
DESIGNATION OF DEPOSITORY**

I, THE UNDERSIGNED, TREASURER OF THE STATE OF MARYLAND, DO HEREBY CERTIFY that, by my action duly taken, the following Designation has been duly made, has not been amended or modified, is not inconsistent with the Constitution and laws of the State of Maryland (the "State"), and is now in full force and effect:

IN ACCORDANCE with §6-205 of the State Finance and Procurement Article of the Annotated Code of Maryland, \_\_\_\_\_, (the "Bank") is hereby designated as a depository for funds of the State for the term of the Contract for Banking Services for the College Savings Plans of Maryland by and between the State and \_\_\_\_\_, dated \_\_\_\_\_, as it may be amended, and that deposit accounts, whether demand, time, savings, disbursement, or like accounts may be opened and/or maintained from time to time in the name of the State with the Bank. The Bank, as a designated depository for funds of the State, is hereby authorized and directed to honor checks, drafts, or other orders for the payment of money drawn in the name of the State or its agencies, when bearing or purporting to bear the facsimile signature of one of the following: the Treasurer or the Chief Deputy Treasurer; and the countersignature of one of the following: the Comptroller or Deputy Comptroller, or the actual signatures of the certified officers or employees of each agency approved by the Treasurer and the Comptroller to establish an account with the Bank, as indicated on the Bank's standard account signature cards; and the Bank shall be entitled to honor and charge the State for all such checks, drafts and other orders, regardless of by whom or by what means the facsimile signatures thereon may have been affixed thereto from time to time by the Treasurer or other duly authorized officer of the State; and it is

FURTHER CERTIFIED, that the Treasurer or duly authorized agency representative shall certify to the Bank the names of the officers or employees of the State authorized to act with respect to each and every account, and shall from time to time hereafter as changes in such personnel may be made, immediately certify such changes to the Bank, and the Bank shall be fully protected in relying on such certifications of the Treasurer or duly authorized agency representative, and to the extent permitted by law shall be indemnified and saved harmless from any claims, demands, expenses, losses, or damages resulting from, or growing out of honoring the signature of an officer or employee so certified or refusing to honor any signature not so certified; and it is

FURTHER CERTIFIED, that the foregoing Designation shall remain in full force and effect until written notice of its amendment or rescission shall have been received by the Bank, and that receipt of such notice shall not affect any action taken by the Bank prior thereto.

I HEREBY CERTIFY that the following is the title, name, and official signature of the officer, in addition to me, authorized herein to act on behalf of the State:

<u>Title</u>	<u>Name</u>	<u>Official Signature</u>
Chief Deputy Treasurer	Bernadette T. Benik	_____

IN WITNESS WHEREOF, I have executed this Designation as of this \_\_\_\_ day of \_\_\_\_\_, 2014.

STATE OF MARYLAND

By: \_\_\_\_\_  
Nancy K. Kopp  
Treasurer

## Exhibit 1

### MPCT Custodial Investment Accounts As of June 30, 2013

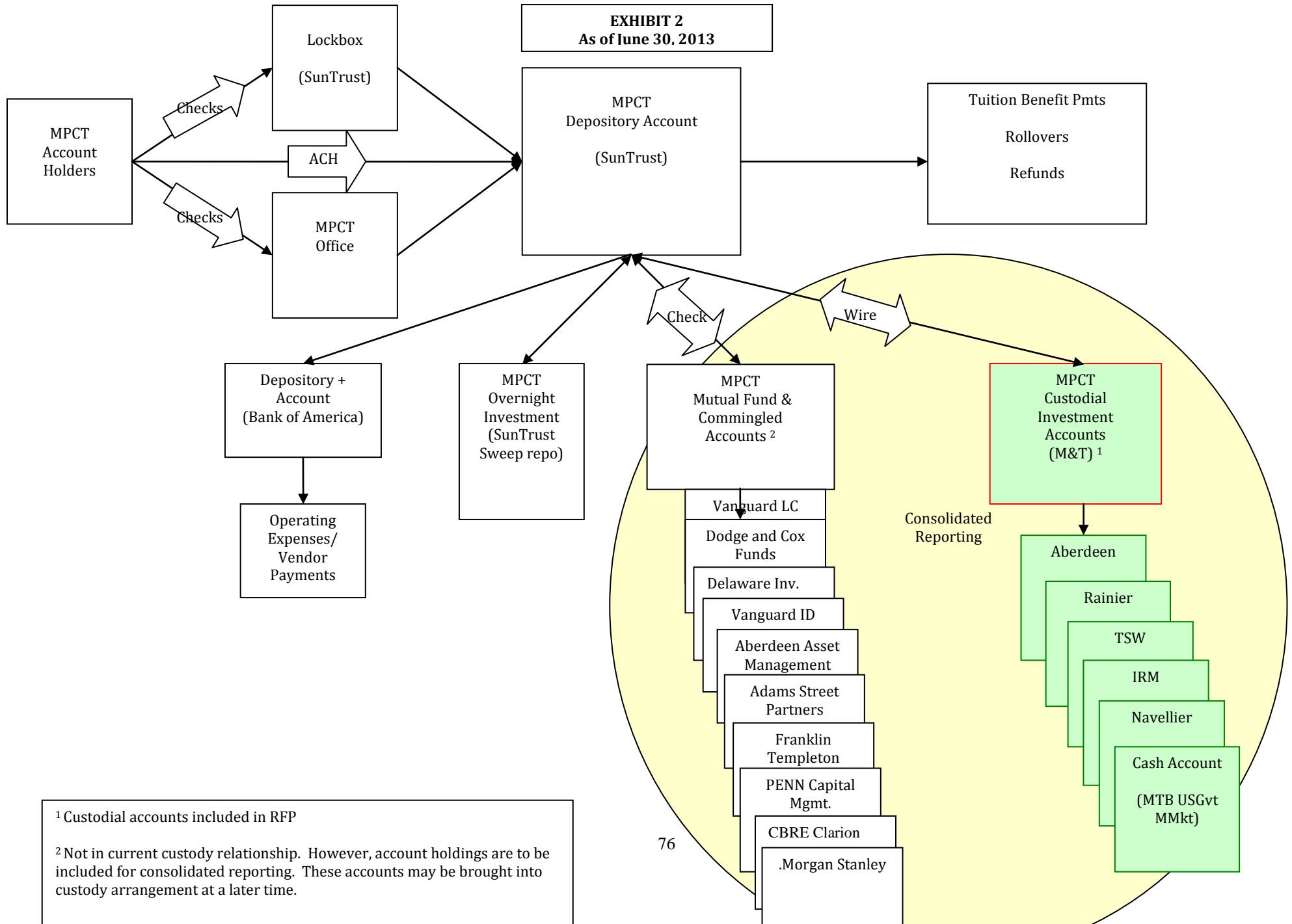
	<u>Asset Manager</u>	<u>Market Value</u>
Large cap growth	Navellier & Associates, Inc.	\$80,635,297
Small/Mid cap core	Rainier Investment Management, Inc.	32,300,705
Small cap value	Thompson, Siegel & Walmsley, Inc.	61,063,104
Intermediate duration fixed	Aberdeen Asset Management, Inc.	152,792,587
Short duration fixed	Income Research & Management, Inc.	<u>32,628,888</u>
Total Assets		<u><u>\$359,420,581</u></u>

### CSPM Board Custodial Investment Account As of June 30, 2013

	<u>Asset Manager</u>	<u>Market Value</u>
Cash	M&T Investment Group	\$980,968

### MPCT Mutual and Commingled Fund Assets not with Custodian As of June 30, 2013

	<u>Asset Manager</u>	<u>Market Value</u>
Large cap core	The Vanguard Group	\$ 91,680,984
Large cap value	Dodge and Cox Funds	88,925,694
International	Delaware Investments	58,683,480
International developed mkts	The Vanguard Group	22,457,909
International emerging equity	Aberdeen Asset Management, Inc.	24,732,973
Private markets	Adams Street Partners, LLC	2,025,023
Emerging market debt	Franklin Templeton Investments	54,483,825
High yield	PENN Capital Management, Inc.	22,000,000
Global real estate	CBRE Clarion Securities, LLC	19,056,502
Global real estate	Morgan Stanley	<u>12,439,965</u>
Total Assets		\$ 396,486,355



**EXHIBIT 2  
As of June 30, 2013**

<sup>1</sup> Custodial accounts included in RFP

<sup>2</sup> Not in current custody relationship. However, account holdings are to be included for consolidated reporting. These accounts may be brought into custody arrangement at a later time.



### Exhibit 3

#### Maryland Prepaid College Trust Custodial Recap

12 Month Activity (Oct. 2012 - Sep. 2013)

	<u>Number</u>	<u>Amount</u>
<u>Navellier &amp; Associates, Inc.</u>		
Base Fee		\$5,735
Market Value Fee		9,746
Book entry and physical transaction	130	715
Total		<u>16,196</u>
<u>Rainier</u>		
Base Fee		5,735
Market Value Fee		2,324
Book entry and physical transaction	5,441	29,925
Other fee		105
Total		<u>38,089</u>
<u>Thompson, Siegel</u>		
Base Fee		5,735
Market Value Fee		5,291
Book entry and physical transaction	1,841	10,125
Total		<u>21,151</u>
<u>IRM</u>		
Base Fee		5,735
Market Value Fee		2,947
Book entry and physical transaction	235	1,293
Paydowns	445	4,350
Total		<u>14,325</u>
<u>Aberdeen</u>		
Base Fee		5,735
Market Value Fee		16,926
Book entry and physical transaction	2,051	12,463
Paydowns	1,489	16,090
Other fee		110
Total		<u>51,324</u>

## **Exhibit 4**

### MPCT List of Reports

List of reports received from current custodian

- Investment Summary
- Investment Detail
- Income and Expense Summary
- Cash reconciliation
- Statement of Assets Acquired
- Statement of Assets Disposed
- Statement of Transactions
- Statement of Non-cash Transactions
- Pending Trade Schedule
- Bond Maturity Schedule
- Bond Rating Schedule
- Equity Diversification Schedule

## EXHIBIT 5

### State Finance and Procurement Article

§6-201.

(a) In this subtitle the following words have the meanings indicated.

(b) "Banking institution" means an institution that is incorporated under the laws of the State as a State bank, trust company, or savings bank.

(c) "Collateral" means collateral that is listed under § 6-202 of this subtitle.

(d) "Deposit insurance" means insurance by:

(1) the Federal Deposit Insurance Corporation; or

(2) the Resolution Trust Corporation created under § 21A of the Federal Home Loan Bank Act (12 U.S.C. § 1441a).

(e) "Financial institution" means:

(1) any banking institution;

(2) any national banking association;

(3) an institution that is incorporated under the laws of any other state as a bank;

and

(4) an institution that is incorporated under the laws of this State or of the United States as a savings and loan association.

(f) "National banking association" means an institution that is incorporated under federal law as a bank.

(g) "State money" for purposes of §§ 6-209 and 6-210 of this subtitle includes moneys in a bank account maintained under the control of an employee or official of the clerk of the court or register of wills.

## EXHIBIT 6

### State Finance and Procurement Article

§6-202.

Collateral that may be used under this subtitle shall be:

- (1) an obligation of the United States or any of its agencies;
- (2) an obligation guaranteed by the United States or by any of its agencies;
- (3) an obligation insured by the United States;
- (4) an obligation of the State or any of its units or instrumentalities;
- (5) an obligation of a county of the State or any of its agencies;
- (6) an obligation of a municipal corporation in the State or any of its agencies;
- (7) an obligation of any other governmental authority in the State;
- (8) an obligation of the Inter-America Development Bank;
- (9) an obligation of the World Bank;
- (10) an obligation of the following government-sponsored enterprises:
  - (i) the Federal Home Loan Banks;
  - (ii) the Federal Home Loan Mortgage Corporation;
  - (iii) the Federal National Mortgage Association;
  - (iv) the Farm Credit System;
  - (v) the Federal Agricultural Mortgage Corporation; and
  - (vi) the Student Loan Marketing Association;
- (11) a surety bond if:
  - (i) subject to the terms and conditions of the bond, it is irrevocable and absolute;
  - (ii) the surety bond is issued by an insurance company authorized to do business in this State;
  - (iii) the issuer of the surety bonds does not provide surety bonds for any one financial institution in an amount that exceeds 10% of the surety bond insurer's policyholders' surplus and contingency reserve, net of reinsurance; and
  - (iv) the claims-paying ability of the authorized insurance company is rated, at all relevant times, in the highest category by at least two nationally recognized rating agencies acceptable to the Treasurer;
- (12) an obligation or security of, or other interest in, any open-end or closed-end management type investment company or investment trust registered under the provisions of the federal Investment Company Act of 1940, 15 U.S.C. § 80a-1 et seq., if:
  - (i) the portfolio of the open-end or closed-end management type investment company or investment trust is limited to direct obligations of the United States government and to repurchase agreements fully collateralized by United States government obligations; and
  - (ii) the open-end or closed-end management type investment company or investment trust takes delivery of that collateral, either directly or through an authorized custodian; or
- (13) a letter of credit issued by a Federal Home Loan Bank if the letter of credit meets the conditions under the guidelines issued by the State Treasurer's office.

## EXHIBIT 7

### State Finance and Procurement Article

§6-209.

- (a) State money on deposit with a financial institution shall be secured by:
  - (1) deposit insurance; or
  - (2) collateral as required by this section.
- (b) (1) The collateral for State money on deposit with a financial institution:
  - (i) must have, at all times, a market value that equals or exceeds the State money that is on deposit with the financial institution and is not covered by deposit insurance; and
  - (ii) must be approved by the Treasurer.
- (2) If the collateral is a surety bond under § 6-202 of this subtitle:
  - (i) the surety bond shall be in a form and amount acceptable to the Treasurer as determined by the Treasurer from time to time; and
  - (ii) the financial institution that provides the surety bond as collateral shall immediately notify the Treasurer if the rating assigned to the issuing insurance company by any rating agency, found acceptable to the Treasurer under § 6-202 of this subtitle, is withdrawn or downgraded, in which event the financial institution shall immediately provide the Treasurer with substitute collateral permitted under § 6-202 of this subtitle.
- (3) Subject to the requirements of this subsection, a financial institution may change its collateral from time to time.
- (c) (1) A custodian shall hold the collateral under this section for the benefit of the State.
- (2) A financial institution may use as a custodian:
  - (i) any banking institution that is approved by the Commissioner of Financial Regulation to conduct commercial banking business in the State;
  - (ii) a federal reserve bank; or
  - (iii) any national banking association that is approved by the Comptroller of the Currency to conduct banking business in the State.
- (3) A financial institution may not be approved as custodian for the collateral of a depository unless the assets of the financial institution equal or exceed 200% of the value of the collateral to be held for the depository.

## EXHIBIT 8

### State Finance and Procurement Article

§6-222.

(a) The Treasurer may invest or reinvest unexpended or surplus money over which the Treasurer has custody in:

(1) an obligation for which the United States has pledged its faith and credit for the payment of the principal and interest;

(2) an obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress;

(3) a repurchase agreement collateralized in an amount not less than 102% of the principal amount by an obligation of the United States, its agencies or instrumentalities, provided the collateral is held by a custodian other than the seller designated by the buyer;

(4) bankers' acceptances guaranteed by a financial institution with a short-term debt rating in the highest letter and numerical rating by at least one nationally recognized statistical rating organization as designated by either the United States Securities and Exchange Commission or the Treasurer;

(5) with respect to amounts treated by the Internal Revenue Service as bond sale proceeds only, bonds, notes, or other obligations of investment grade in the highest quality letter and numerical rating by at least one nationally recognized statistical rating organization as designated by the United States Securities and Exchange Commission issued by or on behalf of this or any other state or any agency, department, county, municipal or public corporation, special district, authority, or political subdivision thereof, or in any fund or trust that invests only in securities of the type described in this paragraph;

(6) commercial paper that has received the highest letter and numerical rating by at least two nationally recognized statistical rating organizations as designated by the United States Securities and Exchange Commission, provided that such commercial paper may not exceed 10% of the total investments made by the Treasurer under this subsection;

(7) money market mutual funds that:

(i) are registered with the Securities and Exchange Commission under the Investment Company Act of 1940, 15 U.S.C. § 80a-1 et seq., as amended;

(ii) are operated in accordance with Rule 2A-7 of the Investment Company Act of 1940, 17 C.F.R. § 270.2A-7, as amended; and

(iii) have received the highest possible rating from at least one nationally recognized statistical rating organization as designated by the United States Securities and Exchange Commission; and

(8) any investment portfolio created under the Maryland Local Government Investment Pool defined under Article 95, § 22G of the Code that is administered by the Office of the State Treasurer.

(b) The Treasurer may sell, redeem, or exchange an investment or reinvestment made under this section in accordance with the limitations of this section.

(c) Subject to § 2-1246 of the State Government Article, the Treasurer shall report by January 3 of each year to the General Assembly on investment activities for unexpended or surplus money over which the Treasurer has custody which have been conducted during the previous fiscal year. At a minimum, the report shall specify for General Fund investments and all other investments:

(1) the inventory of investments with maturity dates and the book and market value as of June 30;

(2) the net income earned;

(3) the percentage share of each category of investment in the portfolio; and

(4) any sale of investments prior to the maturity date.

(d) An investment made pursuant to this section shall be made:

(1) with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims;

(2) in a manner designed to reasonably match the anticipated cash flow of the State so that sufficient funds are available to pay obligations upon proper presentation for payment;

(3) so that a reasonable amount of cash or cash equivalents is available for unanticipated cash needs;

(4) with due regard for minimizing risk while maximizing return;

(5) using competitive purchasing practices except when impractical;

(6) in accordance with a written investment policy;

(7) so that the securities and collateral may continue to be priced on a market to market basis; and

(8) to avoid the enhancement of the personal financial position of the Treasurer or any employee of the Treasurer who has responsibilities for such investments.

(e) (1) (i) Consistent with minority business purchasing standards applicable to units of State government under this article and consistent with the fiduciary duties of the Treasurer, the Treasurer shall attempt to use to the greatest extent feasible minority business enterprises for brokerage and investment management services under this section.

(ii) For purposes of this subsection, brokerage and investment management services shall include services relating to all allocated asset classes as described in subsection (a) of this section.

(2) (i) To assist the Treasurer in achieving the goal described under paragraph (1) of this subsection, the Treasurer shall undertake measures to remove any barriers that limit full participation by minority business enterprises in brokerage and investment management services opportunities afforded under this section.

(ii) The measures undertaken by the Treasurer shall include the use of a wide variety of media, including the Treasurer's website, to provide notice to a broad and varied range of potential providers about the brokerage and investment management services opportunities afforded by the Treasurer.

(3) In conjunction with the Governor's Office of Minority Affairs, the Treasurer shall develop guidelines to assist in identifying and evaluating qualified minority business enterprises in order to help the Treasurer achieve the objective for greater use of minority business enterprises for brokerage and investment management services under this section.

(4) On or before September 1 each year, the Treasurer shall submit a report to the Governor's Office of Minority Affairs and, subject to § 2-1246 of the State Government Article, the General Assembly on:

(i) the identity of the minority business enterprise brokerage and investment management services firms used by the Treasurer in the immediately preceding fiscal year;

(ii) the percentage and dollar value of the assets under the custody of the Treasurer that are under the investment control of minority business enterprise brokerage and investment management services firms for each allocated asset class; and

(iii) the measures the Treasurer undertook in the immediately preceding fiscal year in accordance with paragraph (2)(ii) of this subsection.

## EXHIBIT 9

### State Finance and Procurement Article

§6-203.

(a) The Treasurer shall give 15% of the weight of the decision to the standards established in this section in deciding whether to:

(1) designate a financial institution as a depository for State money under § 6-205 of this subtitle; and

(2) make an agreement with a financial institution for a banking service under § 6-229 of this subtitle.

(b) (1) The Treasurer shall consider whether the financial institution received a rating of “needs improvement” or “substantial noncompliance” in its most recent examination under the federal Community Reinvestment Act of 1977, P.L. Number 95-128.

(2) If a financial institution operates in a state other than Maryland, the Treasurer shall consider Maryland-specific information that is provided within the assessment area section of the Community Reinvestment Act report.

(c) (1) The Treasurer shall consider whether, during the previous 5 years, a court in Maryland has found, in a final adjudication, that a financial institution has violated any antidiscrimination statute or regulation.

(2) The Treasurer may consider whether, during the previous 5 years, a court outside Maryland has found, in a final adjudication, that a financial institution has violated any antidiscrimination statute or regulation.

(3) The Treasurer may determine how to assess a violation under paragraph (1) or (2) of this subsection if the violation was committed by:

(i) an affiliate of the financial institution; or

(ii) an entity acquired by the financial institution.

(d) The Treasurer shall consider whether the financial institution has demonstrated that during the previous 5 years, the financial institution has:

(1) successfully made loans in Maryland through State or federal lending programs designed to assist small and minority-owned businesses;

(2) had an active outreach program to assist small and minority-owned businesses through which the financial institution has made efforts in Maryland; and

(3) established strategic partnerships in Maryland with entities whose mission is to provide technical assistance to small and minority-owned businesses.