



ARIZONA STATE TREASURER'S OFFICE

Request for Proposal # 20-02

CUSTODIAL SECURITIES

Sealed Written Proposals will be accepted until
2:00 P.M. Arizona time, Monday, October 19,
2020

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SECTION 1

EXECUTIVE SUMMARY

TITLE

The Arizona State Treasurer Office (“ASTO”) hereby issues a request for competitive proposals (“RFP”) from companies (“Offeror”) to provide safekeeping and handling of pledged securities received by various state agencies from qualified individuals and organizations to perform the Scope of work set forth herein.

BACKGROUND AND PURPOSE

As noted in Arizona Revised Statutes (A.R.S.) 35-317, among the duties of the Arizona State Treasurer is the responsibility for the safekeeping of all securities for which the State is the lawful custodian. In addition, A.R.S. 35-315 authorizes the Arizona State Treasurer’s Office to contract for all other financial services required by any state agency.

This request for proposal is being issued by the Arizona State Treasurer’s Office to satisfy a need for a custodial institution to act as the State’s agent in the safekeeping and handling of negotiable securities which has been posted with the State of Arizona by various private companies (hereinafter referred to as the “Depositor”).

At the present time, approximately 260 accounts, containing over 440 securities with an estimated value of \$300 million are set up at the existing custodial institution.

AUTHORITY

The Arizona State Treasurer’s Office (ASTO) is authorized under A.R.S. § 35-315, 35-318, 15-1873, and 41-192 to contract for custodial services.

SECTION 2

OFFER AND ACCEPTANCE

OFFER

The undersigned hereby offers and agrees to furnish the material, service or construction in compliance with all terms, conditions, scope of work and amendments to the solicitation. The person signing must be a senior executive who has managerial control over the deliverables required under the scope of work with the ability to terminate vendors or employees for failure to perform the duties of the contract.

Authorized Signature: _____ Date: _____

Name: _____ Title: _____

Company: _____

Federal TIN: _____ or AZ TPT: _____

By signature in the offer section above, the bidder certifies:

- 1 The submission of the offer did not involve collusion or other anti-competitive practices.
- 2 The bidder shall not discriminate against any employee or applicant for employment in violation of Federal Executive Order 11246, State Executive Order 99.4, or A.R.S. § 41-1461 through 1465.
- 3 The bidder has not given, offered to give, nor intends to give at any time hereafter any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant in connection with the submitted offer. Failure to provide a valid signature affirming the stipulations required by this clause shall result in rejection of the offer. Signing the offer with a false statement shall void the offer, any resulting contract and may be subject to legal remedies provided by law.
- 4 None of the provisions of the Agreement may be waived, changed or altered except in writing signed by both parties.
- 5 In accordance with A.R.S. § 35-393.01, the Bidder hereby certifies that the Bidder is not currently engaged in and agrees for the duration of the contract to not engage in a boycott of Israel. Unless and until the District Court's injunction in *Jordahl* is stayed or lifted, the

Anti-Israel Boycott Provision (A.R.S. § 35-393.01(A)) is unenforceable and the State will take no action to enforce it.

ACCEPTANCE

The Offer is hereby accepted.

Office of the State Treasurer

Authorized Signature: _____

Date: _____

Name: _____

Title: _____

SECTION 3

SPECIAL INSTRUCTIONS TO OFFERORS

TERMS AND DEFINITIONS

For the purpose of this RFP and the ensuing contract, the following terms and definitions will apply:

- 1 “ASTO” means the Arizona State Treasurer’s Office.
- 2 “Attachment” means any item the Solicitation requires a Bidder to submit as part of the Offer.
- 3 “Contract” means the combination of the Solicitation, including the Uniform and Special Instructions to Bidders, the Uniform and Special Terms and Conditions, and the Specifications and Statement or Scope of Work, the Offer and any Best and Final Offers, and any Solicitation Amendments or Contract Amendments.
- 4 “Contract Amendment” means a written document signed by the ASTO that is issued for the purpose of making changes in the Contract.
- 5 “Contractor” means any person who has a Contract with the State.
- 6 “Days” means calendar days unless otherwise specified.
- 7 “Exhibit” means any item labeled as an Exhibit in the Solicitation or placed in the Exhibits section of the Solicitation.
- 8 “Offer” means bid, proposal or quotation.
- 9 “Bidder” means a vendor who responds to a Solicitation.
- 10 “Solicitation” means an Invitation for Bids (“IFB”), a Request for Proposals (“RFP”), or a Request for Quotations (“RFQ”).
- 11 “Solicitation Amendment” means a written document that is signed by the ASTO and issued for the purpose of making changes to the Solicitation.
- 12 “Subcontract” means any Contract, express or implied, between the Contractor and another party or between a subcontractor and another party delegating or assigning, in whole or in part, the making or furnishing of any material or any service required for the performance of the Contract.
- 13 “State” means the State of Arizona and Department or Agency of the State that executes the Contract.

PROPOSAL

1. **Deliverables:** Responses must include an ORIGINAL hard copy plus an additional electronic version of the proposal on a USB drive, that will be used in the evaluation process. The original copy of the proposal should be clearly labeled "ORIGINAL". The material should be in sequence and related to the Request for Proposal.

Proposals are due at the following address on or before 2:00 p.m., Arizona time, on Monday, October 19, 2020. All questions should be sent to RFPproposal@aztreasury.gov and must include "RFP 20-02 Custodial Services" in the subject line of the email.

Office of the State Treasurer Attn: Deputy Treasurer of Operations 1700 W. Washington 1st Floor Room 102 Phoenix, AZ 85007
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Proposals received after the date and time specified herein will not be considered. Proposals shall be opened publicly at the time and place designated on the cover page of this document. The name of each bidder shall be read publicly and recorded. All other information contained in the proposals shall be confidential so as to avoid disclosure of contents prejudicial to competing bidders during the process of negotiation. Prices will **NOT** be read. Proposals will not be subject to public inspection until after contract has been awarded and signed. Proposals shall be irrevocable offers for sixty (60) days after the proposal due date.

2. **Proposed Timeline:**

Figure 1: Schedule	
Event	Date
Distribution of RFP	September 28, 2020
Pre-Bid Conference	N/A
Deadline for Questions	October 5, 2020
Date for Answers to Questions	October 13, 2020
Proposals Due (no later than 2 p.m. Arizona time)	October 19, 2020
Finalist Presentations (if necessary)	October 26, 2020 – November 6, 2020



Due Diligence and Site Visits (if necessary)	TBD
Award Business By	November 30, 2020
Contract Start Date	January 1, 2021

SECTION 4

EVALUATION CRITERIA

EVALUTION

An award shall be made to the responsible Offeror whose proposal is determined in writing to be the most advantageous to the State based upon the evaluation criteria listed in Figure 2: Weightings. The Offeror is cautioned that it is the Offeror's sole responsibility to submit information related to the evaluation categories and that the State of Arizona is under no obligation to solicit such information if it is not included with the Offeror's proposal. Failure of the Offeror to submit such information may cause an adverse impact on the evaluation of the Offeror's proposal as to the responsiveness of the proposal and the responsibility of the Offeror.

Figure 2: Weightings		
Description of Proposed Services	Exhibit A	20%
Conformance to Scope of Services	Exhibit B	30%
Cost of Services	Exhibit C	25%
Experience of Company	Exhibit D	25%
Total		100%

1. Cost. The bidder must provide firm, fixed prices for all requirements set forth in this Request for Proposal. All firm, fixed prices must be shown on the pricing schedule of this RFP which must be completed and returned with bidder's proposal.

Pricing

- a. Provide a price schedule for this service using those items listed on the bid form. The only fees that will be accepted as a valid proposal are those called for on the bid form.
- b. Pricing must be submitted in an all-inclusive basis. The depositor will be responsible for reimbursing the Institution according to the pricing schedule. Should additional services be requested by the Depositor, the Institution and the Depositor shall negotiate the fee.

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2. Conformance to Scope of Work. The bidder must present a written narrative which demonstrates the method or manner in which the bidder proposes to satisfy the requirements of the Scope of Work. The language of the narrative should be straight forward and limited to fact, solutions to problems, and plans of proposed action. The written narrative should include specific responses to the items listed below:
- 2.1 Transaction Reporting
 - a. What report options are available?
 - b. What online system is available?
 - c. What type of transaction reporting service do you provide?
 - d. What the minimum system/software requirements to access reporting?
 - 2.2 Transaction Reconciliation Reporting
 - a. What is your business' standard cut-off for statements and/or reporting?
 - b. How soon after the cut-off date will the following be sent or made available
 - 1. Statements
 - 2. Reconciliation Information
 - 2.3 Accounting Reporting
 - a. What current day reporting is available through the reporting system?
 - b. How many business days is data stored on the reporting system and available for customer access?
 - c. Describe your business' security procedures for its information reporting system, both for access and information protection.
3. Method of Approach
- 3.1 Competitive Position and Future Commitment
 - a. What differentiates your service from other providers?
 - b. How do you plan to keep services current and competitive?
 - 1. What approach is the business taking in the development of new services?
 - 2. What new services or features does the business plan to offer, and within what time frame?
 - 3.2 Outsourcing
 - a. Are any applications outsourced to a third party? If so, name the vendor(s), and describe the application(s).
 - b. Describe the role of any third-party vendor used by the business to provide this service.
 - 3.3 Cut-off Times: What are the opening hours and cut-off times in Mountain Standard Time for processing transactions?

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- 3.4 Technical Capabilities
- a. What security procedures are in place (e.g., encryption/authentication)?
 - b. What controls are in place to restrict account access to only those assigned to the relationship?
 - c. How do you plan to keep this product current and competitive as it relates to changes in technology?
 - d. Does the bank utilize Internet capabilities as a method of information delivery? If yes, explain. If no, are there plans to introduce Internet capabilities?
- 3.5 Disaster Recovery
- a. What disaster recovery plans does the business have to avoid interruptions in service?
 - b. Describe the business' disaster recovery plan in detail.
 - c. Where are the off-site facilities located? Are they "hot" sites? Describe locations and capabilities. Is there an alternative backup site? If yes, describe its location and capabilities.
 - d. How quickly can the hot site be implemented in the event of an emergency?
- 3.6 Customer Service and Quality
- a. Indicate your business' customer service organizational structure.
 - b. Will a specific customer service representative be assigned to handle this business?
 - c. Describe the responsibilities of customer service personnel, including the chain of command for problem resolution.
 - d. What are the hours of operation of the customer service unit in Mountain Standard Time?
 - e. Does your business provide technical customer support for application and communication problems?
 - f. Does the business have a formal quality improvement program for this service? If yes, describe.
- 3.7 Implementation
- a. Provide a copy of all agreements that will be required to initiate services.
 - b. Provide a detailed description of the implementation process, including testing, and a sample implementation schedule.
 - c. What is the average lead time required for implementation?
 - d. Describe materials available and/or any on-site training that you provide.
 - e. Do you assign an implementation team?
4. Experience and reliability. Please submit any information which documents successful and reliable experience in past performances related to the required services contained herein.

Also provide any information which documents unsuccessful efforts within the past 36 months.

4.1 Personnel

- a. Please list names, titles, locations, phone numbers, and e-mail addresses and provide brief biographies of business contact personnel including years of experience with this type of relationship.
- b. Identify the primary contact assigned to our account. The primary contact should have a minimum of five years' experience servicing/managing this type of relationship and should be located at the same location as employees providing the service.
- c. How many employees do you have in the primary location where key services are provided?

4.2 Experience

- a. How long has your business offered the service being requested?
- b. Specify the number of government/business customers using this service.
- c. Provide names and phone numbers of three references, preferably governments who are currently using the service requested. Select a mix of long-standing and recent customers.
- d. Provide any additional information which you believe to be relevant to your capabilities to provide the services requested, e.g., product brochures, articles in trade journals, etc.

SECTION 5

UNIFORM INSTRUCTIONS TO OFFERORS

DEFINITION OF TERMS

As used in these instructions, the terms listed below are defined as follows:

1. "Attachment" means any item the Solicitation requires an Offeror to submit as part of the offer.
2. "Contract" means the combination of the Solicitation, including the Special and Uniform Instructions to Offeror's, the Special and Uniform Terms and Conditions, and the Specifications and Statement or Scope of Services; the Offer and any Best and Final Offers; and any Solicitation Amendments or Contract Amendments.
3. "Contract Amendment" means a written document signed by the ASTO that is issued for the purpose of making changes in the Contract.
4. "Contractor" means any person who has a Contract with the State.
5. "Days" means calendar days unless otherwise specified.
6. "Exhibit" means any item labeled as an Exhibit in the Solicitation or placed in the Exhibits section of the Solicitation.
7. "Offer" means bid, proposal or quotation.
8. "Offeror" means a vendor who responds to a Solicitation.
9. "Solicitation" means an Invitation for Bids ("IFB"), a Request for Proposals ("RFP"), or a Request for Quotations ("RFQ").
10. "Solicitation Amendment" means a written document that is signed by the ASTO and issued for the purpose of making changes to the Solicitation.
11. "Subcontract" means any Contract, express or implied, between the Contractor and another party or between a subcontractor and another party delegating or assigning, in whole or in part, the making or furnishing of any material or services required for the performance of the Contract.
12. "State" or "State Treasurer" or "ASTO" means the State of Arizona and Department or Agency of the State that executes the Contract.

INQUIRIES

1. Duty to Examine. It is the responsibility of each Offeror to examine the entire Solicitation, seek clarification in writing (inquiries), and examine the Offer for accuracy before submitting the Offer. Lack of care in preparing an Offer shall not be grounds for modifying or withdrawing the Offer after the Offer due date and time, nor shall it give rise to any Contract claim.
2. Solicitation Contact Person. Any inquiry related to a Solicitation, including any requests for or inquiries regarding standards referenced in the Solicitation shall be directed solely to the Solicitation contact person. The Offeror shall not contact or direct inquiries concerning this Solicitation to any other State employee unless the Solicitation specifically identifies a person other than the Solicitation contact person as a contact.
3. Submission of Inquiries. The ASTO or the person identified in the Solicitation as the contact for inquiries requires that an inquiry be submitted in writing. Any inquiry related to a Solicitation shall refer to the appropriate Solicitation number, page and paragraph. Do not place the Solicitation number on the outside of the envelope containing that inquiry, since it may then be identified as an Offer and not be opened until after the Offer due date and time. The State shall consider the relevancy of the inquiry but is not required to respond in writing.
4. Timeliness. Any inquiry or exception to the solicitation shall be submitted as soon as possible and should be submitted at least seven (7) days before the Offer due date and time for review and determination by the State. Failure to do so may result in the inquiry not being considered for a Solicitation Amendment.
5. No Right to Rely on Verbal Responses. An Offeror shall not rely on verbal responses to inquiries. A verbal reply to an inquiry does not constitute a modification of the solicitation.
6. Solicitation Amendments. The Solicitation shall only be modified by a Solicitation Amendment.
7. Pre-Offer Conference. If a pre-Offer conference has been scheduled under this Solicitation, the date, time and location shall appear on the Solicitation cover sheet or elsewhere in the Solicitation. Offerors should raise any questions about the Solicitation or the procurement at that time. An Offeror may not rely on any verbal responses to questions at the conference. Material issues raised at the conference that result in changes to the Solicitation shall be answered solely through a written Solicitation Amendment.
8. Persons with Disabilities. Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting the Solicitation contact

person. Requests shall be made as early as possible to allow time to arrange the accommodation.

OFFER PREPERATION

1. Forms: No Facsimile, Telegraphic or Electronic Mail Offers. An Offer shall be submitted either on the forms provided in this Solicitation or their substantial equivalent. Any substitute document for the forms provided in this Solicitation must be legible and contain the same information requested on the forms unless the solicitation indicates otherwise. A facsimile, telegraphic, mailgram or electronic mail Offer shall be rejected if submitted in response to requests for proposals or invitations for bids.
2. Typed or Ink; Corrections. The Offer shall be typed or in ink. Erasures, interlineations or other modifications in the Offer shall be initialed in ink by the person signing the Offer. Modifications shall not be permitted after Offers have been opened except as otherwise provided under applicable law.
3. Evidence of Intent to be Bound. The Offer and Acceptance form within the Solicitation shall be submitted with the Offer and shall include a signature (or acknowledgement for electronic submissions, when authorized) by a person authorized to sign the Offer. The signature shall signify the Offeror's intent to be bound by the Offer and the terms of the Solicitation and that the information provided is true, accurate and complete. Failure to submit verifiable evidence of intent to be bound, such as an original signature, shall result in rejection of the Offer.
4. Exceptions to Terms and Conditions. All exceptions included with the Offer shall be submitted in a clearly identified separate section of the Offer in which the Offeror clearly identifies the specific paragraphs of the Solicitation where the exceptions occur. Any exceptions not included in such a section shall be without force and effect in any resulting Contract unless such exception is specifically accepted by the ASTO in a written statement. The Offeror's preprinted or standard terms will not be considered by the State as a part of any resulting Contract.
 - Invitation for Offers. An Offer that takes exception to a material requirement of any part of the Solicitation, including terms and conditions, shall be rejected.
 - Request for Proposals. All exceptions that are contained in the Offer may negatively affect the State's proposal evaluation based on the evaluation criteria stated in the Solicitation or result in rejection of the Offer. An offer that takes exception to any material requirement of the solicitation may be rejected.
5. Subcontracts. The successful Offeror shall not subcontract any of its responsibilities in the Offer without the prior written consent of the State.
6. Cost of Offer Preparation. The State will not reimburse any Offeror the cost of responding to a Solicitation.

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7. Solicitation Amendments. Each Solicitation Amendment shall be signed with an original signature by the person signing the Offer and shall be submitted no later than the Offer due date and time. Failure to return a signed copy of a Solicitation Amendment may result in rejection of the Offer.
 8. Federal Excise Tax. The State of Arizona is exempt from certain Federal Excise Tax on manufactured goods. Exemption Certificates will be provided by the State.
 9. Provision of Tax Identification Numbers. Offerors are required to provide their Arizona Transaction Privilege Tax Number and/or Federal Tax Identification number in the space provided on the Offer and Acceptance Form.
 10. Employee Identification. Offeror agrees to provide an employee identification number or social security number for the purposes of reporting to appropriate taxing authorities, monies paid under this contract. If the federal identifier of the Offeror is a social security number, this number is being requested solely for tax reporting purposes and will be shared only with appropriate state and federal officials. This submission is mandatory under 26 U.S.C. § 6041A.
 11. Identification of Taxes in Offer. The State of Arizona is subject to all applicable state and local transaction privilege taxes. All applicable taxes shall be included in the pricing offered in the solicitation. At all times, payment of taxes and the determination of applicable taxes are the sole responsibility of the contractor.
 12. Disclosure. If the firm, business or person submitting this Offer has been debarred, suspended or otherwise lawfully precluded from participating in any public procurement activity, including being disapproved as a subcontractor with any Federal, state or local government, or if any such preclusion from participation from any public procurement activity is currently pending, the Offeror shall fully explain the circumstances relating to the preclusion or proposed preclusion in the Offer. The Offeror shall include a letter with its Offer setting forth the name and address of the governmental unit, the effective date of this suspension or debarment, the duration of the suspension or debarment, and the relevant circumstances relating to the suspension or debarment. If suspension or debarment is currently pending, a detailed description of all relevant circumstances including the details enumerated above shall be provided.
 13. Solicitation Order of Precedence. In the event of a conflict in the provisions of this Solicitation, the following shall prevail in the order set forth below:
 - Special Terms and Conditions;
 - Uniform Terms and Conditions;
 - Statement or Scope of Work

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- Special Instructions to Offerors;
 - Uniform Instructions to Offerors; and
 - Other documents referenced or included in the Solicitation.

SUBMISSION OF OFFER

1. Sealed Envelope or Package. The submission of offer must include an ORIGINAL printed version plus an additional electronic version of the proposal on a USB drive, that will be used in the evaluation process. Each Offer shall be submitted to the submittal location identified in this Solicitation. Offers should be submitted in a sealed envelope or container. The envelope or container should be clearly identified with the name of the Offeror and Solicitation number. The State may open envelopes or containers to identify contents if the envelope or container is not clearly identified.
2. Offer Amendment or Withdrawal. An Offer may not be amended or withdrawn after the Offer due date and time except as otherwise provided under applicable law.
3. Public Record. All Offers submitted and opened are public records and must be retained by the State. Offers shall be open to public inspection after Contract award, except for such Offers deemed to be confidential by the State. If an Offeror believes that information in its Offer should remain confidential, it shall indicate as confidential the specific information and submit a statement with its Offer detailing the reasons that the information should not be disclosed. Such reasons shall include the specific harm or prejudice which may arise. The State shall determine whether the identified information is confidential pursuant to the Arizona Procurement Code.
4. Non-collusion, Employment, and Services. By signing the Offer and Acceptance Form or another official contract form, the Offeror certifies that:
 - The Offeror did not engage in collusion or other anti-competitive practices in connection with the preparation or submission of its Offer; and
 - The Offeror does not discriminate against any employee or applicant for employment or person to whom it provides services because of race, color, religion, sex, national origin, or disability, and that it complies with all applicable federal, state and local laws and executive orders regarding employment.

MISCELLANEOUS CONSIDERATIONS FOR EVALUATION

1. Unit Price Prevails. In the case of discrepancy between the unit price or rate and the extension of that unit price or rate, the unit price or rate shall govern.
2. Prompt Payment Discount. Prompt payment discounts of thirty (30) days or more set forth in an Offer shall be deducted from the offer for the purposes of evaluating that price.

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3. Late Offers. An Offer submitted after the exact Offer due date and time shall be rejected.
 4. Disqualification. A Bidder (including each of its principals) who is currently debarred, suspended or otherwise lawfully prohibited from any public procurement activity shall have its Offer rejected.
 5. Offer Acceptance Period. An Offeror submitting an Offer under this Solicitation shall hold its Offer open for the number of days from the Offer due date that is stated in the solicitation. If the Solicitation does not specifically state a number of days for Offer acceptance, the number of days shall be one hundred-twenty (120). If a Best and Final Offer is requested pursuant to a Request for Proposal, an Offeror shall hold its Offer open for one hundred-twenty (120) days from the Best and Final Offer due date.

WAIVER OF REJECTION RIGHTS

1. Notwithstanding any other provision of the Solicitation, State reserves the right to:
 - Waive any minor informality;
 - Reject any and all Offers or portions thereof; or
 - Cancel the Solicitation.

AWARD

1. Contract inception. An Offer does not constitute a Contract, nor does it confer any rights on the Offeror to the award of a Contract. A Contract is not created until the Offer is accepted in writing by the ASTO's (or designee) signature on the Offer and Acceptance Form. A notice of award or of the intent to award shall not constitute acceptance of the Offer.
2. Effective Date. The effective date of this Contract shall be the date that the ASTO or designee signs the Offer and Acceptance form or other official contract form unless another date is specifically stated in the Contract.

PROTESTS

1. A protest shall comply with and be resolved according to A.R.S Title 41, Chapter 23, Article 9 and rules adopted there under. Protests shall be in writing and be filed with the ASTO. A protest of a Solicitation shall be received by the ASTO before the Offer due date. A protest of a proposed award or of an award shall be filed within ten (10) days after the protester knows or should have known the basis of the protest. A protest shall include:
 - The name, address and telephone number of the protester;
 - The signature of the protester or its representative;
 - Identification of the purchasing agency and the Solicitation or Contract number;

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- A detailed statement of the legal and factual grounds of the protest including copies of relevant documents; and the form of relief requested.

SECTION 6

SPECIAL TERMS AND CONDITIONS

TERM OF CONTRACT

1. The term of contract shall commence on the acceptance of the bid and shall remain in effect for a period of three (3) years thereafter unless terminated, canceled or extended as otherwise provided herein.
2. The ASTO reserves the right to extend the contract up to a maximum of twenty-four (24) months.
3. The contract shall not bind nor purport to bind the State for any contractual commitment in excess of the original contract period. The ASTO shall have the right, at its sole option, to renew the contract for two (2) one-year renewals. If the ASTO exercises such rights, all terms, conditions and provisions of the original contract shall remain the same and apply during the renewal period.

PROJECT MANAGEMENT

1. The Contractor shall appoint a project manager to be responsible for the planning; conducting progress; and successful completion of all activities during the contract period.
2. The Contractor shall, within seven (7) days after the award of the contract, submit a written identification and notification to the ASTO of the name, title, address, and telephone number of one (1) individual within its organization as a duly authorized representative to whom all correspondence, official notices, and requests related to the contractor's performance pursuant to the contract shall be addressed. The Contractor shall have the right to change or substitute the name of the individual described above as deemed necessary with written approval of the ASTO.
3. The ASTO shall provide the contractor with the name of a contact person who will coordinate all information to and/or from the Contractor.

INSURANCE

1. The Contractor shall procure and maintain until all of their obligations have been discharged, including any warranty periods under this Contract, are satisfied, insurance against claims for injury to persons or damage to property which may arise from or in connection with the performance of the work hereunder by the Contractor, his agents, representatives, employees or subcontractors.

- The insurance requirements herein are minimum requirements for this Contract and in no way, limit the indemnity covenants contained in this Contract. The State of Arizona in no way warrants that the minimum limits contained herein are sufficient to protect the Contractor from liabilities that might arise out of the performance of the work under this contract by the Contractor, its agents, representatives, employees or subcontractors, and Contractor is free to purchase additional insurance.
2. Commercial General Liability (Policy shall include bodily injury, property damage, personal injury and broad form contractual liability coverage.)

Commercial General Liability	
General Aggregate	\$2,000,000
Products – Completed Operation Aggregate	\$1,000,000
Personal and Advertising Injury	\$1,000,000
Blanket Contractual Liability – Written/Oral	\$1,000,000
Fire Legal Liability	\$50,000
Each Occurrence	\$1,000,000

3. The policy shall be endorsed, as required by this written agreement, to include:
- “The State of Arizona, and its departments, agencies, boards, commissions, universities and its officers, agents, and employees shall be named as additional insureds with respect to liability arising out of the activities performed by or on behalf of the Contractor”.
 - Policy shall contain a waiver of subrogation endorsement, as required by this written agreement, in favor of the State of Arizona, and it’s departments, agencies, boards, commissions, universities, officers, officials, agents, and employees for losses arising from work performed by or on behalf of the Contractor.
4. Business Automobile Liability

Bodily Injury and Property Damage for any owned, hired, and/or non-owned vehicles used in the performance of this Contract.

Business Automobile Liability	
Combined Single Limit (CSL)	\$1,000,000

- Policy shall be endorsed, as required by this written agreement, to include the State of Arizona, and its departments, agencies, boards, commissions, universities and its officers, officials, agents, and employees as additional insureds with respect to liability arising out of the activities performed by, or on behalf of, the Contractor, involving automobiles owned, leased, hired and/or non-owned by the Contractor.
- Policy shall contain a waiver of subrogation endorsement as required by this written agreement in favor of the State of Arizona, and its departments, agencies, boards, commissions, universities, officers, officials, agents, and employees for losses arising from work performed by or on behalf of the Contractor.

5. Worker’s Compensation and Employers’ Liability

Worker’s Compensation and Employer’s Liability	
Worker’s Compensation	Statutory
Each Accident	\$1,000,000
Disease-Each Employee	\$1,000,000
Disease-Policy Limit	\$1,000,000

- Policy shall contain a waiver of subrogation endorsement as required by this written agreement in favor of the State of Arizona, and its departments, agencies, boards, commissions, universities, officers, officials, agents, and employees for losses arising from work performed by or on behalf of the Contractor.
- This requirement shall not apply to each Contractor or subcontractor that is exempt under A.R.S. 23-901, and when such contractor or subcontractor executes the appropriate waiver form (Sole Proprietor/Independent Contractor).

6. Professional Liability (Errors and Omissions Liability)

Errors and Omissions Liability	
Each Claim	\$2,000,000
Annual Aggregate	\$2,000,000

7. Commercial Crime Policy or Blanket Fidelity Bond

Commercial Crime Policy or Blanket Fidelity Bond	
Coverage Amount	\$35,000,000

Coverage should include but is not limited to:

- a. Employee Dishonesty (to include coverage for theft and mysterious disappearance and inventory shortage)
- b. Money & Securities Inside/Outside
- c. Computer Fraud
- d. Funds Transferred (if applicable)
- e. Forgery or Alteration
- f. The policy shall be endorsed to include the State of Arizona (and the respective agency) as Loss Payee
- g. The policy shall not contain a condition requiring a conviction or arrest in order to file a claim

8. Technology Errors & Omissions Insurance – Required as applicable to the services provided.

Technology Errors and Omissions Liability	
Each Claim	\$2,000,000
Annual Aggregate	\$2,000,000

- Such insurance shall cover any, and all errors, omissions, or negligent acts in the delivery of products, services, and/or licensed programs under this contract.
- Coverage shall include copyright infringement, infringement of trade dress, domain name, title or slogan.
- In the event that the Tech E&O insurance required by this Contract is written on a claims-made basis, Contractor warrants that any retroactive date under the policy shall precede the effective date of this Contract and, either continuous coverage will be maintained or an extended discovery period will be exercised for a period of two (2) years, beginning at the time work under this Contract is completed.

9. Network Security (Cyber) and Privacy Liability – Required as applicable to the services provided.

Network Security (Cyber) and Privacy Liability	
Each Claim	\$2,000,000

Annual Aggregate	\$2,000,000
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- Such insurance shall include, but not be limited to, coverage for third party claims and losses with respect to network risks (such as data breaches, unauthorized access or use, ID theft, theft of data) and invasion of privacy regardless of the type of media involved in the loss of private information, crisis management and identity theft response costs. This should also include breach notification costs, credit remediation and credit monitoring, defense and claims expenses, regulatory defense costs plus fines and penalties, cyber extortion, computer program and electronic data restoration expenses coverage (data asset protection), network business interruption, computer fraud coverage, and funds transfer loss.
- In the event that the Network Security and Privacy Liability insurance required by this Contract is written on a claims-made basis, Contractor warrants that any retroactive date under the policy shall precede the effective date of this Contract and, either continuous coverage will be maintained, or an extended discovery period will be exercised for a period of two (2) years beginning at the time work under this Contract is completed.
- The policy shall be endorsed, as required by this written agreement, to include the State of Arizona, and its departments, agencies, boards, commissions, universities, officers, officials, agents, and employees as additional insureds with respect to vicarious liability of the insured arising out of the activities performed by or on behalf of the Contractor.
- Policy shall contain a waiver of subrogation endorsement, as required by this written agreement, in favor of the State of Arizona, and its department, agencies, boards, commissions, universities, officers, officials, agents, and employees for losses arising from work performed by or on behalf of the Contractor.

10. ADDITIONAL INSURANCE REQUIREMENTS: The policies shall include, or be endorsed to include, the following provisions:

- The Contractor's policies, as applicable, shall stipulate that the insurance afforded the Contractor shall be primary and that any insurance carried by the Department, its agents, officials, employees or the State of Arizona shall be excess and not contributory insurance, as provided by A.R.S. § 41-621 E.
- Insurance provided by the Contractor shall not limit the Contractor's liability assumed under the indemnification provisions of this Contract.

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11. NOTICE OF CANCELLATION: Applicable to all insurance policies required within the Insurance Requirements of this Contract, Contractor's insurance shall not be permitted to expire, be suspended, be canceled, or be materially changed for any reason without thirty (30) days prior written notice to the State of Arizona. Within two (2) business days of receipt, Contractor must provide notice to the Arizona State Treasurer's office if they receive notice of a policy that has been or will be suspended, canceled, materially changed for any reason, has expired, or will be expiring. Such notice shall be sent directly to the Department and shall be mailed, emailed, hand delivered or sent by facsimile transmission to:

Arizona State Treasurer's Office
1700 W. Washington Street
Suite 102
Phoenix, AZ 85007
Fax: (602) 542-7176
Email: info@aztreasury.gov

12. ACCEPTABILITY OF INSURERS: Contractor's Insurance shall be placed with companies licensed in the State of Arizona or hold approved non-admitted status on the Arizona Department of Insurance and Financial Institutions List of Qualified Unauthorized Insurers. Insurers shall have an "A.M. Best" rating of not less than A- VII. The State of Arizona in no way warrants that the above-required minimum insurer rating is sufficient to protect the Contractor from potential insurer insolvency.

13. VERIFICATION OF COVERAGE: Contractor shall furnish the State of Arizona with certificates of insurance (valid ACORD form or equivalent approved by the State of Arizona) evidencing that Contractor has the insurance as required by this Contract. An authorized representative of the insurer shall sign the certificates.

- All such certificates of insurance and policy endorsements must be received by the State before work commences. The State's receipt of any certificates of insurance or policy endorsements that do not comply with this written agreement shall not waive or otherwise affect the requirements of this agreement.
- Each insurance policy required by this Contract must be in effect at, or prior to, commencement of work under this Contract. Failure to maintain the insurance policies as required by this Contract, or to provide evidence of renewal, is a material breach of contract.
- All such certificates required by this Contract shall be sent directly to the Department. The State of Arizona project/contract number and project description shall be noted on

the certificate of insurance. The State of Arizona reserves the right to require complete, certified copies of all insurance policies required by this Contract at any time.

14. **SUBCONTRACTORS:** Contractors' certificate(s) shall include all subcontractors as insured under its policies or Contractor shall be responsible for ensuring and/or verifying that all subcontractors have valid and collectable insurance as evidenced by the certificates of insurance and endorsements for each subcontractor. All coverages for subcontractors shall be subject to the minimum Insurance Requirements identified above. The Department reserves the right to require, at any time throughout the life of this contract, proof from the Contractor that its subcontractors have the required coverage.
15. **APPROVAL and MODIFICATIONS:** The Contracting Agency, in consultation with State Risk, reserves the right to review or make modifications to the insurance limits, required coverages, or endorsements throughout the life of this contract, as deemed necessary. Such action will not require a formal Contract amendment but may be made by administrative action.
16. **EXCEPTIONS:** In the event the Contractor or sub-contractor(s) is/are a public entity, then the Insurance Requirements shall not apply. Such public entity shall provide a Certificate of self-insurance. If the Contractor or sub-contractor(s) is/are a State of Arizona agency, board, commission, or university, none of the above shall apply.
17. **INDEMNIFICATION:** To the fullest extent permitted by law, Contractor shall defend, indemnify, and hold harmless the State of Arizona, and its departments, agencies, boards, commissions, universities, officers, officials, agents, and employees (hereinafter referred to as "Indemnitee") from and against any and all claims, actions, liabilities, damages, losses, or expenses (including court costs, attorneys' fees, and costs of claim processing, investigation and litigation) (hereinafter referred to as "Claims") for bodily injury or personal injury (including death), or loss or damage to tangible or intangible property caused, or alleged to be caused, in whole or in part, by the negligent or willful acts or omissions of Contractor or any of its owners, officers, directors, agents, employees or subcontractors. This indemnity includes any claim or amount arising out of, or recovered under, the Workers' Compensation Law or arising out of the failure of such Contractor to conform to any federal, state, or local law, statute, ordinance, rule, regulation, or court decree. It is the specific intention of the parties that the Indemnitee shall, in all instances, except for Claims arising solely from the negligent or willful acts or omissions of the Indemnitee, be indemnified by Contractor from and against any and all claims. It is agreed that Contractor will be responsible for primary loss investigation, defense, and judgement costs where this indemnification is applicable. In consideration of the award of this contract, the Contractor agrees to waive all rights of subrogation against the State of, its officers, officials, agents, and employees for losses arising from the work performed by the Contractor for the State

of Arizona. This indemnification will survive the termination of the above listed contract with the Contractor.

This indemnity shall not apply if the Contractor or sub-contractor(s) is/are an agency, board, commission or university of the State of Arizona.

18. If the professional liability insurance required by this Contract is written on a claims-made basis, Contractor warrants that any retroactive date under the policy shall precede the effective date of this Contract; and that either continuous coverage will be maintained or an extended discovery period will be exercised for a period of two (2) years beginning at the time work under this Contract is completed.
19. The policy shall cover professional misconduct or lack of ordinary skill for those positions defined in the Scope of Work of this contract.

DISASTER RECOVERY

1. The successful Offeror is required to maintain a tested disaster recovery and business continuity plan throughout the term of the contract resulting from this Request for Proposal. This plan, along with any modifications or testing results will be available for review by the ASTO with notice.
2. At a minimum, such disaster recovery plan will
 - a. Include information regarding the steps taken to avoid interruptions in service availability to the State of Arizona.
 - b. The plan must address the recovery time objective (RTO)
 - c. The recovery point objective (RPO)
 - d. The establishment of a minimum level of critical support
 - e. A maximum tolerable downtime.
 - f. Information regarding at least one alternative processing facility, its capacity and capability levels, along with specific methods to provide access to information if the primary system is out of service.

SSAE-16

The successful bidder must provide its most current report by its independent auditors of its internal controls. The SSAE 16 report must cover the services provided by the contractor resulting from this document.

PANDEMIC CONTRACTUAL PERFORMANCE

1. The State shall require a written plan that illustrates how the contractor shall perform up to contractual standards in the event of a pandemic. The state may require a copy of the plan

at any time prior or post award of a contract. At a minimum, the pandemic performance plan shall include:

- a. Key succession and performance planning if there is a sudden significant decrease in contractor's workforce.
 - b. Alternative methods to ensure there are products in the supply chain.
 - c. An up to date list of company contacts and organizational chart.
2. In the event of a pandemic, as declared by the Governor of Arizona, U.S. Government or the World Health Organization, which makes performance of any term under this contract impossible or impracticable, the State shall have the following rights:
- a. After the official declaration of a pandemic, the State may temporarily void the contract(s) in whole or specific sections if the contractor cannot perform to the standards agreed upon in the initial terms.
 - b. The State shall not incur any liability if a pandemic is declared and emergency procurements are authorized pursuant to § 41-2537 of the Arizona Procurement Code.
 - c. Once the pandemic is officially declared over and/or the contractor can demonstrate the ability to perform, the State, at its sole discretion may reinstate the temporarily voided contract(s).

CONFIDENTIALITY OF RECORDS: The Contractor shall establish and maintain procedures and controls acceptable to the State for the purpose of assuring that information or data in its possession is not mishandled, misused, released, disclosed, or used in an inappropriate manner by it, its agents, officers, or employees. This includes information contained in its records obtained from the State or others, necessary for contract performance. The Contractor shall take all reasonable steps and precautions to safeguard this information and data and shall not divulge the information or data to parties other than those needed for the performance of duties under the contract.

FINANCIAL SOUNDNESS: The State must be notified in writing of any substantial change in the Offeror's financial condition during the term of the Contract. Failure to notify the State of such a substantial change in financial condition will be sufficient grounds for terminating the Contract.

SECTION 7

UNIFORM TERMS AND CONDITIONS

DEFINITION OF TERMS

As used in these instructions, the terms listed below are defined as follows:

1. Acceptance. "Acceptance" means the document headed "Offer and Acceptance Form" bearing the State contract number once Procurement Officer has signed it to signify (1) State's formal acceptance of the Accepted Offer and (2) the formation of the Contract.
2. Accepted Offer. If State did not request a Revised Offer, then "Vendor Offer" means the Initial Offer.
 - If State did request a Revised Offer but not a Best and Final Offer, then "Accepted Offer" means the latest Revised Offer.
 - If State requested a Best and Final Offer, then "Accepted Offer" means the latest Best and Final Offer.
3. Arizona Procurement Code. A.R.S.; A.A.C. The "Arizona Procurement Code, "A.R.S.," and "A.A.C." refers to Arizona Revised Statutes ("A.R.S.") § 41-2501, et seq., and the rules promulgated thereunder, Arizona Administrative Code ("A.A.C.") R2-7-101, et. seq.
4. Arizona TPT. "Arizona TPT" means Arizona Transaction Privilege Tax. For information, refer to the Arizona Department of Revenue (DOR) website at: <https://www.azdor.gov/business/transactionprivilegetax.aspx>
5. Attachment. "Attachment" means any item that:
 - The Solicitation required Offeror to submit as part of the relevant Offer (e.g., Initial Offer, Revised Offer, or BAFO);
 - Was attached to an Offer when submitted; and
 - Was included in the Accepted Offer.
6. Contract. "Contract" means the combination of the Solicitation, including the Uniform and Special Instructions to Offerors, the Uniform and Special Terms and Conditions, and the Specifications and Statement or Scope of Work; the Offer and any Best and Final Offers; and any Solicitation Amendments or Contract Amendments or authorized Purchase Orders.
7. Contract Amendment. "Contract Amendment" means a document signed by Procurement Officer that has been issued for the purpose of making changes to the Contract after

execution. Only the Procurement Officer responsible for this Contract has the authority to modify or amend this Contract.

8. Contract Terms and Conditions. “Contract Terms and Conditions” means the Special Terms and Conditions and these Uniform Terms and Conditions taken collectively.
9. Contractor. “Contractor” means the Person identified on the Accepted Offer who has entered into the Contract with State.
10. Contractor Indemnitor. “Contractor Indemnitor” means Contractor or any of its owners, officers, directors, agents, employees, volunteers or Subcontractors.
11. Days. “Days” means calendar days unless otherwise specified.
12. Exhibit. “Exhibit” means any items labeled as an Exhibit in the solicitation or placed in the Exhibits section of the Solicitation.
13. Gratuity. “Gratuity” means a payment, loan, subscription, advance, deposit of money, services, or anything of more than nominal value, present or promised, unless consideration of substantially equal or greater value is received.
14. Indemnified Basic Claims. “Indemnified Basic Claims” means any and all claims, actions, liabilities, damages, losses, or expenses, including court costs, attorney fees, and costs of claim processing, investigation and litigation, for bodily injury or personal injury, including death, or loss or damage to any real or tangible or intangible personal property, collectively. See paragraph 6.2.
15. Instructions to Offerors. “Instructions to Offerors” is Section 3-a of Part 3 of the Solicitation Documents.
16. Materials. “Materials” has the meaning given in A.R.S. § 41-2503(7). Materials includes software, except that if software is sold or provided as a service, then to the extent it consists of encoded information or computer instructions it is included in “Materials” and to the extent it is a service it is described in “Services” below.
17. Offer: Initial Offer; Revised Offer; Best and Final Offer (BAFO).
 - “Initial Offer” means, per A.A.C. R2-7-101(33), Offeror’s proposal submitted to State in response to the Solicitation, as initially submitted;
 - “Revised Offer” means any revised versions of the Initial Offer that Offeror has submitted to State at State’s request as permitted under A.A.C. R2-7-C314 and R2 7-C315;
 - “Best and Final Offer” (“BAFO”) means, per A.A.C. R2-7-101(8), the Revised Offer submitted after negotiations have been completed that contain Offeror’s most favorable terms for price, service, and products to be delivered.

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- Reference to “an Offer, “the Offer,” or “your Offer” means any of the Initial Offer, a Revised Offer, or the Best and Final Offer.
18. Pricing Document. “Pricing Document” means Section 8, Exhibit C of the RFP, provided that, if there is no such Section in the Contract, then “Pricing Document” is to be construed as referring to whatever item in the Contract contains the contracted pricing and payment provisions.
 19. Procurement Officer. “Procurement Officer” means the person, or his or her designee, who has been duly authorized by the State to enter into and administer the Contract and to make written determinations with respect to the Contract. Procurement Officer is as identified on the Acceptance unless subsequently changed by Contract Amendment.
 20. Purchase Order. “Purchase Order” means the instrument by which State authorizes Contractor to perform some or all of the Work. Whether the Contract will have one Purchase Order, or many Purchase Orders depends the scope of the Contract and how State will use it. The Special Terms and Conditions provide that information. Any of the following is to be construed as being a “Purchase Order”:
 21. Services. “Services” has the meaning given in A.R.S. § 41-2503(35), Services include the service aspects of software described in the definition of “Materials” above.
 22. Specification. “Specification” has the meaning given in A.R.S. § 41-2561. Specifications (if any are included in the Contract), are indexed in the Scope of Work and could be bound separately from the other documents forming the Contract.
 23. State. With respect to the Contract generally, “State” means the State of Arizona and its department, agency, university, commission, or board that has executed the Contract. With respect to administration or rights, remedies, obligations and duties under the Contract for a given Purchase Order, “State” means each of Eligible Agency or Co Op Buyer who has issued the Purchase Order.
 24. State Fiscal Year. “State Fiscal Year” means the period beginning with July 1 and ending June 30.
 25. State Indemnitees. “State Indemnitees” means, collectively, the State of Arizona, its departments, agencies, universities, commissions, and boards and, and their respective officers, agents, and employees.
 26. Subcontract. “Subcontract” means any Contract, express or implied, between the Contractor and another party or between a subcontractor and another party, delegating, in whole or in part, the making or furnishing of any material or any service required for the performance of the Contract.
 27. Subcontractor. “Subcontractor” has the meaning given in A.R.S. § 41-2503(38).

28. Work. “Work” means the totality of the provision of Materials and the Services and all the acts of administration, creation, production, and performance necessary to fulfill and incidental to fulfilling all of Contractor's obligations and duties under the Contract in conformance with the Contract and applicable laws.

CONTRACT INTERPRETATION

1. Arizona Law. The Arizona law applies to this Contract including, where applicable, the Uniform Commercial Code as adopted by the State of Arizona and the Arizona Procurement Code, Arizona Revised Statutes (A.R.S.) Title 41, Chapter 23, and its implementing rules, Arizona Administrative Code (A.A.C.) Title 2, Chapter 7.
2. Implied Contract Terms. Each provision of law and any terms required by law to be in this Contract are a part of this Contract as if fully stated in it.
3. Contract Order of Precedence:
 - Complementary Documents. All documents forming the Contract are complementary and all provisions are to be interpreted as a single, united Contract. If certain work, requirements, obligations, or duties are set out only in one but not in another, Contractor shall carry out the Work as though the relevant work, requirements, obligations, or duties had been fully described in all, consistent with the other documents forming the Contract and as is reasonably inferable from them as being necessary to produce complete results.
 - Conflicts. In case of any inconsistency, conflict, or ambiguity among the documents forming the Contract and their provisions, the Contract documents and their provisions are to prevail in the following order, descending from most dominate to most subordinate, provided that, among categories of documents or provisions within the same sub-section below, the document or provision with the latest date prevails. Information being identified in one document but not in another is not to be considered a conflict or inconsistency.

The Solicitation Documents, in the order:

- Special Terms and Conditions;
- Exhibits to the Special Terms and Conditions;
- Uniform Terms and Conditions;
- Scope of Work;
- Exhibits to the Scope of Work;
- Pricing Document;
- Exhibits to the Pricing Document;

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- Specifications; and
 - Any other documents referenced or included in the Solicitation;
 - Orders, in reverse chronological order; and
 - Accepted Offer.
4. Relationship of Parties. The Contractor under this Contract is an independent Contractor. Neither party to this Contract shall be deemed to be the employee or agent of the other party to the Contract.
 5. Severability. The provisions of this Contract are severable. Any term or condition deemed illegal or invalid shall not affect any other term or condition of the Contract.
 6. No Parole Evidence. This Contract is intended by the parties as a final and complete expression of their agreement. No course of prior dealings between the parties and no usage of the trade shall supplement or explain any terms used in this document and no other understanding either oral or in writing shall be binding.
 7. No Waiver. Either party's failure to insist on strict performance of any term or condition of the Contract shall not be deemed a waiver of that term or condition even if the party accepting or acquiescing in the nonconforming performance knows of the nature of the performance and fails to object to it.
 8. Arbitration. The parties to this Agreement agree to resolve all disputes arising out of or relating to this Agreement through arbitration, after exhausting applicable administrative review, to the extent required by A.R.S. § 12-1518 except as may be required by other applicable statutes.
 9. Counterparts. The parties may execute this Agreement in two or more counterparts, each of which shall be deemed an original and together which shall constitute one and the same document.

CONTRACT ADMINISTRATION AND OPERATION

1. Records. Under A.R.S. § 35-214 and § 35-215, the Contractor shall retain and shall contractually require each subcontractor to retain all data and other "records" relating to the acquisition and performance of the Contract for a period of five years after the completion of the Contract. All records shall be subject to inspection and audit by the State at reasonable times. Upon request, the Contractor shall produce a legible copy of any or all such records.
2. Non-Discrimination. Contractor shall comply with Executive Order 2009-9, which mandates that all persons, regardless of race, color, religion, sex, age, or national origin not mentioned in Order shall have equal access to employment opportunities, and all other applicable state and Federal employment laws, rules, and regulations, including the Americans with Disabilities Act. Contractor shall take affirmative action to ensure that

applicants for employment and employees are not discriminated against due to race, creed, color, religion, sex, national origin or disability.

3. Audit. Pursuant to ARS § 35-214, at any time during the term of this Contract and five (5) years thereafter, the Contractor's or any subcontractor's books and records shall be subject to audit by the State and, where applicable, the Federal Government, to the extent that the books and records relate to the performance of the Contract or Subcontract.
4. Notices. Notices to the Contractor required by this Contract shall be made by the State to the person indicated on the Offer and Acceptance form submitted by the Contractor unless otherwise stated in the Contract. Notices to the State required by the Contract shall be made by the Contractor to the Solicitation Contact Person indicated on the Solicitation cover sheet, unless otherwise stated in the Contract. An authorized Procurement Officer and an authorized Contractor representative may change their respective person to whom notice shall be given by written notice to the other and an amendment to the Contract shall not be necessary.
5. Advertising, Publishing and Promotion of Contract. The Contractor shall not use, advertise or promote information for commercial benefit concerning this Contract without the prior written approval of the ASTO.
6. Property of the State. Any materials, including reports, computer programs and other deliverables, created under this Contract are the sole property of the State. The Contractor is not entitled to a patent or copyright on those materials and may not transfer the patent or copyright to anyone else. The Contractor shall not use or release these materials without the prior written consent of the State.
7. Ownership of Intellectual Property. Any and all intellectual property, including but not limited to copyright, invention, trademark, trade name, service mark, and/or trade secrets created or conceived pursuant to or as a result of this contract and any related subcontract ("Intellectual Property"), shall be work made for hire and the State shall be considered the creator of such Intellectual Property. The agency, department, division, board or commission of the State of Arizona requesting the issuance of the contract shall own (for and on behalf of the State) the entire right, title and interest to the Intellectual Property throughout the world. Contractor shall notify the State, within thirty (30) days, of the creation of any Intellectual Property by it or its subcontractor(s). Contractor, on behalf of itself and any subcontractor(s), agrees to execute any and all document(s) necessary to assure ownership of the Intellectual Property vests in the State and shall take no affirmative actions that might have the effect of vesting all or part of the Intellectual Property in any entity other than the State. The Intellectual Property shall not be disclosed by contractor or its subcontractor(s) to any entity not the State without the express written authorization of the agency, department, division, board or commission of the State of Arizona requesting the issuance of this contract.

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8. Federal Immigration and Nationality Act. The contractor shall comply with all federal, state and local immigration laws and regulations relating to the immigration status of their employees during the term of the contract. Further, the contractor shall flow down this requirement to all subcontractors utilized during the term of the contract. The State shall retain the right to perform random audits of contractor and subcontractor records or to inspect papers of any employee thereof to ensure compliance. Should the State determine that the contractor and/or any subcontractors be found noncompliant, the State may pursue all remedies allowed by law, including, but not limited to; suspension of work, termination of the contract for default and suspension and/or debarment of the contractor.
 9. E-Verify Requirements. In accordance with A.R.S. § 41-4401, Contractor warrants compliance with all Federal immigration laws and regulations relating to employees and warrants its compliance with Section A.R.S. § 23-214, Subsection A.
 10. Offshore Performance of Work Prohibited. Any services that are described in the specifications or scope of work that directly serve the State of Arizona or its clients and involve access to secure or sensitive data or personal client data shall be performed within the defined territories of the United States. Unless specifically stated otherwise in the specifications, this paragraph does not apply to indirect or 'overhead' services, redundant back-up services or services that are incidental to the performance of the contract. This provision applies to work performed by subcontractors at all tiers.

COSTS AND PAYMENTS

1. Payments. Payments shall comply with the requirements of A.R.S. Titles 35 and 41, Net thirty (30) days. Upon receipt and acceptance of goods or services, the Contractor shall submit a complete and accurate invoice for payment from the State within thirty (30) days.
2. Delivery. Unless stated otherwise in the Contract, all prices shall be F.O.B. Destination and shall include all freight delivery and unloading at the destination.
3. Applicable Taxes.
 - Payment of Taxes. The Contractor shall be responsible for paying all applicable taxes.
 - State and Local Transaction Privilege Taxes. The State of Arizona is subject to all applicable state and local transaction privilege taxes. Transaction privilege taxes apply to the sale and are the responsibility of the seller to remit. Failure to collect such taxes from the buyer does not relieve the seller from its obligation to remit taxes.
 - Tax Indemnification. Contractor and all subcontractors shall pay all federal, state and local taxes applicable to its operation and any persons employed by the Contractor. Contractor shall and require all subcontractors to hold the State harmless from any responsibility for taxes, damages and interest, if applicable, contributions required

under federal, and/or state and local laws and regulations and any other costs including transaction privilege taxes, unemployment compensation insurance, Social Security and Worker's Compensation.

- IRS W9 Form. In order to receive payment, the Contractor shall have a current IRS W9 Form on file with the State of Arizona, unless not required by law.
4. Availability of Funds for the next State fiscal year. Funds may not presently be available for performance under this Contract beyond the current state fiscal year. No legal liability on the part of the State for any payment may arise under this Contract beyond the current state fiscal year until funds are made available for performance of this Contract.
 5. Availability of Funds for the current State fiscal year. Should the State Legislature enter back into session and reduce the appropriations for any reason and these goods or services are not funded, the State may take any of the following actions:
 - Accept a decrease in price offered by the contractor;
 - Cancel the Contract; and
 - Cancel the Contract and re-solicit the requirements.

CONTRACT CHANGES

1. Amendments. This Contract is issued under the authority of the ASTO. The Contract may be modified only through a Contract Amendment within the scope of the Contract. Changes to the Contract, including the addition of work or materials, the revision of payment terms, or the substitution of work or materials, directed by a person who is not specifically authorized by the ASTO in writing or made unilaterally by the Contractor are violations of the Contract and of applicable law. Such changes, including unauthorized written Contract Amendments shall be void and without effect, and the Contractor shall not be entitled to any claim under this Contract based on those changes.
2. Subcontracts. The Contractor shall not enter into any Subcontract under this Contract for the performance of this contract without the advance written approval of the ASTO. The Contractor shall clearly list any proposed subcontractors and the subcontractor's proposed responsibilities. The Subcontract shall incorporate by reference the terms and conditions of this Contract.
3. Assignment and Delegation. Contractor acknowledges that Contractor's experience and expertise is a substantial consideration in the ASTO's review of the Offer. The Contractor shall not assign any right nor delegate any duty under this Contract without the prior written approval of the ASTO.

RISK AND LIABILITY

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1. Risk of Loss. The Contractor shall bear all loss of conforming material covered under this Contract until received by authorized personnel at the location designated in the purchase order or Contract. Mere receipt does not constitute final acceptance. The risk of loss for nonconforming materials shall remain with the Contractor regardless of receipt.
 2. Indemnification
 - Contractor/Vendor Indemnification (Not Public Agency). The parties to this contract agree that the State of Arizona, its' departments, agencies, boards and commissions shall be indemnified and held harmless by the contractor for the vicarious liability of the State as a result of entering into this contract. However, the parties further agree that the State of Arizona, its' departments, agencies, boards and commissions shall be responsible for its' own negligence. Each party to this contract is responsible for its' own negligence. Notwithstanding any provision of the Agreement to the contrary, a department of the State of Arizona is not authorized to indemnify Bank.
 - Public Agency Language Only. Each party (as 'indemnitor') agrees to indemnify, defend, and hold harmless the other party (as 'indemnitee') from and against any and all claims, losses, liability, costs, or expenses (including reasonable attorney's fees) (hereinafter collectively referred to as 'claims') arising out of bodily injury of any person (including death) or property damage but only to the extent that such claims which result in vicarious/derivative liability to the indemnitee, are caused by the act, omission, negligence, misconduct, or other fault of the indemnitor, its' officers, officials, agents, employees, or volunteers.
 3. Indemnification - Patent and Copyright. The Contractor shall indemnify and hold harmless the State against any liability, including costs and expenses, for infringement of any patent, trademark or copyright arising out of Contract performance or use by the State of materials furnished or work performed under this Contract. The State shall reasonably notify the Contractor of any claim for which it may be liable under this paragraph. If the contractor is insured pursuant to A.R.S. § 41-621 and § 35-154, this section shall not apply.
 4. Force Majeure.
 - a. Except for payment of sums due, neither party shall be liable to the other nor deemed in default under this Contract if and to the extent that such party's performance of this Contract is prevented by reason of force majeure. The term "force majeure" means an occurrence that is beyond the control of the party affected and occurs without its fault or negligence. Without limiting the foregoing, force majeure includes acts of God; acts of the public enemy; war; riots; strikes; mobilization; labor disputes; civil disorders; fire; flood; lockouts; injunctions-intervention-acts; or failures or refusals to act by government authority; and other similar occurrences beyond the control of the party declaring force majeure which such party is unable to prevent by exercising reasonable diligence.

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- b. Force Majeure shall not include the following occurrences:
- i. Late delivery of equipment or materials caused by congestion at a manufacturer's plant or elsewhere, or an oversold condition of the market;
 - ii. Late performance by a subcontractor unless the delay arises out of a force majeure occurrence in accordance with this force majeure term and condition;
or
 - iii. Inability of either the Contractor or any subcontractor to acquire or maintain any required insurance, bonds, licenses or permits.
- c. If either party is delayed at any time in the progress of the work by force majeure, the delayed party shall notify the other party in writing of such delay, as soon as is practicable and no later than the following working day of the commencement thereof and shall specify the causes of such delay in such notice. Such notice shall be delivered or mailed certified-return receipt and shall make a specific reference to this article, thereby invoking its provisions. The delayed party shall cause such delay to cease as soon as practicable and shall notify the other party in writing when it has done so. The time of completion shall be extended by Contract Amendment for a period of time equal to the time that results or effects of such delay prevent the delayed party from performing in accordance with this Contract.
- d. Any delay or failure in performance by either party hereto shall not constitute default hereunder or give rise to any claim for damages or loss of anticipated profits if, and to the extent that such delay or failure is caused by force majeure.
5. Third Party Antitrust Violations. The Contractor assigns to the State any claim for overcharges resulting from antitrust violations to the extent that those violations concern materials or services applied by third parties to the Contractor, toward fulfillment of this Contract.

WARRANTIES

1. Liens. The Contractor warrants that the materials supplied under this Contract are free of liens and shall remain free of liens.
2. Quality. Unless otherwise modified elsewhere in these terms and conditions, the Contractor warrants that, for one (1) year after acceptance by the State of the materials, they shall be:
 - Of a quality to pass without objection in the trade under the Contract description;
 - Fit for the intended purposes for which the materials are used;
 - Within the variations permitted by the Contract and are of even kind, quantity, and quality within each unit and among all units;
 - Adequately contained, packaged and marked as the Contract may require; and

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- In conformance to the written promises or affirmations of fact made by the Contractor.
3. Fitness. The Contractor warrants that any material supplied to the State shall fully conform to all requirements of the Contract and all representations of the Contractor and shall be fit for all purposes and uses required by the Contract.
 4. Inspection/Testing. The warranties are not affected by inspection or testing of or payment for the materials by the State.
 5. Compliance with Applicable Laws. The materials and services supplied under this Contract shall comply with all applicable federal, state and local laws, and the Contractor shall maintain all applicable licenses and permit requirements.
 6. Survival of Rights and Obligations after Contract Expiration or Termination.
 - Contractors Representations and Warranties. All representations and warranties made by the Contractor under this Contract shall survive the expiration or termination hereof. In addition, the parties hereto acknowledge that pursuant to A.R.S. § 12-510, except as provided in A.R.S. § 12-529, the State is not subject to or barred by any limitations of actions prescribed in A.R.S. Title 12, Chapter 5.
 - Purchase Orders. The Contractor shall, in accordance with all terms and conditions of the Contract, fully perform and shall be obligated to comply with all purchase orders received by the Contractor prior to the expiration or termination hereof, unless otherwise directed in writing by the ASTO, including, without limitation, all purchase orders received prior to but not fully performed and satisfied at the expiration or termination of this Contract.
 7. Contractors with no operations in Arizona. Federal Immigration and Nationality Act. The contractor shall comply with all federal, state and local immigration laws and regulations relating to the immigration status of their employees during the term of the contract. Further, the contractor shall flow down this requirement to all subcontractors utilized during the term of the contract. The State shall retain the right to perform random audits of contractor and subcontractor records or to inspect papers of any employee thereof to ensure compliance. Should the State determine that the contractor and/or any subcontractors be found noncompliant, the State may pursue all remedies allowed by law, including, but not limited to; suspension of work, termination of the contract for default and suspension and/or debarment of the contractor.
 8. Contractors with Operations in Arizona.
 - By entering into the contract, the contractor warrants compliance with the Federal immigration and Nationality Act (FINA) and all other Federal immigration laws and regulations related to the immigration status of its employees. The contractor shall obtain statements from its subcontractors certifying compliance and shall furnish the statements to the Procurement Officer upon request. The contractor and its

subcontractors shall also maintain Employment Eligibility Verification forms (I-9) as required by the U.S. Department of Labor’s Immigration and Control Act), for all Employees performing work under the contract. I-9 forms are available for download at USCIS.GOV.

- Compliance requirements for A.R.S. § 41-4401—immigration laws and E-Verify requirement.
- Contractors warrants compliance with all Federal immigration laws and regulations relating to employees and warrants its compliance with Section A.R.S. § 23-214, Subsection A. (That subsection reads: “After December 31, 2007, every employer, after hiring an employee, shall verify the employment eligibility of the employee through the E-Verify program.)
- A breach of a warranty regarding compliance with immigration laws and regulations shall be deemed a material breach of the contract and the Contractor may be subject to penalties up to and including termination of the Agreement.
- The Department retains the legal right to inspect the papers of any employee who works on the Agreement to ensure that Contractor is complying with the warranty.

STATE’S CONTRACTUAL REMEDIES

1. Right to Assurance. If the State in good faith has reason to believe that the Contractor does not intend to or is unable to perform or continue performing under this Contract, the ASTO may demand in writing that the Contractor give a written assurance of intent to perform. Failure by the Contractor to provide written assurance within the number of days specified in the demand may, at the State’s option, be the basis for terminating the Contract under the Uniform Terms and Conditions or other rights and remedies available by law or provided by the contract.
2. Stop Work Order.
 - The State may, at any time, by written order to the Contractor, require the Contractor to stop all or any part, of the work called for by this Contract for period(s) of days indicated by the State after the order is delivered to the Contractor. The order shall be specifically identified as a stop work order issued under this clause. Upon receipt of the order, the Contractor shall immediately comply with its terms and take all reasonable steps to minimize the incurrence of costs allocable to the work covered by the order during the period of work stoppage.
 - If a stop work order issued under this clause is canceled or the period of the order or any extension expires, the Contractor shall resume work. The ASTO shall make an

equitable adjustment in the delivery schedule or Contract price, or both, and the Contract shall be amended in writing accordingly.

3. Non-exclusive Remedies. The rights and the remedies of the State under this Contract are not exclusive.
4. Nonconforming Tender. Materials or services supplied under this Contract shall fully comply with the Contract. The delivery of materials or services or a portion of the materials or services that do not fully comply constitutes a breach of contract. On delivery of nonconforming materials or services, the State may terminate the Contract for default under applicable termination clauses in the Contract, exercise any of its rights and remedies under the Uniform Commercial Code or pursue any other right or remedy available to it.
5. Right of Offset. The State shall be entitled to offset against any sums due the Contractor, any expenses or costs incurred by the State, or damages assessed by the State concerning the Contractor's non-conforming performance or failure to perform the Contract, including expenses, costs and damages described in the Uniform Terms and Conditions.

CONTRACT TERMINATION

1. Cancellation for Conflict of Interest. Pursuant to A.R.S. § 38-511, the State may cancel this Contract within three (3) years after Contract execution without penalty or further obligation if any person significantly involved in initiating, negotiating, securing, drafting or creating the Contract on behalf of the State is or becomes at any time while the Contract or an extension of the Contract is in effect an employee of or a consultant to any other party to this Contract with respect to the subject matter of the Contract. The cancellation shall be effective when the Contractor receives written notice of the cancellation unless the notice specifies a later time. If the Contractor is a political subdivision of the State, it may also cancel this Contract as provided in A.R.S. § 38- 511.
2. Gratuities. The State may, by written notice, terminate this Contract, in whole or in part, if the State determines that employment or a Gratuity was offered or made by the Contractor or a representative of the Contractor to any officer or employee of the State for the purpose of influencing the outcome of the procurement or securing the Contract, an amendment to the Contract, or favorable treatment concerning the Contract, including the making of any determination or decision about contract performance. The State, in addition to any other rights or remedies, shall be entitled to recover exemplary damages in the amount of three times the value of the Gratuity offered by the Contractor.
3. Suspension or Debarment. The State may, by written notice to the Contractor, immediately terminate this Contract if the State determines that the Contractor has been debarred, suspended or otherwise lawfully prohibited from participating in any public procurement activity, including but not limited to, being disapproved as a subcontractor of any public procurement unit or other governmental body. Submittal of an offer or execution of a contract shall attest that the contractor is not currently suspended or debarred. If the

contractor becomes suspended or debarred, the contractor shall immediately notify the State.

4. Termination for Convenience. The State reserves the right to terminate the Contract in whole or in part at any time, when in the best interests of the State without penalty or recourse. Upon receipt of the written notice, the Contractor shall stop all work, as directed in the notice, notify all subcontractors of the effective date of the termination and minimize all further costs to the State. In the event of termination under this paragraph, all documents, data and reports prepared by the Contractor under the Contract shall become the property of and be delivered to the State upon demand. The Contractor shall be entitled to receive just and equitable compensation for work in progress, work completed, and materials accepted before the effective date of the termination. The cost principles and procedures provided in A.A.C. R2-7-701 shall apply.
5. Termination for Default.
 - In addition to the rights reserved in the contract, the State may terminate the Contract in whole or in part due to the failure of the Contractor to comply with any term or condition of the Contract, to acquire and maintain all required insurance policies, bonds, licenses and permits, or to make satisfactory progress in performing the Contract. The ASTO shall provide written notice of the termination and the reasons for it to the Contractor.
 - Upon termination under this paragraph, all goods, materials, documents, data and reports prepared by the Contractor under the Contract shall become the property of and be delivered to the State on demand.
 - The State may, upon termination of this Contract, procure, on terms and in the manner that it deems appropriate, materials or services to replace those under this Contract. The Contractor shall be liable to the State for any excess costs incurred by the State in procuring materials or services in substitution for those due from the Contractor.
6. Continuation of Performance Through Termination. The Contractor shall continue to perform, in accordance with the requirements of the Contract, up to the date of termination, as directed in the termination notice.
7. Contract Cancellation (Immediate). This contract is critical to ASTO and the agency reserves the right to immediately cancel the whole or any part of this contract due to failure of the Contractor to carry out any material obligation, term or condition of the contract. The ASTO shall issue a written notice of default effective at once and not deferred by any interval of time. Default shall be for acting or failing to act in any of the following:
 - The Contractor provides material that does not meet the specifications of the contract;

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- The Contractor fails to adequately perform the services set forth in the specifications of the contract;
 - The Contractor fails to complete the work required or furnish the materials required within the time stipulated in the contract;
 - The Contractor fails to make progress in the performance of the contract and/or gives the ASTO reason to believe that the Contractor will not or cannot perform to the requirements of the contract.
8. The ASTO may resort to any single or combination of the following remedies:
- Cancel any contract;
 - Reserve all rights or claims to damage for breach of any covenants of the contract;
 - Perform any test or analysis on materials for compliance with the specifications of the contract. If the result of any test confirms a material non-compliance with the specifications, any reasonable expense of testing shall be borne by the Contractor.
 - In case of default, the ASTO reserves the right to purchase materials or to complete the required work in accordance with the Arizona Procurement Code.
9. The Procurement officer may recover reasonable excess costs from the Institution by:
- Deduction from an unpaid balance;
 - Collection against the bid and/or performance bond; or
 - Any combinations of the above or any other remedies as provided by law.

SECTION 8

SCOPE OF WORK

1. General Requirements

- a. The Arizona State Treasurer (“Treasurer”) or designee will appoint the successful bidder (“Institution or Contractor”), as the agent for the safekeeping and handling of securities for which the Treasurer is the lawful custodian and that the Treasurer place or cause to be placed in the Institution’s possession, and the Institution agrees to accept such appointment.
- b. The Institution, at the direction of the Office of the State Treasurer, will provide for transfer of securities from the Institution currently holding the securities prior to January 1, 2015, or on another date if so authorized by the Office of the State Treasurer. The new Institution shall be responsible for the safe transport and delivery of the securities. Transfer of the present securities portfolio will be “free delivery” at no cost to the Office of the State Treasurer or the Depositor. At the conclusion of this contract, any transfers will likewise be at no cost to the Office of the State Treasurer or Depositor.
- c. The Institution shall process, and track completion of the account set-up documents for all accounts.
- d. The Institution shall accept possession of and be responsible for the safekeeping of such securities as are delivered to the Institution.
- e. The term of this contract shall begin on January 1, 2021 and will end at the close of business on December 31, 2023. In addition, the contract can be extended for two (2) one-year renewal periods as noted in the SPECIAL TERMS AND CONDITIONS.
- f. The Office of the State Treasurer will be entitled to cause delivery or withdrawal from the Institution’s possession, during the Institution’s normal business hours, any such securities held by the Institution by giving twenty four (24) hours’ notice to the Institution or at regularly scheduled times.
- g. Securities will be deposited with or withdrawn from the Institution in accordance with Appendix A for Department of Insurance and Financial Institution accounts and Appendix B for Industrial Commission accounts or on similar instructions based on another state agency’s needs. Securities will be delivered to the Institution by the Depositor. The deposit of securities shall be pursuant to a written contract (Appendices A & B) signed by the Institution, the Office of the State Treasurer, the State

of Arizona (agency or department), and the Depositor. Institution shall only accept and reinvest in eligible securities as outlined in Samples 1 and 2 for the Department of Insurance and Financial Institution accounts and Sample 3 for Industrial Commission accounts.

- h. The Institution will exercise the same degree of care to determine the genuineness of any securities delivered to it, or in its possession, as it would for its own securities. The Office of the State Treasurer and State Agency or Department shall be provided statements and reports of all transactions as required. (See Appendix A; paragraph 13 or Appendix B; paragraph 13 for details.)
- i. The Institution shall provide via secure Internet access to the Office of the State Treasurer, State Agency or Department and Depositor an electronic data retrieval system that will enable the Treasurer and State Agency or Department to have read and print access of records of securities then on deposit with the Institution. The system should allow the State to obtain and print security portfolio valuation reports, which consider special securities such as GNMA's or other mortgage-backed securities. The Institution will allow the Office of the State Treasurer, State Agency or Department and Depositor to download data via Internet.
- j. The Auditor General shall, during the regular business hours established by this Contract, conduct audits to determine the physical presence of securities deposited with the Institution. All information furnished with respect to audits or confirmations to any department or agency of the State of Arizona other than the Office of the State Treasurer, or to the Depositor will be the responsibility of the Institution.
- k. The Institution will have no responsibility to determine bond or coupon maturities or to determine the existence of bond calls or redemption, stock splits or stock divisions, the exercise of conversion rights or any other similar matters that might affect or relate to the securities in the Institution's possession except as provided in the written contract with Depositor as contained in Appendices A & B.
- l. The bid price shall be submitted using the attached Pricing Schedule (Attachment 1).
- m. Any security delivered (other than the initial transfer), or new issue purchased, or any other charge shall be made pursuant to the Contract between the Institution and Depositor, and, shall use the bid amount of this proposal to assess individual charges.

PROVIDED FOR REFERENCE ONLY

- 1. If a person wants to assert that a person's offer, specification, or protest contains a trade secret or other proprietary information, a person shall include with the submission a statement supporting this assertion. A person shall clearly designate any trade secret and

other proprietary information, using the term "confidential". Contract terms and conditions, pricing, and information generally available to the public are not considered confidential information under this Section.

2. Until a final determination is made under subsection (C), an agency chief procurement officer shall not disclose information designated as confidential under subsection (A) except to those individuals deemed by an agency chief procurement officer to have a legitimate state interest.
3. Upon receipt of a submission, an agency chief procurement officer shall make one of the following written determinations:
 - The designated information is confidential, and the agency chief procurement officer shall not disclose the information except to those individuals deemed by the agency chief procurement officer to have a legitimate state interest;
 - The designated information is not confidential; or
 - Additional information is required before a final confidentiality determination can be made.
4. If an agency chief procurement officer determines that information submitted is not confidential, a person who made the submission shall be notified in writing. The notice shall include a time period for requesting a review of the determination by the state procurement administrator.
5. An agency chief procurement officer may release information designated as confidential under subsection (1) if:
 - A request for review is not received by the state procurement administrator within the time period specified in the notice; or
 - The state procurement administrator, after review, makes a written determination that the designated information is not confidential.

ATTACHMENT 1

PRICING SCHEDULE

SECURITY SERVICE	UNIT BID PRICE
Book-Entry Federal Reserve Delivery or Maturity	
Depository Trust Corporation or Participants Trust Corporation Delivery or Maturity	
Account Setups	
Principal Pay Downs	
Bond Call/Put	
Money Wire Outs	
Corporate Actions	
New Issue Security Purchase Charge – Treasury	
New Issue Security Purchase Charge – Agency	
Total Bid	

ATTACHMENT 2**CURRENT ESTIMATED VOLUMES**

SECURITY SERVICE	UNIT BID PRICE
Book-Entry Federal Reserve Delivery or Maturity	135
Depository Trust Corporation or Participants Trust Corporation Delivery or Maturity	75
Account Setups	13
Principal Pay Downs	504
Bond Call/Put	21
Money Wire Outs	153
Corporate Actions	21
New Issue Security Purchase Charge – Treasury	91
New Issue Security Purchase Charge – Agency	81

EXHIBIT A: CONFORMANCE STATEMENTS

STATE WILL NOT CONSIDER ANY EXCEPTIONS UNLESS DESIGNATED ON THIS FORM. READ THE INSTRUCTIONS TO OFFERORS BEFORE TAKING ANY EXCEPTIONS – TAKING EXCEPTIONS CAN BE GROUNDS FOR STATE REJECTING OR DOWN-GRADING YOUR OFFER IN EVALUATION.

CONFORMANCE TO THE INSTRUCTIONS: (SECTION II OF THE SOLICITATION)

Check one of the following – if neither is checked, State will assume that as equivalent to “YES”:

- YES – Offeror acknowledges that it has read and understands the Instructions to Offerors of the Solicitation Documents and attests that its Offer complies.
- NO – Offeror acknowledges that it has read and understands the Instructions to Offerors of the Solicitation Documents, and attests that its Offer complies with both EXCEPT FOR the exceptions listed in **Exhibit I Supplement 1**.

CONFORMANCE TO THE SCOPE: (SECTION V OF THE SOLICITATION)

Check one of the following – if neither is checked, State will assume that as equivalent to “YES”:

- YES – Offeror acknowledges that it has read and understands the Scope Document of the Solicitation Documents and attests that its Offer complies.
- NO – Offeror acknowledges that it has read and understands the Scope Document in Part 2 of the Solicitation Documents and attests that its Offer complies EXCEPT FOR the exceptions listed in **Exhibit I Supplement 2**.

CONFORMANCE TO THE CONTRACT TERMS AND CONDITIONS: (SECTION VII OF THE SOLICITATION)

Check one of the following – if neither is checked, State will assume that as equivalent to “YES”:

- YES – Offeror acknowledges that it has read and understands the Special Terms and Conditions and the Uniform Terms and Conditions, along with their respective Exhibits of the Solicitation Documents and attests that its Offer complies with both.
- NO – Offeror acknowledges that it has read and understand the Special Terms and Conditions and the Uniform Terms and Conditions, along with their respective Exhibits of the Solicitation Documents and attests that its Offer complies with both EXCEPT FOR the exceptions listed in **Exhibit I Supplement 3**.

EXHIBIT A – SUPPLEMENT 1: EXCEPTIONS TO INSTRUCTIONS

Article / Paragraph or Exhibit Reference	Proposed Changes / Alternate Language	Rationale for Proposed Change
No.1: Instructions to Offerors		

Company Name

Signature of Person Authorized to Sign

EXHIBIT A – SUPPLEMENT 2: EXCEPTIONS TO SCOPE OF WORK

Article / Paragraph or Exhibit Reference	Proposed Changes / Alternate Language	Rationale for Proposed Change
No.2: Scope of Work		

Company Name

Signature of Person Authorized to Sign

EXHIBIT A – SUPPLEMENT 3: EXCEPTIONS TO CONTRACT TERMS AND CONDITIONS

Article / Paragraph or Exhibit Reference	Proposed Changes / Alternate Language	Rationale for Proposed Change
No.3: Special Terms & Conditions		

Company Name

Signature of Person Authorized to Sign

EXHIBIT A – SUPPLEMENT 4: EXCEPTIONS TO UNIFORM TERMS AND CONDITIONS

Article / Paragraph or Exhibit Reference	Proposed Changes / Alternate Language	Rationale for Proposed Change
No.4: Uniform Terms & Conditions		

Company Name

Signature of Person Authorized to Sign



DEPARTMENT OF
INSURANCE AND FINANCIAL INSTITUTIONS

DEPOSIT TYPE:

NAME OF BANK, NATIONAL ASSOCIATION
AS CUSTODIAN FOR ARIZONA STATE TREASURER
AND ARIZONA DEPARTMENT OF INSURANCE AND FINANCIAL INSTITUTIONS

CUSTODY AGREEMENT

This Custody Agreement (the "Agreement"), made as of this ____ day of _____, 20 ____, among **NAME OF BANK, NATIONAL ASSOCIATION**, in its capacity as custodian, hereinafter called "Institution", the Arizona State Treasurer, hereinafter called "State Treasurer", the Arizona Department of Insurance and Financial Institutions, hereinafter called "State Agency", and _____ (NAIC/Co. No. _____) hereinafter called "Company", wherein the Institution shall perform safekeeping duties and provide services as described in this Agreement with respect to Eligible Securities and other property held hereunder.

Recitals

- A. In accordance with Arizona Revised Statutes or pursuant to a Security Deposit Agreement between the State Treasurer, State Agency and Company, Company is required to deliver and maintain a deposit to transact business in the State of Arizona.
- B. Failure of Company to maintain the required deposit may result in regulatory action against Company by State Agency.
- C. Institution desires to provide custodial services with regard to the deposit.
- D. Institution, State Treasurer, State Agency and Company desire to enter into the following agreement for the provision of custodial services.

Terms

1. *Definitions*

1.1 Account. The custodial account established by Institution for Company to maintain the deposit required by the State Agency.

1.2 Account Value. At any given time, the sum of the lesser of the market value, par value or amortized value of each Eligible Security held in the Account.

1.3 Deficient Account Value. Any time Company's Account Value falls below Minimum Account Balance.

1.4 Deficient Account Value Notice. Written notice of the existence of a Deficient Account Value in Company's Account as of the close of business on any business day, provided by Institution by facsimile or electronic mail to Company and State Agency by no later than 10:00 a.m. MST on the next business day. Unless otherwise instructed by State Agency, notice of an existing Deficient Account Value to be provided by Institution daily until cured.

1.5 Eligible Securities. Securities qualified by statute, rule, order or other determination of the State Agency as specifically set forth in Appendix A as may be amended by State Agency from time to time upon 30 days written notice to Institution and Company.

**NAME OF BANK, NATIONAL ASSOCIATION
AS CUSTODIAN FOR ARIZONA STATE TREASURER
AND ARIZONA DEPARTMENT OF INSURANCE AND FINANCIAL INSTITUTIONS**

1.6 Minimum Account Balance. A specific Account Value set by the State Agency which shall at a minimum be equal to the amount of deposit required under Arizona law, and which Company is required to continuously maintain in the Account. The initial Minimum Account Balance for the Account shall be \$_____. The Minimum Account Balance may be amended by the State Agency at any time.

1.7 MAB Change Notice. Written notice of a change in the Minimum Account Balance provided by State Agency to Institution and Company.

2. Deposit by Company

2.1 Delivery and Maintenance of Deposit. Company agrees to deliver and continuously maintain in the Account Eligible Securities that qualify under Appendix A and maintain an Account Value at least equal to the Minimum Account Balance specified by the State Agency from time to time in accordance with the terms of this Agreement.

2.2 Exchanges of Eligible Securities. Company may exchange Eligible Securities in the Account from time to time so long as the Account Value, after giving effect to the exchange, is at least equal to the Minimum Account Balance.

2.3 Maturities. In order to avoid a Deficient Account Value, prior to the maturity date of any Eligible Security, Company agrees to deliver to Institution replacement Eligible Securities or written instructions authorizing Institution to purchase other Eligible Securities on the maturity date.

2.4 Excess Deposit. In the event the Account Value exceeds the Minimum Account Balance, Company may withdraw securities or receive distributions from the Account so long as the Account Value, after the withdrawals or distributions, is at least equal to the Minimum Account Balance.

2.5 Deficient Deposit. Company shall not receive any distributions from Account while it has a Deficient Account Value including but not limited to distributions from any Eligible Securities, income, interest, proceeds, cash balances or other property in the Account. Company may continue to make even exchanges of Eligible Securities. Upon receipt of a Deficient Account Value Notice, Company shall deliver to Institution Eligible Securities so that the Account Value is at least equal to the Minimum Account Balance.

3. Monitoring of Minimum Account Balance by Institution

3.1 Monitoring and Deficient Account Value Notices. Institution shall monitor the Account Value for Compliance with the Minimum Account Balance, and issue Deficient Account Value Notices in accordance with Section 1.4 hereof.

3.2 No Releases from Account. Unless otherwise instructed by State Agency, in the event Company's Account has a Deficient Account Value, Institution will not distribute any Eligible Securities, income interest, proceeds, cash balances or other property to Company and will hold all income, interest and cash balances, net of Institution's fees. Company may continue to make even exchanges of Eligible Securities.

3.3 Maturity Notices. Institution shall provide Company a minimum of three written notices, by facsimile or electronic mail, prior to the maturity date of an Eligible Security, at such times as agreed upon by State Agency and Institution.

3.4 Excess Deposit. In the event the Account Value exceeds the Minimum Account Balance, Institution shall permit Company to withdraw securities or receive distributions from the Account in accordance with the conditions of Sections 2, 3 and 18 hereof.

3.5 Intraday Value of Account. Institution shall not be responsible for the failure of the Account Value to be at least equal to the Minimum Account Balance solely due to changes in the market value or amortized value of

**NAME OF BANK, NATIONAL ASSOCIATION
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deposited securities during any given business day. However, this provision does not relieve Institution from its obligations pursuant to Sections 3.1 and 3.2 hereof.

3.6 Confirmation of Account Value by Institution. Upon receipt of a MAB Change Notice, Institution shall, by close of business of same day, send by facsimile or electronic mail, confirmation to the State Agency and the Company that Account Value equals or exceeds the new Minimum Account Balance or issue a Deficient Account Value Notice.

4. *Custodial Services*

4.1 Unless otherwise agreed to by State Agency, Institution shall open Accounts within two business days following receipt of all necessary Account opening documentation. Institution shall accept for deposit into the Account only Eligible Securities. Institution shall safe keep all property delivered to it, shall identify such property on its books and records as held in trust for the State Treasurer, shall receive the income attributable thereto, and shall hold, invest, disburse or otherwise dispose of such income and principal, or its proceeds, pursuant to the provisions of this Agreement. Workers' compensation deposits shall be held for the State Treasurer in trust for the fulfillment of the Company's obligations under the Arizona Workers' Compensation Laws and shall be identified and classified in Institution's automated and paper records in a manner which readily distinguishes Eligible Securities held for workers' compensation from all other Eligible Securities deposited by Company.

4.2 All book-entry securities shall be identified in the Institution's automated and paper records as such. Access to perform safekeeping duties and provide services under this Agreement shall be restricted to authorized Institution personnel assigned to this relationship.

4.3 Institution shall identify the full name of Company or an abbreviation of Company name that is acceptable to the State Agency, in its automated and paper records for Company's account information and shall not change or modify Company name within its records without prior written approval from the State Agency. The Institution shall refer any written or verbal instruction that it receives from Company to change or modify Company's name to the State Agency for authorization prior to making any change or modification.

5. *Responsibility for Assets*

Institution shall be responsible for losses of or damage to the securities or other property under its care, custody and control or under the care, custody and control of its nominee, its agents or a depository selected by it, including but not limited to any loss of or damage to securities occasioned by the negligence or dishonesty of any officers or employees of Institution, nominee, agents or depository, or burglary, robbery, holdup, theft or mysterious disappearance, including loss by damage or destruction. In the event of loss of or damage to the securities under the care, custody and control of Institution or its nominee, a depository or other agent of Institution, Institution shall, upon demand by Company, promptly replace such securities with like kind and quality, together with all rights and privileges pertaining to such securities, or, if acceptable to Company, deliver cash to the custodial account equal to the then fair market value of the securities. Under no circumstances, however, shall Institution be liable for consequential damages under this Agreement for causes beyond its control, which causes shall be war, insurrection, nuclear fission or fusion, radioactivity, seismic activity, earth movement, volcanism, flood, windstorm, hurricane, tornado or lightning.

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6. Examination by Supervisory Authorities

Institution agrees that at any time upon demand of an examiner contracted or employed by the State Agency, Institution will prepare and deliver to such examiner a written verification of all securities and other property held in the Account by Institution as custodian for Company, including such securities which have been deposited by Institution with a Depository (as hereinafter defined), and such verification shall be signed by an officer of Institution.

7. Investment Services

7.1 Institution shall have no responsibility to and shall not initiate any investment, reinvestment or divestment of the property held by it under this Agreement, without direction from Company, except as otherwise provided in this Agreement. Any charges by the Institution with respect to investment services shall be at the prices listed in Appendix B.

7.2 Institution may disburse interest coupon payments, principal pay downs, cash from maturities on securities in its custody, or any other income or proceeds received by it on securities held in Account in accordance with Section 3 hereof.

7.3 All sales, purchases, exchanges or other transactions respecting securities or other property which may be made by Institution for the account of Company shall be made only pursuant to instructions from Company or Company's designated representative, and in accordance with the conditions set forth in this Agreement. In the absence of such instructions, Institution shall have no responsibility for the investment or reinvestment of such property nor liability for any omission to act in the absence of instructions.

7.4 If an acquisition initiated by Company results in a debit balance at settlement of such transaction, Institution shall be entitled to charge interest on such debit balance.

7.5 Company, and not Institution, shall be responsible for all money, securities and/or other property delivered to any broker or other person specified by Company in such manner as Company may direct.

7.6 Institution's duties hereunder shall continue until such time as this Agreement is terminated or until such time as such duties shall be amended in writing as agreed to by the Company, State Treasurer, State Agency, and Institution.

8. Capital Changes

It shall be the responsibility of Company to furnish Institution with notification of the declaration, record and payment dates of any dividends or other distributions and of any calls or other capital changes or of information requiring special action concerning each of the securities subject to this Agreement whenever such information is not readily available from reporting services or publications generally accepted and utilized by the securities industry. No knowledge of the above described securities information shall be imputed to the Institution prior to the time it assumed custodial responsibility for any security.

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9. *Depository*

Institution may utilize the services of the Federal Reserve Institution or any depository (hereinafter called "Depository"), which is now or hereinafter approved by the Director of the State Agency for the purpose of book-entry deposit and maintenance in Depository of all securities eligible under applicable laws, regulation, and rulings except as limited by written instructions from Company or the State Agency to Institution. Institution may authorize Depository to hold the deposited securities, to receive the income and principal becoming due thereon, to surrender for payment maturing obligations and those called for redemption and to disburse and/or otherwise dispose of said deposited securities and the income thereof upon and pursuant to a written order by Company and to the extent permitted by the terms of this Agreement. Any income received from the surrender of coupons for payment will be credited as directed by Company to the extent permitted by the terms of this Agreement. A Federal Reserve Bank may be used to hold securities of federal agencies that are available only through the Book Entry System of said Federal Reserve Bank.

10. *Nominee Authorized*

Institution is directed to transfer into the name of nominees selected by it, all registered securities from time to time held under this Agreement. Institution shall issue written notice to the State Agency of any transfer of registered securities into the name of Institution's nominee. Institution shall be responsible for the acts of its nominee with respect to such securities. To effect the transfer of registered securities into the name of Institution's nominee, to facilitate the collection of any payment thereon and to effect any other action in relation thereto or in order to meet any requirement thereof, Company authorizes Institution to execute in Company's name, and to deliver, any instrument determined by Institution to be appropriate in furtherance of the purposes hereof, and to guarantee in Institution's name as the signature of Company any signature so placed on such instrument. Institution will not permit book entry securities or securities issued or issuable in bearer form to be transferred to a Depository without having received prior written approval from the State Agency. Securities issued or issuable in bearer form which are held by Institution or transferred to a Depository shall be maintained in bearer form and not registered in the name of Institution's nominee or the Depository's nominee unless at the specific written request of Company.

11. *Directions to Institution*

All directions to the Institution from the State Treasurer, State Agency or Company shall be in writing and signed by the designated representatives of Company or the authorized personnel of the State Treasurer or State Agency, as appropriate. Notwithstanding Section 23 hereunder and unless Institution is otherwise notified by the State Agency, directions from Company, State Treasurer or State Agency relating to account transactions may be transmitted to the Institution by facsimile or electronic mail and will be deemed received upon telephonic confirmation of receipt by the Institution if facsimile or upon sending if electronic mail. Institution shall not be required to comply with any direction, which in its judgment may subject it to liability or expense, or to prosecute or defend any action, unless indemnified in manner and amount satisfactory to it.

12. *Proxies*

Institution shall not vote proxies. All proxies shall be forwarded to Company.

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13. Statements and Reports

Institution shall furnish periodic statements in a form acceptable to the State Agency and State Treasurer for all accounts and shall deliver the same to Company or to any representative designated by Company. Institution shall furnish monthly reports (holdings, transactions, and account balance change) in a form acceptable to the State Agency and the State Treasurer within 5 working days following each month end, which itemize all account activity with detailed descriptions and classifications of Eligible Securities and other property held hereunder. On the first day of each month, Institution shall provide the State Agency with a list of Accounts that have Eligible Securities due to mature during the month and an asset rating report in forms acceptable to the State Agency. On a weekly basis, Institution shall provide the State Agency with an Account characteristics report in a form acceptable to the State Agency. On a daily basis, Institution shall provide the State Agency with an Account value report in a form acceptable to the State Agency.

14. Electronic Data System

Institution shall provide secure Internet access to the State Treasurer, State Agency and Company that is compatible with the data systems of each to receive daily updated information regarding Eligible Securities and other property currently held in Company's Account, and at least 18 months of historical data including any changes in Eligible Securities and other property held pursuant to this agreement. The electronic data system shall include read and print options in menus that enable query by Company name or Account number, and cusip numbers. The electronic data system shall be compatible to common spreadsheet and word processing software to enable the State Treasurer and the State Agency to download and utilize Company's current account data. The timeliness of information in the Institution's electronic data system shall be no less than transactions performed on the previous business day. At any time that Institution's electronic data system is unavailable to the State Agency, State Treasurer or Company for any reason, Institution shall deliver by facsimile transmission or electronic mail, a detailed report of all transactions performed upon Company Accounts for the business day when the data system was not available, by the close of the next business day, when so requested by the State Agency, State Treasurer or Company. In addition, Institution shall provide specific Account information requested by the State Agency, State Treasurer or Company by the close of the next business day by facsimile transmission, electronic mail or telephonically. Electronic and written notification provided by the Institution to the State Agency, State Treasurer or Company shall clearly specify the type(s) of services and transaction(s) completed, such as release or distribution, receipt or deposit, automatic sweeps of principal funds and income, or a principal funds pay down and shall include the cusip numbers of all affected securities.

15. Termination of Agreement

Upon termination and written direction from the State Treasurer, Institution shall transfer the property then held in the Account for Company and Institution shall effect transfer of securities deposited by it on behalf of Company with the Depository to the new custodian, along with all records pertaining to the securities (with a copy of the records to Company). Upon termination, Company shall pay all sums due Institution and shall indemnify Institution in the manner and amount satisfactory to it against all liability incurred in the performance of this Agreement.

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16. Compensation

Except as hereafter provided, Institution shall be compensated for its services by Company in accordance with the charges set forth in Appendix B. All charges including but not limited to, brokers' commissions resulting from security transactions and all security settlements and deliveries shall be paid by Company. The compensation or expenses charged by Institution for the services rendered under this Agreement shall not be charged to the assets held under this Agreement. However, so long as the Minimum Account Balance is maintained, Institution shall have the right to reduce income generated from such assets for funds that Institution has advanced or for fees owed to the Institution in order to effect the purchase of securities in accordance with the directions of Company. Under no circumstances shall Institution have the right to reduce, offset or encumber such assets with out-of-pocket costs or expenses incurred by it in effecting the sale of securities in accordance with the directions of Company. Notwithstanding the foregoing, so long as the Minimum Account Balance is maintained, Institution may reduce income generated from such assets for out-of-pocket costs or expenses incurred by it in effecting the purchase or sale of securities in accordance with the direction of Company, upon written authorization of Company subsequent to receipt by Company of an invoice itemizing the specific out-of-pocket costs or expenses incurred by the Institution.

17. Failure to Perform

Institution agrees to perform its safekeeping duties and related services described in this Agreement in accordance with prescribed time frames. Failure to act upon Company's, or as applicable, the State Agency's, proper and complete instructions shall constitute a failure by Institution to perform in accordance with this Agreement. The State Agency shall report and document to the State Treasurer all incidents of Institution's failure to perform. The State Treasurer shall, upon recommendation and advisement from the State Agency, determine and impose remedial actions appropriate to the frequency and types of incidents reported by the State Agency. Remedial actions instructed by the State Treasurer to the Institution may include a refund or abatement of fees, out-of-pocket costs and expenses charged to Company by the Institution in the course of a transaction that constituted an incident of the Institution's failure to perform, and reimbursement of a monetary loss experienced and documented by Company as a direct result of an incident of Institution's failure to perform.

18. Receivership or Similar Proceeding

In the event the Institution receives notice from the State Agency, State Treasurer or the Company that Company is placed into receivership, liquidation, rehabilitation, supervision or similar proceedings, Institution will not distribute any Eligible Securities, income, interest, proceeds, cash balances or other property to Company and will hold all income, interest and cash balances, net of Institution's fees unless otherwise instructed by State Agency. Company may continue to make even exchanges of Eligible Securities.

19. Citation Amendments

Any amendment to or repeal of any statute, rule or form cited above occurring during the term of this Agreement is incorporated herein by this reference.

20. Prohibition on Assignment

Company, or any receiver, liquidator, rehabilitator, supervisor or any similar appointee, may not assign this Agreement or any Eligible Securities, distributions, income or other property held under this Agreement without the prior written consent of the State Agency.

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21. *Designated Representatives*

Company may provide written notice of its designated representatives who are authorized to act on its behalf in all matters concerning assets to be held in its Account under this Agreement, in a manner acceptable to the Institution. Written notice shall be signed by an officer of Company who is duly authorized within its bylaws or an authorizing resolution of the board of directors of Company which has been certified by its corporate secretary and shall remain in effect until superseded by a subsequent written notice of designated representatives or by a written notice of termination for designations previously authorized. A designated representative may act in all matters and be responsible for the duties of Company under this Agreement.

22. *Cancellation*

This agreement is subject to cancellation at any time by the Governor pursuant to A.R.S. 38-511.

23. *Notices*

Except as otherwise provided herein, any notices required or permitted to be made hereunder shall be delivered personally or by facsimile or by overnight courier or mailed by certified or express mail, return receipt requested, or by electronic mail except for notice under Section 22 hereof to the following addresses and shall be deemed to have been received when delivered personally, upon telephonic confirmation of receipt of the facsimile, one business day after delivery to overnight courier, or three business days after mailing or upon sending if electronic mail:

If to Company: _____

Fax: _____
Email: _____

If to Institution: Name of Banker, Title of Banker
Name of Bank, N.A.
Name of Division of Bank
Address
City, State, Zip
Fax: (877) 833-8854
Email:

If to State Treasurer: Jackie Harding, Deputy Treasurer - Operations
Office of the Arizona State Treasurer
1700 W. Washington
Phoenix, Arizona 85007
Fax: (602)-542-7176
Email: jackieh@aztreasury.gov

If to State Agency: Cary W. Cook, Chief Financial Compliance Officer
Arizona Department of Insurance and Financial Institutions
100 N. 15th Ave., Suite 261
Phoenix, Arizona 85007
Email: cary.cook@difi.az.gov

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IN WITNESS WHEREOF, the parties hereto have caused the Agreement to be executed as of the date first written above.

COMPANY

By: _____
Name: _____
Title: _____
Federal Tax ID Number: _____

ARIZONA STATE TREASURER

By: _____
Name: Jackie Harding
Title: Deputy State Treasurer – Operations

STATE AGENCY

By: _____
Name: Kurt Regner
Title: Assistant Director

INSTITUTION

By: _____
Name: Name of Banker
Title: Title of Banker



Industrial Commission of Arizona

Protection of life, health, safety, and welfare of Arizona's workforce

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Deposit Type: _____

CUSTODY AGREEMENT

This Custody Agreement ("Agreement"), made as of this _____ day of _____, 20____, is entered into between _____, hereinafter called "Institution", in its capacity as custodian, the Arizona State Treasurer hereinafter called "State Treasurer", and the Industrial Commission of Arizona hereinafter called "ICA", and the _____

hereinafter called "Self-insured Employer". Under the terms of this Agreement, the Institution shall perform safekeeping duties and provide services with respect to Eligible Securities held hereunder.

Recitals

- A. Under A.R.S. § 23-961 (A)(2) and the Arizona Administrative Code; the ICA may require a deposit or any other security ("deposit") from an employer seeking initial or continued authority to self-insure for worker's compensation. This deposit is held for the Industrial Commission of Arizona, in trust for the fulfillment of the Self-insured Employer's obligations under the Arizona Workers' Compensation Laws.
- B. Failure of the Self-Insured Employer named in this agreement to maintain the required deposit may result in regulatory action against the Self-Insured Employer by the ICA.
- C. Institution shall provide custodial services regarding the deposit.
- D. Institution, State Treasurer, ICA and Self-insured Employer shall enter into the following agreement for custodial services under the governing law; venue.

Terms of Agreement

1. Definitions. The following words shall have the meanings provided.

1.1 **Account.** The custodial account established and monitored by the Institution for the qualified self-insurer's security deposit as required by the ICA A.R.S. 23-961 and the Arizona Administrative Code to maintain self-insurance authority in Arizona.

1.2 **Eligible Securities.** Eligible Securities are those as specifically set forth in Appendix A, and so qualified by statute, rule, order or other determination of the ICA, and may be amended periodically by the ICA.

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- 1.3 **Account Value.** At any given time, the Account Value shall be the lesser of the market value, par value or amortized value of each Eligible Security in the Account.
- 1.4 **Minimum Account Balance (MAB).** The Initial Minimum Account Balance for the Account shall be _____ in Eligible Securities. The Minimum Account Balance may be amended by the ICA at any time by written notice to the Institution and Self-insured Employer (“MAB Change Notice”). The Minimum Account Balance is the lesser of principal, market or PAR.
- 1.5 **Governing Law; venue.** The parties agree that this agreement shall be deemed to be governed by the laws of the State of Arizona, and that venue for all purposes related to this agreement shall be deemed to be in the State of Arizona.
2. **Deposit.** Self-insured Employer shall deliver and maintain only Eligible Securities as cited in Appendix A, in the Account. The Self-insured Employer agrees to maintain an Account Value at least equal to the Minimum Account Balance determined by the ICA. Institution will monitor the Account Value and notify the ICA and Self-insured Employer if the Account Value falls below the Minimum Account Balance.
3. **Maintenance of Minimum Account Balance.** Self-Insured Employer agrees that, by the close of business on the second business day after receipt of a Minimum Account Balance Change Notice, it shall deliver to the Institution, Eligible Securities, so that the Account Value is at least equal to the new Minimum Account Balance. No later than the close of business on the second business day following receipt of a MAB Change Notice, Institution shall confirm by facsimile or electronic mail to the ICA that the Self-insured Employer’s Account Value is at least equal to the new Minimum Account Balance. During the term of this Agreement, Institution shall not permit Self-insured Employer to make any withdrawal, disbursement, exchange, or transfer of Eligible Securities or other property from the Account if the Account Value, after giving effect to such transaction, would be less than the Minimum Account Balance. Institution shall not be responsible for the failure of the Account Value to be at least equal to the Minimum Account Balance solely due to changes in the market value, or amortized value of deposited securities during any given business day. However, the Institution shall monitor the MAB and provide written notice by electronic mail or facsimile to the ICA and Self-insured Employer by no later than 10:00 a.m. MST on the next business day if, at the close of business on any business day, the Account Value of the Account is less than the Minimum Account Balance.
4. **Custodial Services.** Institution shall accept for deposit into the Account only Eligible Securities, as listed in Appendix A. Institution shall be responsible for monitoring that the Account Value is at least equal to the Minimum Account Balance and notifying the ICA and Self-insured Employer as provided in this Agreement. Institution shall:
- 1) Safe keep all property delivered to it;

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- 2) Identify such property (eligible securities in Appendix A) on its books and records as being deposited through the State Treasurer subject to the order of the ICA, and held for the ICA in trust for the fulfillment of the Self-insured Employer's obligations under the Arizona Workers' Compensation Laws;
- 3) Receive the income attribute thereto; and
- 4) Hold, invest, disburse or otherwise dispose of such income and principal, or its proceeds, pursuant to the provisions of this Agreement.
 - 4.1 All book-entry securities shall be identified in the Institution's electronically automated and paper records as such. Access to perform safekeeping duties and provide services under this Agreement shall be restricted to authorized Institution personnel only.
 - 4.2 All securities and other property identified or classified by the Self-insured Employer and ICA as the Self-insured Employer's workers' compensation deposit shall be so identified and classified in the Institution's electronically automated and paper records in a manner, which readily distinguishes such securities from all other securities deposited by the Self-insured Employer.
 - 4.3 Institution shall identify the full name of the Self-insured Employer or an abbreviation of the Self-insured Employer's name that is acceptable to the ICA in its automated and paper records for Self-insured Employer's account information and shall not change or modify the Self-insured Employer's name within its records without prior written approval from the ICA. The Institution shall refer any written, or verbal instruction that it receives from the Self-insured Employer to change or modify the Self-insured Employer name to the ICA for authorization prior to making any change or modification. ICA shall approve any Self-Insured Employer name changes or changes in ownership of Self-Insured Employer.
5. **Responsibility for Assets.** Institution shall be responsible for losses of or damage to the securities under its care, custody and control or under the care, custody and control of its nominee, its agents or a depository selected by it, including but not limited to any loss of or damage to securities occasioned by the negligence or dishonesty of any officers or employees on Institution, nominee, agents or depository, or burglary, robbery, holdup, theft or mysterious disappearance, including loss by damage or destruction. In the event of loss of or damage to the securities under the care, custody and control of Institution or its nominee, a depository or other agent of Institution, Institution shall, upon demand by Self-insured Employer, promptly replace such securities with like kind and quality, together with all rights and privileges pertaining to such securities, or, if acceptable to Self-insured Employer, deliver cash to the custodial account equal to the then fair market value of the securities. Under no circumstances, however, shall Institution be liable for consequential damages under this Agreement for causes beyond its control, which causes shall be war, insurrection, nuclear fission or

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fusion, radioactivity, seismic activity, earth movement, volcanism, flood, windstorm, hurricane, tornado or lightning.

6. **Examination by Supervisory Authorities.** Institution agrees that at any time upon demand of an examiner contracted or employed by the State Treasurer or ICA, Institution will prepare and deliver to such examiner a written verification of all securities held by Institution, as custodian, including such securities which have been deposited by Institution with a Depository (as hereinafter defined), and such verification shall be signed by an officer of Institution.

7. **Institution Services.**

7.1 Institution shall have no responsibility to and shall not initiate any investment, reinvestment or divestment of the property held by it under this Agreement, without direction from Self-insured Employer except as otherwise provided in this Agreement. Any changes by the Institution with respect to investment services shall be at the prices listed in Appendix B hereto.

7.2 Except as provided in Sections 7.3, 18 and 19, Self-insured Employer may withdraw and exchange Eligible Securities or other property from the Account, periodically so long as the Account Value, after giving effect to withdrawal or exchange, does not fall below the greater of the Minimum Account Balance or the amount of deposit required by statute.

7.3 Except as provided in Sections 18 and 19, so long as Account Value is at least equal to the Minimum Account Balance, Institution may disburse interest coupon payments, principal pay downs, cash from maturities or securities in its custody, or any other income or proceeds received by it on securities held in Account.

7.4 Except as provided in Sections 18 and 19, all sales, purchases, exchanges or other transactions respecting securities or other property which may be made by Institution for the account of Self-insured Employer shall be made only pursuant to instructions from Self-insured Employer or of Self-insured Employer's designated representative, and in accordance with the conditions set forth in this Agreement. In the absence of such instructions, Institution shall have no responsibility for the investment or reinvestment of such property, or liability for any omission to act in the absence of instructions.

7.5 If an acquisition initiated by Self-insured Employer results in a debit balance at settlement of such transaction, Institution shall be entitled to charge interest on such debit balance.

7.6 Self-insured Employer, not Institution, shall be responsible for all money, securities and/or other property delivered to any broker or other person specified by Self-insured Employer in such manner as Self-insured Employer may direct.

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- 7.7 Institution's duties hereunder shall continue until such time as such duties shall terminate as hereinafter provided or until such time as such duties shall be altered in writing, and executed by the Self-insured Employer, State Treasurer, the ICA, and consented to by Institution.
8. **Capital Changes.** It shall be the responsibility of the Self-insured Employer to furnish Institution with notifications of the declaration, record and payment dates of any dividends or other distributions and of any calls or other capital changes, or of information requiring special action concerning each of the securities subject to this Agreement whenever such information is not readily available from reporting services or publications generally accepted and utilized by the securities industry. No knowledge of the above described securities information shall be imputed to the Institution prior to the time it assumed custodial responsibility for any security.
9. **Depository.** Institution may utilize the services of the Federal Reserve Institution or any depository (hereinafter called "Depository"), which is now or hereinafter approved by the ICA for the purpose of book-entry deposit and maintenance in Depository of all securities eligible under application laws, regulation, and rulings except as limited by written instructions from Self-insured Employer or the ICA to Institution. Institution may authorize Depository to hold the deposited securities, to receive the income and principal becoming due thereon, to surrender for payment maturing obligations and those called for redemption and to disburse and/or otherwise dispose of said deposited securities and the income thereof upon and pursuant to a written order by Self-insured Employer. Any income received from the surrender of coupons for payment will be credited as directed by Self-insured Employer. The Federal Reserve Institution of **(insert bank city)** may be used to hold securities of federal agencies that are available only through the Book-Entry System of said Federal Reserve Institution.
10. **Nominee Authorized.** Institution is directed to transfer into the name of nominees selected by it, all registered securities from time to time held under this Agreement. Institution shall be responsible for the acts of its nominee with respect to such securities. To effect the transfer of registered securities into the name of Institution's nominee, to facilitate the collection of any payment there on and to effect any other action in relation thereto or in order to meet any requirement thereof, Self-insured Employer authorizes Institution to execute in Self-insured Employer's name, and to deliver, any instrument determined by Institution to be appropriate in furtherance of the purposes hereof, and to guarantee in Institution's name as the signature of Self-insured Employer any signature so placed on such instrument.
- Institution will not permit book entry securities or securities issued or issuable in bearer form to be transferred to a Depository without having received prior written approval from the ICA. Securities issued or issuable in bearer form, which are held by Institution or transferred to a Depository shall be maintained in bearer form and not registered in the name of Institution's nominee or the Depository's nominee unless at the specific written request of Self-insured Employer.

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11. **Directions to Institution.** All directions to the Institution from the ICA or Self-insured Employer shall be in writing and signed by the designated representatives of Self-insured Employer or the authorized personnel of the ICA, as appropriate. Notwithstanding Section 23 hereunder and unless Institution is otherwise notified by the ICA, directions from Self-insured Employer or the ICA relating to account transactions will be on forms approved by the ICA, and may be transmitted to the Institution by electronic mail and will be deemed received upon receipt by the Institution. Institution shall not be required to comply with any direction, which in its judgment may subject it to liability or expense, or to prosecute or defend any action, unless indemnified in manner and amount satisfactory to it.
12. **Proxies.** Institution shall not vote proxies. All proxies shall be forwarded to the Self-Insured Employer.
13. **Statements and Reports.** Institution shall furnish periodic statements in a form acceptable to the ICA and the State Treasurer for accounts of this type and shall deliver the same to Self-insured Employer or to any representative designated by Self-insured Employer. Institution shall furnish monthly reports in a form acceptable to the ICA and the State Treasurer within two working days following each month end, which itemizes all account activity with detailed descriptions and classifications of securities and other property held hereunder according to the ICA's instructions. Institution shall separately furnish, in a form acceptable to the ICA and the State Treasurer, monthly reports itemizing all cash deposited into a companion account, such as a short-term money market funds account as a result of maturities, interest coupon payments or principal fund pay downs of Self-insured Employer's securities held hereunder.
14. **Electronic Data System.** Institution shall provide secure Internet access or data system software to State Treasurer and the ICA that is compatible with the data systems of each party to receive daily undated information regarding any changes in securities pledged pursuant to this Agreement. The data system shall include read and print options in menus that enable query by Self-insured Employer name or account number, and CUSIP numbers. The data system shall be compatible to common PC database and word processing software to enable State Treasurer and the ICA to download and utilize Self-insured Employer's current account data. The timeliness of information in the Institution's data system shall be no less than transactions performed on the previous business day. At any time that Institution's data system is unavailable to the ICA for any reason, Institution shall deliver by facsimile transmission, a detailed report of all transactions performed upon Self-insured Employer Accounts for the business day when the data system was not available, by the close of the next business day, when so requested by the ICA. In addition, Institution shall provide specific account information requested by the ICA by the close of the next business day by a system generated report in adobe acrobat and Excel, electronic mail or facsimile transmission. Electronic and written notification provided by the Institution to the ICA shall clearly specify the type(s) of services and transaction(s) completed, such as release or distribution, receipt or deposit, maturity of security to cash funds, or principal funds pay down and shall include the CUSIP numbers of all affected securities.
15. **Termination of Agreement.** Upon termination and written direction of the ICA and State Treasurer, Institution shall transfer the property then held in the account for Self-insured Employer and

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Institution shall effect transfer of securities deposited by it on behalf of Self-insured Employer with the Depository to the new custodian, along with all records pertaining to the securities (with a copy of the records to Self-insured Employer). Upon termination, Self-insured Employer shall pay all sums due Institution and shall indemnify Institution in the manner and amount satisfactory to it against all liability incurred in the performance of this Agreement. Upon termination of contractual agreement, institution shall hold securities until which time, they can be transferred into the new custodial bank account.

16. **Compensation.** Except as hereafter provided, Institution shall be compensated for its services by Self-insured Employer in accordance with the charges set forth in Appendix B hereto. All charges including, but not limited to, brokers' commissions resulting from security transactions and all security settlements and deliveries shall be paid by Self-insured Employer. The compensation, or expenses charged by Institution for the services rendered under this Agreement shall not be charged to the assets held under this Agreement. However, so long as the Minimum Account Balance is maintained, Institution shall have the right to reduce income generated from such assets for funds that Institution has advanced or for fees owed to the Institution in order to affect the purchase of securities in accordance with the directions of Self-insured Employer. Under no circumstances shall Institution have the right to reduce, offset, or encumber such assets with out-of-pocket costs or expenses incurred by it in effecting the purchase or sale of securities in accordance with the directions of Self-insured Employer. Notwithstanding, the foregoing, so long as the Minimum Account Balance is maintained, Institution may reduce income generated from such assets for out-of-pocket costs or expenses incurred by it in effecting the purchase or sale of securities in accordance with the direction of Self-insured Employer, upon written authorization of Self-insured Employer subsequent to receipt of Self-insured Employer of an invoice itemizing the specific out-or-pocket costs or expenses incurred by the Institution.
17. **Failure to Perform.** Institution agrees to perform its safekeeping duties and related services described in this Agreement in accordance with prescribed time frames. Failure to act upon Self-insured Employer's, or as applicable, the ICA's proper and complete instructions shall constitute a failure by Institution to perform in accordance with this Agreement. The IC A shall report and document to the State Treasurer with a copy to the Institution all incidents of Institution's failure to perform. The State Treasurer shall, upon recommendation and advisement from the ICA, determine and impose remedial actions appropriate to the frequency and types of incidents reported by the ICA. Remedial actions instructed by the State Treasurer to the Institution may include a refund or abatement of fees, out-of-pocket costs and expenses charged to Self-insured Employer by the Institution in the course of a transaction that constituted an incident of the Institution's failure to perform and reimbursement of a monetary loss experienced and documented by Self-insured Employer as a direct result of incident of Institution's failure to perform.
18. **Cessation of Distributions from Account.** In the event Self-insured Employer becomes insolvent, is placed into bankruptcy or similar proceedings, or has its workers' compensation claims assigned under A.R.S. §23-966, upon written instructions from the ICA to Institution, Institution will not

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distribute any Eligible Securities, income, interest, proceeds or cash balances to Self-insured Employer and will hold all income, interest and cash balances, net of Institution's fees as calculated under Section 16. Self-insured Employer may continue to exchange Eligible Securities or cash in the Account with other Eligible Securities.

19. **Distribution from Account to ICA.** In the event the Self-insured Employer has its workers' compensation claims assigned under A.R.S. § 23-966, upon written instructions from the ICA to Institution, Institution will immediately distribute to ICA all Eligible securities or cash held in Account, net of Institution's fees as calculated under Section 16.
20. **Citation Amendments.** Any amendment to or repeal of any statute, rule or form cited above occurring during the term of this Agreement is incorporated herein by this reference.
21. **Designated /Representatives.** Self-insured Employer may provide written notice of its designated representatives who are authorized to act on its behalf in all matters concerning assets to be held in its account under this Agreement, in a manner acceptable to the Institution. Written notice shall be signed by an officer or representative of Self-insured Employer who is duly authorized within its bylaws, by corporate resolution, or an authorizing resolution of the governing body of Self-insured Employer, which has been certified and shall remain in effect until superseded by a subsequent written notice of designated representatives or by a written notice of termination for designations previously authorized. A designated representative may act in all matters and be responsible for the duties of Self-insured Employer under this Agreement.
22. **Cancellation.** This agreement is subject to cancellation at any time by the Governor pursuant to A.R.S. § 35-511.
23. **Notices.** Except as otherwise provided herein, any notices required or permitted to be made hereunder shall be delivered personally, by facsimile, by overnight courier, or mailed by certified or express mail, return receipt requested, to the following addresses and shall be deemed to have been received when delivered personally, upon telephonic confirmation of receipt of the facsimile, one business day after delivery to overnight courier, or three business days after mailing.
24. **Amendments to Agreement.** ICA may amend this custodial agreement as needed.

**(NAME OF BANK) NATIONAL ASSOCIATION
AS CUSTODIAN FOR THE ARIZONA STATE TREASURER AND
THE INDUSTRIAL COMMISSION OF ARIZONA**

If to Self-insured Employer:

If to the Institution:

If to the Arizona State Treasurer:

If to the ICA:

**(NAME OF BANK) NATIONAL ASSOCIATION
AS CUSTODIAN FOR THE ARIZONA STATE TREASURER AND
THE INDUSTRIAL COMMISSION OF ARIZONA**

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first above written.

SELF-INSURED EMPLOYER

Name: _____

By: _____
Signature of Officer Self-Insured Employer

Title: _____

ARIZONA STATE TREASURER

Name: _____

By: _____
Signature of Deputy Arizona Treasurer

Title: _____

INDUSTRIAL COMMISSION OF ARIZONA

Name: _____

By: _____
Signature of Self-Insurance Manager

Title: _____

INSTITUTION

Name: _____

By: _____
Signature of Institution Officer

Title: _____

**SAMPLE 3
ELIGIBLE SECURITIES**

The Self-insured Employer and the Institution shall, at all times, assure that the securities on deposit meet the following criteria:

ALL ACCOUNTS

1. Bonds or Treasury Notes that are U.S. Government Treasury guaranteed obligations, including TIPS and STRIPS
2. US Treasury Money Market Fund
3. Any cash received by the Institution as a result of income collections or matured securities will be automatically swept into a Money Market Fund for offered by the Institution which meets the requirements of Item 1 or 2 of Appendix A of this agreement, and is referred to as being a distinctive separate fund for earned investment income: US Treasury Money Market Fund or the US Treasury Obligations Fund until the income is distributed, OR the principal funds are reinvested.

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AS CUSTODIAN FOR THE ARIZONA STATE TREASURER AND
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SAMPLE 4

FEE SCHEDULE

(Effective Date)

ANNUAL FEES	Account Maintenance (Per Account, charges pro-rated monthly)
PER OCCURRENCE FEES	Book-Entry Federal Reserve Delivery or Maturity
	DTC or PTC Delivery or Maturity
	New Account Set Up
	Principal Pay Downs
	Bond Call/Put
	Money Wires Out
	Corporate Actions
	New Issue Security Purchase Charge:
	Treasury Agency

DISCLOSURES

- Fees are charged monthly against available investment income in the Company's account unless otherwise agreed.
- Market value used for fee calculations on fee invoices may differ slightly from market values on client statements due to posting of accruals, late pricing of securities, and/or other timing issues.
- A transaction is defined as any activity affecting assets including purchases, sales, tender offers, stock dividends, free deliveries, maturities, exchanges, redemptions, etc. Fees for foreign securities, foreign exchange transactions, international wires, and non-standard services are quoted separately. Union Bank retains the right to charge special fees for extraordinary services not covered in this fee schedule.

The Self-Insured Employer may be assessed an overdraft charge for any negative charges that occur in the account, provided such advance or overdraft is not related to Bank errors or omissions. The current rate will be provided at time of account opening and may be subject to change upon notification. Please see your account Agreement for additional information.