

**Request for Proposals  
for  
QUALIFIED TUITION SAVINGS PROGRAM SERVICES**

**January 31, 2020**

**State of Connecticut  
Office of the Treasurer**

**Deadline: March 9, 2020  
5 PM EST**

**STATE OF CONNECTICUT  
OFFICE OF THE TREASURER**

**REQUEST FOR PROPOSALS  
FOR  
QUALIFIED TUITION SAVINGS PROGRAM SERVICES**

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## **Section I - Introduction and Purpose of the RFP**

The State of Connecticut, acting through its Treasurer (hereinafter the “State” or the “Treasurer”) requests proposals from qualified firms (the “Respondent”) interested in serving as program manager (“Plan Manager”) for the Connecticut Higher Education Trust (“CHET” or the “Program”). The Program consists of a direct-sold plan (the “Direct Plan”), which is offered directly to the public and an advisor-sold plan (the “Advisor Plan”), which is offered through financial investment professionals. Respondents may submit proposals for program management services for (1) the Direct Plan, (2) the Advisor Plan or (3) both the Direct and Advisor Plans.

The Program was authorized by the Connecticut General Assembly in 1997 and began operations in 1998. Authorization is codified in Sections 3-22g, et seq. of the Connecticut General Statutes (as the same may be amended from time to time, the “Statute”). The Statute authorizes the Treasurer to establish and maintain the Program in a manner consistent with Section 529 of the Internal Revenue Code of 1986, as amended (“Section 529” and the “IRC”, respectively). The Treasurer is the sole trustee for the Program. Under the Statute, the Treasurer may enter into any contracts or agreements for the services of public and private financial institutions, depositories, consultants, investment advisors, managers and third-party administrators necessary or desirable to carry out the Statute. The Program must be administered as a “qualified tuition program” under Section 529.

The Statute establishes an Advisory Council to the Treasurer, which meets at least once a year and consists of representatives of public and private higher education in Connecticut and legislative designees. The Treasurer and the State Board of Higher Education are required to file a joint annual report with the Governor and the General Assembly.

The Treasurer seeks a Plan Manager (or Plan Managers) that will work with the Treasurer to develop and offer Plans that are recognized as among the best in the country based upon the quality of underlying funds, the breadth of investment options and low fees. To that end, the Treasurer would prefer proposals offering a mix of investments, including third-party options offered through open architecture. Proposed fees should be clearly defined and transparent to the Treasurer and the Plan account owner. The Plan Manager(s) should also provide the highest quality customer service possible and a state-of-the-art platform that supports account owners at home, in the workplace and ideally through a mobile application. Additionally, should the need for a conversion arise, the Treasurer seeks a Plan Manager (Plan Managers) with flawless experience with similarly sized transitions.

The Direct Plan currently offers fourteen (14) investment options and is managed and distributed by TIAA-CREF Tuition Financing, Inc. (“TFI” or the “Direct Plan Incumbent”). As of December 31, 2019, the Direct Plan had total assets of \$3,502,048,160 in 132,374 accounts. The Advisor Plan currently offers seventeen (17) investment options and is managed by Hartford Funds Management Company (“Hartford” or the “Advisor Plan Incumbent”). As of December 31, 2019, the Advisor Plan had total assets of \$677,517,818 in 28,916 accounts.

The following chart shows growth of the Direct and Advisor Plans over the last seven (7) years:

12/31 Data		2013	2014	2015	2016	2017	2018	2019
Direct Plan	Assets	\$2,104,003,136	\$2,287,110,700	\$2,359,817,380	\$2,579,514,692	\$3,000,292,082	\$2,946,746,057	\$3,502,048,160
	Accounts	91,379	98,180	104,296	111,698	118,979	125,952	132,374
Advisor Plan	Assets	\$224,941,081	\$297,293,318	\$347,254,477	\$421,342,676	\$531,483,953	\$541,849,874	\$677,517,818
	Accounts	13,473	17,587	20,930	23,265	25,355	27,359	28,916
Combined	Assets	\$2,328,944,217	\$2,584,404,018	\$2,707,071,857	\$3,000,857,368	\$3,531,776,035	\$3,488,595,931	\$4,179,565,978
	Accounts	\$104,852	\$115,767	\$125,226	\$134,963	\$144,334	\$153,311	\$161,290

Sources: Direct Plan data provided by TFI; Advisor Plan data provided by Hartford

The following are key features of the Direct and Advisor Plans:

	Direct Plan Currently Managed by TFI	Advisor Plan Currently Managed by Hartford
<b>Investment Options</b>	Direct Plan offers fourteen (14) Options: <ul style="list-style-type: none"> <li>• Conservative Managed Allocation Option</li> <li>• Moderate Managed Allocation Option</li> <li>• Aggressive Managed Allocation Option</li> <li>• Global Equity Index Option</li> <li>• Global Tactical Asset Allocation Option</li> <li>• International Equity Index Option</li> <li>• Active Global Equity Option</li> <li>• U.S. Equity Index Option</li> <li>• High Equity Balanced Option</li> <li>• Active Fixed-Income Option</li> <li>• Social Choice Option</li> <li>• Index Fixed-Income Option</li> <li>• Money Market Option</li> <li>• Principal Plus Interest Option</li> </ul>	Advisor Plan offers seventeen (17) Options: <ul style="list-style-type: none"> <li>• CHET Advisor Age-Based Portfolio</li> <li>• CHET Advisor Aggressive Growth Portfolio</li> <li>• CHET Advisor Growth Portfolio</li> <li>• CHET Advisor Balanced Portfolio</li> <li>• CHET Advisor Conservative Portfolio</li> <li>• Hartford Small Cap Growth 529 Portfolio</li> <li>• Hartford Growth Opportunities 529 Portfolio</li> <li>• Hartford MidCap 529 Portfolio</li> <li>• Hartford International Opportunities 529 Portfolio</li> <li>• Hartford Dividend and Growth 529 Portfolio</li> <li>• Hartford Core Equity 529 Portfolio</li> <li>• Hartford Equity Income 529 Portfolio</li> <li>• Hartford Balanced Income 529 Portfolio</li> <li>• Hartford Inflation Plus 529 Portfolio</li> <li>• Hartford Total Return Bond 529 Portfolio</li> <li>• Hartford World Bond 529 Portfolio</li> <li>• CHET Advisor Stable Value 529 Portfolio</li> </ul>
<b>Asset-based Fee</b>	Total range of expense ratios is 0.16-0.98%	Total range of expense ratios is as follows: Class A - 0.77-1.19% Class C - 1.52-1.94% Class E - 0.52-0.94%  Stable Value - 0.65% (A), 0.65% (C), 0.40% (E)
<b>Enrollment /Administrative Fee</b>	Currently, no enrollment fee or annual administrative fee is charged for either the Direct Plan or the Advisor Plan	
<b>Minimum Contribution</b>	\$25 minimum initial contribution per investment option OR \$15 per pay-period per investment option if contribution is through employer payroll deduction	\$50 minimum initial contribution and \$25 subsequent contribution per investment option OR \$25 per pay-period per investment option if contribution is through employer payroll deduction
<b>Maximum Contribution</b>	Additional contributions cannot be made (1) to any account with an account balance of \$300,000 or more, or (2) in the case where an individual is a beneficiary of multiple accounts, to any account benefiting such beneficiary where the aggregate account balances total \$300,000 or more.	
<b>Scholarship</b>	The CHET Baby Scholars program provides up to \$250 toward a newborn's future college costs. Beneficiaries that meet the eligible criteria will automatically receive \$100 in their account. Program	

	<b>Direct Plan Currently Managed by TFI</b>	<b>Advisor Plan Currently Managed by Hartford</b>
	information can be found at: <a href="https://www.aboutchet.com/buzz/baby.shtml">https://www.aboutchet.com/buzz/baby.shtml</a> (for the Direct Plan) and <a href="https://www.hartfordfunds.com/products/college-savings/chet-advisor/chet-baby-scholars.html">https://www.hartfordfunds.com/products/college-savings/chet-advisor/chet-baby-scholars.html</a> (for the Advisor Plan)	
<b>State Tax Benefit</b>	For Connecticut income tax purposes, the starting point in computing an individual's Connecticut income tax liability is the individual's federal adjusted gross income. The individual's federal adjusted gross income is then modified by the addition and subtraction modifications provided in Conn. Gen. Stat. § 12-701(a)(20). There are no addition modifications in Conn. Gen. Stat. § 12-701(a)(20)(A) for any of the following: (1) a distribution from any 529 plan used to pay for tuition expenses at a public, private or religious elementary, middle, or high school; (2) any amount rolled-over from a qualified tuition program to an ABLE account; (3) any portion of a 529 plan distribution used to pay for tuition expenses at a public, private or religious elementary, middle, or high school, which was deducted from state taxable income at the time of contribution; (4) any amount of a 529 plan distribution used to pay for fees, books, supplies and equipment required for the participation in an apprenticeship program registered and certified with the Secretary of Labor under section 1 of the National Apprenticeship Act; or (5) any amount of a 529 plan distribution used to pay principal or interest on a qualified education loan of the designated beneficiary or a sibling of the designated beneficiary, as allowed by the federal SECURE Act, Pub. L. No. 116-94. If any of these amounts are <i>not</i> included in federal adjusted gross income, then there is no provision of Connecticut law including them in Connecticut adjusted gross income subject to Connecticut income tax.	

In the event of a conversion from the Direct Plan or Advisor Plan to a new Plan, the new Plan Manager will be responsible for the costs of the system conversion and the transfer of investments to the applicable new investment option(s). The new Plan Manager for the Direct Plan will be responsible for the aggregation of all CHET accounts, including those remaining in the Direct Plan or Advisor Plan.

As more fully described in **Sections II - X**, herein, Respondents who would like to provide program management services may submit proposals in order to be considered through this RFP process. The selected Respondent(s) is (are) expected to provide program management services for an eight (8) year period. The selected Respondent(s) will be expected to execute a services agreement (the "Management Agreement") with the Treasurer.

All responses must be submitted by **March 9, 2020**, to the attention of Laurie Martin, Chief Investment Officer via email at [CHET.RFP@ct.gov](mailto:CHET.RFP@ct.gov); and via USB Thumb Drive to the following address:

**Treasurer, State of Connecticut  
Office of The Treasurer  
165 Capital Avenue  
Hartford, CT 06106  
Attention: Laurie Martin, Chief Investment Officer**

## **Section II - Scope of Services**

### **THE SCOPE OF SERVICES IN SECTION II COVERS DIRECT PLAN AND ADVISOR PLAN PROPOSALS – EXCEPT WHERE NOTED.**

The scope of this RFP encompasses six (6) primary functional areas:

- (i) Investment Management
- (ii) Recordkeeping
- (iii) Customer Service
- (iv) Marketing and Distribution
- (v) Reporting
- (vi) Transition (if applicable).

Each Proposal shall be comprehensive in scope to cover all required elements. Each Respondent must submit responses to the Proposal for Plan Services outlined in **Section IX** of this RFP. Respondents are encouraged to pursue business partnerships or joint ventures, if necessary, to create a comprehensive Proposal that meets all of the goals stated in this RFP.

#### **A. Investment Management**

The Plan Manager must possess the requisite knowledge and demonstrated previous experience in providing investment management services, including the ability to consistently deliver investment returns that meet or exceed their respective benchmarks over a market cycle. Each Plan proposed must offer investment options, with a platform suitable for college savers with fee structures that appeal to a wide range of investors with various risk tolerance levels and contribution levels. Inclusion of third-party investments via open architecture is preferred but not required.

1. Ease of understanding among the investment choices is a top priority.
2. Possess the necessary knowledge to propose and manage asset allocation portfolios and expected glidepaths for each portfolio.
3. Provide performance information for each proposed investment portfolio on a quarterly basis.
4. On at least a quarterly basis, and more frequently as necessary, inform the Treasurer about significant changes in the investment climate, market conditions or investment philosophies that could affect Program investments.
5. Review the Investment Policy Statements on an annual basis.

#### **B. Recordkeeping**

The Plan Manager must possess the requisite knowledge and demonstrated previous experience in administering investment accounts, including the ability to deliver performance standards outlined below.

1. Establish and maintain all accounts to existing and prospective Program accounts owners.
2. Demonstrate competence standards for all facets of account administration including procedures for requests to change accounts, including quality controls.
3. Maintain responsibility for applicable Program correspondence including, but not limited to, confirmation statements, quarterly and annual statements, and make available current account information when requested.
4. Provide for Direct Plan enrollment online and through a central mailing location using a Connecticut address that can receive express deliveries by normal U.S. postal services.

5. Maintain the ability to receive mail, at a minimum, each day the New York Stock Exchange and US Postal Service are open for business, as well as maintain a unique address for overnight mail.
6. Process all contributions and withdrawals, maintain all records and comply with all tax and securities laws as required under Section 529 of the Internal Revenue Code and federal and state securities regulations, and comply with all guidelines established by the College Savings Plans Network (“CSPN”) and any performance criteria that are established by the Treasurer and become part of the Management Agreement. Responsibilities include aggregation of accounts for federal tax law purposes, having audits conducted annually and the provision of reporting information as requested by the Treasurer for the preparation of the annual report required under Section 3-22k of the Connecticut General Statutes (“CGS”).
7. The Proposal must address the Respondent’s ability to implement a robust and user-friendly gifting platform with the goal of growing Connecticut accounts.
8. Provide a means for participants to contribute to their Program accounts through the workplace (via payroll deduction).
9. Maintain a disaster recovery plan that ensures services are resumed within twenty-four (24) hours of a disaster.
10. Maintain stringent cyber security policies and governance.
11. **For Advisor Plans only:** The Plan Manager will provide a means to make commission and other sales-related payments to third-party financial intermediaries in an efficient manner and shall keep complete and accurate records of such payments.
12. **For Advisor Plans only:** The Plan Manager will provide a means to maintain recordkeeping of omnibus subaccounts held by broker-dealers.

### **C. Customer Service**

The Plan Manager must possess the requisite knowledge and demonstrated experience in providing customer service for Section 529 Plans or similar products in a manner that substantially meets the performance guidelines specified in this section below.

1. The customer service plan shall be capable of responding to telephone and online inquiries from prospective participants, answering questions they may have about the Program and taking their names and addresses to send them information.
2. Make available live customer service representatives to answer questions about the Program from at least 8 AM to 8 PM Eastern Time, Monday through Friday, except State holidays. Customer service representatives shall be trained by the Plan Manager using materials approved in advance by the Treasurer.
3. Provide the Treasurer with contingency plans or emergency plans for days and/or times when the call volume may exceed the successful Respondent's ability to handle the calls quickly and expeditiously. The Respondent will also provide the Treasurer with any contingency plans for handling telephone calls from hearing impaired and non-English speaking callers.
4. Produce and distribute quarterly statements to account owners.
5. Maintain a database of inbound callers seeking enrollment materials, including information such as:
  - a. Caller’s name, address and telephone number
  - b. County of residence (Connecticut callers only)
  - c. Number of children and ages
  - d. Where the caller heard about the Program – radio, newspaper, friend, etc.

6. Update or change prerecorded messages, question and answer scripts, and training scripts when required or needed throughout the year using scripts approved by the Treasurer.
7. Provide a means for all participants to express concerns, comments or complaints regarding the Program.
8. Create and maintain a fully mobile-optimized website and toll-free voice response unit for customer service inquiries, account balance information, enrollment, and withdrawal and marketing requests. A fully functional mobile application is preferred.
9. Maintain the confidentiality of all participant and beneficiary information.
10. Commit to the following Specific Service Level Requirements:
  - a. Telephone Inquiries:
    - i. Abandonment Rate – less than 2%
    - ii. Percent of Calls Answered within 30 seconds – 90%
  - b. Correspondence:
    - i. Financial Correspondence Timeliness – 99% of financially related correspondence are sent within 2 business days of receipt of the request.
    - ii. Non-Financial Correspondence Timeliness – 99% of non-financial correspondence are sent within 7 business days of receipt of the request.
    - iii. Emails – 99% of emails responded to within 2 business days of receipt of the request.
  - c. Account Processing:
    - i. Accuracy of Account Posting – 99% of new accounts (paper) received are accurately created.
    - ii. Account Posting Timeliness – 99% of new accounts (paper) are created by the day after receipt.
  - d. Check Processing:
    - i. Accuracy of Posting Payment – 99% of checks received are accurately posted to a matching account with the correct amount and with the day of receipt's trade date.
    - ii. Check Posting Timeliness – 99% of the checks are posted to the Account Owner's account by the day after receipt.
  - e. Distributions and Withdrawals:
    - i. Accuracy of Withdrawal Posting – 99% of withdrawals received (paper) are accurately posted from a matching account with the correct amount and with the day of receipt's trade date.
    - ii. Withdrawal Posting Timeliness – 99% of withdrawals received (paper) are posted to the account by the day after receipt.
  - f. Confirmations, Statements, Tax Reporting:
    - i. Timeliness of Monthly, Quarterly and Year-End Account Owner Statements – 99% are mailed within 10 business days of the end of the reporting period.
    - ii. Timeliness of Daily Confirmations – 99% of daily confirmations are mailed within 5 business days.
    - iii. Accuracy of Confirmations, Statements and Tax Reports – 99% of confirmations, statements and tax reports are accurate.
    - iv. Timeliness of Tax Reporting – 99% of federal tax reports are mailed on the agreed-to date.
11. Conduct, at the Plan Manager's expense, an audit to determine compliance with the service levels (1) within 3 months following the first anniversary of the contract start date, (2) in the final year of the initial contract term, but no later than six months prior to the



end of the contract term, and (3) upon the reasonable request of the Treasurer in response to significant complaints of non-compliance with service levels. The results of all such audits shall be provided in a written report to the Treasurer no later than two weeks following completion of the audit. If the Management Agreement is extended, service level audits shall be required, on the same time frame and conditions as provided for the initial contract term.

#### **D. Marketing and Distribution**

The Plan Manager must possess the requisite knowledge and demonstrated experience in marketing and distributing investment products – preferably Section 529 Plans – to motivate and assist families in investing for future college expenses.

With respect to marketing, the Plan Manager should focus advertising and planning on the dissemination of information about the Program throughout the State of Connecticut, reaching both rural and urban environments and the full spectrum of socio-economic groups, including non-traditional investors. This includes outreach relationships throughout the State with interested organizations and constituent bodies, such as public and private schools (K-12), school districts, Parent-Teacher Organizations, hospitals, and similar entities, and payroll deduction programs for employers or employer groups. Outreach to low- and moderate-income families is a primary objective for the Direct Plan and strategies in this regard should be specifically highlighted.

Marketing efforts include advertising (web, online social media, television, radio, print), preparation and dissemination of electronic and print marketing materials (enrollment kits and brochures), a website, and face-to-face marketing (group presentations, event marketing). This allows prospective account owners to choose the Plan(s) that best suit their specific needs. Marketing should be conducted year-round.

1. Work with the Treasurer on all aspects of the marketing and public relations campaigns undertaken. The Treasurer will have final approval of all marketing and public relations decisions.
2. Develop and execute a multi-year marketing plan dedicated to the promotion of the Direct Plan in Connecticut and the Advisor Plan nationwide, subject to the Treasurer's approval.
3. Provide professional or financial resources to market the Program to employers, community groups and financial advisors within Connecticut, and provide other in-State marketing assistance with the goal of increasing participation by Connecticut residents as determined by the Treasurer.
4. Organize and manage a marketing outreach campaign to low- and moderate-income residents of Connecticut, subject to the Treasurer's approval.
5. The Plan Manager will not actively market another qualified tuition program to Connecticut residents.
6. The Program's website will, at all times, be the primary source of detailed information regarding the Program. Any inquiries made on the Respondent's website about the Program must be linked directly to the Program's website.
7. Engage marketing firms to assist with the marketing of the Direct Plan subject to approval by the Treasurer.
8. Develop benchmarks and research to measure the effectiveness of outreach efforts, marketing initiatives, activities and literature.
9. Pay 100% of the marketing costs associated with the marketing efforts.

10. **For Advisor Plans only:** If necessary, expand existing selling agreements or execute new ones with broker-dealer firms, registered investment advisors, and other financial service providers that currently offer the Advisor Plan and expand the sales and distribution channels within Connecticut and nationally.

#### **E. Reports**

The Plan Manager will generate reports to evaluate the effectiveness of all aspects of the services required by this RFP. Such reports will be produced individually or combined and will be provided to the Treasurer. Reports will include, at a minimum:

1. Consolidated annual or quarterly performance reporting of both direct and advisor programs, as applicable
2. Number of account owners and beneficiaries
3. Amount of assets and number of funded accounts by investment option
4. Performance of all investment options as compared to their benchmarks
5. Effectiveness of outreach efforts, marketing initiatives against the Marketing Plan
6. Daily call volumes, call durations, time of calls, hold time, abandoned calls
7. Summary of financial and non-financial transactions
8. Summary of customer complaints received since the last reporting period
9. Such other information as the Treasurer may request to monitor and control this Management Agreement

Performance information will be provided to the Treasurer at least quarterly. All other information will be provided on a monthly basis. The Plan Manager must attend all regularly scheduled meetings with Treasury staff to review the services to be provided under the Management Agreement.

#### **F. Transition, As Applicable**

If the Treasurer awards a services agreement under this solicitation to a Respondent other than either the Direct Plan or Advisor Plan Incumbent, the new Plan Manager will begin providing services outlined in this **Section II** no later than August 2020. In the event of a conversion, the new Plan Manager will provide the following transition-related services:

1. Develop a detailed timeline for conversion of assets with an expected Program re-launch on August 2020.
2. Provide a detailed communication plan to ensure timely communications to existing account owners during the Transition Period.
3. Provide a seamless transition of program records, assets, and processes for account owners.
4. Reconcile cash and NAVs to ensure all assets are accounted for prior to and after conversion.
5. Provide a plan to handle assets within the PPIO in the Direct Plan and the Stable Value Option in the Advisor Plan.
6. Provide resources, as necessary, to ensure that current assets are continuously invested throughout the conversion and implementation process.
7. Engage a transition manager at its expense if required by the Treasurer.
8. Take all steps necessary to achieve a transition date that is agreed upon by the Treasurer and the Plan Manager.
9. Assume the costs of the system conversion and the transfer of investments to the applicable new investment option(s).

## Section III – Fees

### A. Pricing Schedule:

#### 1. Direct Plan

Please propose a Direct Plan pricing schedule based on (a) the fees to be charged related to the underlying investments and (b) the proposed Program Management Fee. The State Administrative fee currently is 0.01% (one basis point).

The Respondent may propose (i) one constant fee for all investment options, regardless of underlying investments or (ii) a fee based on the sum of (a) and (b) above. The Respondent may also present proposals using both (i) and (ii), and have the final determination made during final contract negotiations.

Indicate whether proposed fees will be reduced as assets under management increase. If so, please provide all fee breakpoints for the applicable asset thresholds.

State the fees for each investment option using the format shown below.

Annual Asset-based Fees – Direct Plan				
Investment Option	Estimated Underlying Fund Expenses	Direct Plan Manager Fee	Administrative Fee	Total Annual Asset-Based Fees
			0.01%	
			0.01%	

#### 2. Advisor Plan

Please propose an Advisor Plan pricing schedule based on (a) the fees to be charged related to the underlying investments, (b) the proposed management fee, and (c) any additional asset-based fees based upon different Share Classes (distribution, marketing, sales charges, etc.). The State Administrative fee currently is 0.01% (one basis point).

Indicate whether proposed fees will be reduced as assets under management increase. If so, please provide all fee breakpoints for the applicable asset thresholds.

State the fees for each investment option using the format shown below. Please complete the following table for each applicable Share Class.

Annual Asset-based Fees – Share Class X						
Investment Option	Estimated Underlying Fund Expenses	Advisor Plan Manager Fee	Administrative Fee	Annual Distribution Fee	Total Annual Asset-Based Fees	Maximum Sales Charge
			0.01%			
			0.01%			

### B. Other Proposed Costs:

Specify any additional charges in connection with your proposal to provide the services. Any fees or expenses not identified in this **Section III** will not be considered.

## **Section IV – Contract Term**

The State of Connecticut Office of the Treasurer intends to enter into a contract for an eight (8)-year term.

## **Section V – Minimum Respondent Qualifications**

Respondents submitting a proposal in response to this RFP must demonstrate the following minimum qualifications in order to be considered for this RFP:

- A.** Has at least \$5 billion in assets under management.
- B.** Has been in investment services business for at least 10 years.
- C.** Has been in recordkeeping business for at least 5 years.
- D.** Has sufficient capital to assume responsibilities to operate the Program.
- E.** Is rated by two or more nationally recognized rating services within the three highest rating categories for financial condition and operational performance. If the Respondent is privately held and/or has not been rated by a nationally recognized rating service, the Respondent must describe the circumstances under which such ratings have not been conducted. The Respondent shall also describe any alternative financial condition and operational performance measures that it believes will be helpful in considering the minimum qualifications of the Respondent.
- F.** Maintains all applicable federal licenses and registrations necessary to conduct a financial services business (e.g. - registered Investment Advisor, Investment Company, Municipal Advisor and/or Broker/Dealer, as applicable). If the Respondent is a joint venture, partnership or consortium please identify which registrations apply to each entity.
- G.** Is in compliance with and will comply during each year of the term of the Management Agreement with the then-current Disclosure Principles Statement adopted by CSPN. The current Statement is available on the following website: <https://www.collegesavings.org/wp-content/uploads/2015/06/CSPN-Disclosure-Principles-Statement-No.-6.pdf>.
- H.** The Respondent has sufficient procedures and capabilities to ensure the timely and accurate backup and full recovery for all computers and other data storage systems related to the Program.

If the Respondent is a joint venture, partnership or other consortium of financial services companies, qualifications A through D may be satisfied by the members of such venture, partnership or consortium collectively.

Respondents must address compliance with minimum qualifications in the Cover Letter (see **Section VIII B**, page 17 of this RFP) to the Respondent's proposal. Include a statement that the Respondent meets the minimum qualifications set out in this **Section V**. If the Respondent does not meet all the minimum qualifications, the Respondent must identify which qualification(s) are not met and make a detailed case as to why the Treasurer should consider the Respondent's firm and proposal.

## **Section VI – Submission Deadline**

Proposals must be received by **March 9, 2020** via email by 5:00 PM EST to [CHET.RFP@ct.gov](mailto:CHET.RFP@ct.gov).

Additionally, an electronic copy in PDF format on a USB/Thumb drive of each Respondent's Proposal is to be submitted. All Proposals must be submitted to:

**Treasurer, State of Connecticut  
Office of The Treasurer  
165 Capital Avenue  
Hartford, CT 06106  
Attention: Laurie Martin, Chief Investment Officer**

See **Section VIII** for the complete RFP timeline and instructions on the required format and content for response.

## **Section VII – Evaluation Criteria**

The following criteria will be used to evaluate each respondent's proposal. In addition, the Respondents will be evaluated against: (1) meeting the Minimum Qualifications set forth in **Section V**; (2) their written responses to **Section VIII** questions; (3) any additional written information requested by the Treasurer's Office; (4) references; (5) oral interviews, if any; and (6) conformance with RFP instructions and specifications:

### **A. Firm and Proposal:**

1. The number of years the firm has been in business.
2. Size of firm/assets under management.
3. Financial soundness of firm and financial capability to provide the requested services.
4. Evidence of organizational stability, depth and breadth.
5. Client stability and asset growth.
6. Rigor and consistency of the investment decision-making process.
7. Rigor and consistency of the recordkeeping service.
8. The Respondent's plan for marketing and distributing the Program and the investment it is willing to make to grow the Program's assets and accounts.
9. Marketing budget for Direct Plan, to be negotiated. Minimum of \$1.85 million with annual increases for each year of the contract term.
10. Technology and reporting capabilities.
11. Depth and breadth of risk management and compliance operations.
12. Consideration of Environmental, Social and Governance Issues.
13. Client references.
14. The track record of the proposed underlying investments over at least a market cycle.
15. The track record of their recordkeeping service and any service-related issues.
16. The ability of the Respondent, directly or through a subcontract, to satisfy recordkeeping and reporting requirements.
17. The minimum initial deposit and minimum subsequent contributions that the Respondent will require and the willingness of the Respondent to accept contributions through payroll deduction plans and other deposit plans.
18. The responsiveness of the Proposal to the Scope of Services in each of the six functional areas.

19. Any other benefits to the State of Connecticut or its residents included in the Proposal, including but not limited to an Administrative Fee (based on basis points or otherwise) payable to the Treasurer by the Respondent for consulting and advisory services and in-state marketing by the Treasurer and its designees.

**B. Staff:**

1. Investment expertise, education, training and professional credentials of the portfolio management team and traders; depth of developed markets team bench.
2. Performance track record of portfolio team.
3. Tenure of investment team.
4. Expertise in top down global economic analysis.
5. Expertise and experience of accounting, operations, performance analytics, risk management and other professional staff that will touch the account.
6. High quality client service with demonstrated commitment to understanding and serving client needs.
7. Evidence that neither key professionals nor the firm have any material or potential material conflicts of interest.
8. Qualifications of personnel including the experience and availability of the day-to-day personnel servicing the State's business and the breadth, depth and availability of other professionals to provide services to the State.
9. Respondent's demonstrated commitment to understanding and serving client needs and responsiveness to client requests for assistance.
10. Team organization and approach including the ability of the Respondent to adequately staff and complete time-sensitive transactions and to interact effectively with the State personnel.

**C. Connecticut-Specific Requirements and Considerations:**

1. Connecticut presence as evidenced by the number of offices the Respondent maintains in Connecticut and the number of Connecticut residents employed in those offices.
2. Equal employment opportunity record as evidenced by the composition of the Respondent's personnel and the Respondent's affirmative action and equal employment opportunity policies and practices.
3. Commitment to State and Federal laws and policies regarding diversity.
4. Corporate Citizenship policies, as reflected in firm's response to the Corporate Citizenship disclosure, **Legal and Policy Attachment F** hereto.
5. Overall compliance with State and Federal laws and policies as evidenced in the completion of the **Legal and Policy Attachments** and the required submissions.

**D. Cost:**

The financial evaluation will be based upon the submission of **Section III Fees**.

1. Competitiveness of fee proposal.
  - a. Weighted average of operating expense ratios for all investment portfolios (this will be the "not to exceed" operating expense ratio indicated in **Section III**)
  - b. Program Management Fee
  - c. Other Costs – if applicable
2. The Treasurer reserves the right to negotiate the final contract terms, including pricing, with any Respondent.
3. The Treasurer, however, is not required to select the lowest-cost Respondent.

## Section VIII – Form and Content of Responses

### A. Instructions:

1. **Official Agency Contact.** All communications with the Office of the Treasurer must be directed to the Official Agency Contact. The Official Agency Contact for purposes of this RFP is Laurie Martin, Chief Investment Officer, who can be reached at [CHET.RFP@ct.gov](mailto:CHET.RFP@ct.gov).
2. **Respondent's Representatives.** Respondents must designate an authorized representative and one alternate. Provide the name, title, address, telephone, and email address for each representative.
3. **Communications Notice.** All communications with the agency or any person representing this agency concerning this RFP are strictly prohibited, except as permitted by this RFP. Any violation of this prohibition by Respondents or their representatives may result in disqualification or other sanctions, or both.
4. **RFP Timeline (Schedule of Events).** The following timeline, up to and including the Deadline for Submitting Proposals, shall be changed only by an amendment to this RFP. Dates after the Deadline for Submitting Proposals are target dates only.

<i>January 2020</i>	RFP Released
<i>February 7, 2020 – 5 PM EST</i>	Deadline for Questions
<i>February 14, 2020</i>	Deadline for Responses to Questions
<i>March 9, 2020 – 5 PM EST</i>	Deadline for Submitting Proposals
<i>March 2020</i>	Potential Respondent Interviews, if any
<i>April 2020</i>	Commencement of Contract Negotiations
<i>August 2020</i>	Program Re-launch

5. **Inquiry Procedures.** Respondents may submit questions about the RFP to the Official Agency Contact on or before 5 PM EST on February 7, 2020. Questions must be asked via email. **Questions will not be accepted over the telephone.** Anonymous questions will not be answered. The agency reserves the right to provide a combined answer to similar questions and to decline to answer any question. The agency will distribute official answers to the questions, in the form of a written amendment posted on the agency's website at [www.ott.ct.gov](http://www.ott.ct.gov), not later than February 14, 2020.
6. **Confidential Information.** Respondents are advised that the Office of the Treasurer is a constitutional Office of the State of Connecticut and its records, including responses to this RFP, are public record.

All responses to this RFP shall become the property of the Treasurer and will be kept confidential until such time as a contract is executed or negotiations for the award of such contract have ended. Thereafter, submissions are subject to public inspection and disclosure under the State of Connecticut Freedom of Information Act, Connecticut General Statutes Sections 1-200 et seq., as may be amended from time to time ("FOIA").

If a respondent in good faith believes that any portion of its submission is exempt from public disclosure under FOIA, then, in order to maintain confidentiality, the Respondent (a) should include an explanation containing the precise statutory basis for such exemption

from disclosure under FOIA and (b) the material claimed to be exempt should be clearly marked “Confidential.” The Treasurer will use reasonable means to ensure that such confidential information is safeguarded but will not be held liable for any inadvertent or intentional disclosure of such information, materials or data. Submissions marked as “Confidential” in their entirety will not be honored as such and the Treasurer will not deny public disclosure of all or any part of such submissions so marked. Only information marked “Confidential” that is accompanied with a precise statutory basis for such exemption under FOIA shall be safeguarded.

By submitting information with portions marked as “Confidential,” the Respondent (a) represents that it has a good faith reasonable belief that such information is exempt from disclosure under FOIA pursuant to the precise statutory basis for such exemption, and (b) agrees to reimburse the Treasurer for, and to indemnify, defend and hold harmless the Treasurer, its officers, fiduciaries, employees and agents from and against, any and all claims, damages, losses, liabilities, suits, judgments, fines, penalties, costs and expenses including, without limitation, attorneys’ fees, expenses and court costs of any nature whatsoever arising from or relating to the Treasurer’s non-disclosure of any such designated portions of a proposal if disclosure is deemed required by law or court order.

7. **Minimum Submission Requirements.** At a minimum, proposals must (a) be submitted in compliance with the submission deadline identified in Section VI, (b) follow the required format, (c) be complete, and (d) include the required Attachments. **Proposals that fail to meet these minimum submission requirements may be disqualified and not reviewed further.**
8. **Affirmations Concerning Contract and Conditions.** Include a written statement in the cover letter that the Respondent (a) has read and accepts the RFP’s conditions, (b) has read the agency’s Management Agreement (**Exhibit 1**), and has provided objections, if any, to the agency’s Management Agreement, and (c) accepts the State’s contract compliance requirements in their entirety and without amendment. The statement must be signed by the Respondent.
9. **Contract Compliance Requirements.** The State of Connecticut is an Equal Opportunity and Affirmative Action employer and does not discriminate in its hiring, employment, or business practices. The State is committed to complying with the Americans with Disabilities Act of 1990 (ADA) and does not discriminate on the basis of disability, in admission to, access to, or operation of its programs, services, or activities.  
  
The Treasurer is required to consider the following factors in considering the Respondent’s qualifications: (a) success in implementing an affirmative action plan; (b) promise to develop and implement a successful affirmative action plan; (c) submission of bidder employment information indicating that the composition of the Respondent’s workforce is at or near parity in the relevant labor market area; or (d) promise to set aside a portion of the contract for legitimate minority business enterprises.
10. **Consultants.** Any Respondent that has entered into any consulting agreements whereby the duties of the consultant include communications concerning business of the Office of the State Treasurer, whether or not direct contact with the agency, any agency or public official or state employee was expected or made, must disclose such consulting agreements



in the **Affidavit of Third-Party Fees and Disclosure of Consulting Agreements, Attachment D** of the Legal and Policy Attachments. The selected vendor will be required to provide an updated disclosure at the time the contract is executed. See the **Directions** accompanying the **Legal and Policy Attachments** for instructions.

11. **Respondent Interviews.** At its discretion, the agency may convene meetings with Respondents in order to gain a fuller understanding of the proposals. The meetings may involve interviews, presentations, or site visits. If the agency decides meetings are warranted, the Official Agency Contact will telephone Respondents to make an appointment. Any such meetings are tentatively scheduled for the month of March 2020.

**B. Required Format and Content for Responses:** All proposals must follow the required format (below) and address all requirements listed in the prescribed order, using the prescribed numbering system. *Failure to follow the required format may result in the disqualification of a proposal.*

1. **Submission**

All responses must be submitted by **March 9, 2020**, via email to the attention of Laurie Martin, Chief Investment Officer at [CHET.RFP@ct.gov](mailto:CHET.RFP@ct.gov).

Additionally, an electronic copy in PDF format on a USB/Thumb drive of each Respondent's Proposal is to be submitted. All Proposals must be submitted to:

**Treasurer, State of Connecticut  
Office of The Treasurer  
165 Capital Avenue  
Hartford, CT 06106  
Attention: Laurie Martin, Chief Investment Officer**

***NO FACSIMILE (FAX), OR PAPER PROPOSALS WILL BE ACCEPTED.***

2. **Preparation Instructions**

The Respondent's Proposal should address all points and questions outlined in this RFP. It should be clear and precise in response to the information and requirements set forth and follow the format described in this RFP.

3. **Cover Letter**

The proposal should contain a cover letter with the following information:

- a. Respondent Information
  - i. Name of Respondent
  - ii. Business Location
  - iii. Mailing Address
- b. Respondent's Representatives

The Respondent must designate an authorized representative and one alternate who may speak and act on behalf of the Respondent in all dealings with the agency, if necessary. Provide the following information for each individual.

- i. Name and title
- ii. Telephone Number
- iii. Email address

- c. A statement that identifies the Plan(s) that the Respondent is submitting the proposal for (e.g., Direct Plan, Advisor Plan, or both)
- d. A statement that the Respondent has the capability to provide the required services set out in **Section II**.
- e. A statement that the Respondent meets the minimum qualifications set out in **Section V**. If the Respondent does not meet any of the minimum qualifications, the Respondent must identify which qualification(s) not met and make a detailed case as to why the Treasurer should consider the Respondent's firm and proposal.
- f. A statement that the Respondent has thoroughly reviewed the RFP and acknowledges and accepts all terms and conditions included in the RFP.
- g. A statement that the Respondent has read the agency's Management Agreement and has submitted proposed revisions to the Management Agreement, if any.
- h. A statement that the Respondent has read and accepts the State's contract compliance requirements in their entirety and without amendment.

The cover letter must be signed by a person authorized to bind the Respondent to all commitments made in its proposal.

#### **4. Proposal Contents**

##### **a. Table of Contents**

The Proposal must include a Table of Contents, following the order of items as indicated:

- i. Cover Letter
- ii. Table of Contents
- iii. Organization, Capabilities and Legal
- iv. Plan of Service
- v. Transition Plan
- vi. Indemnity Insurance
- vii. Financial Capabilities and Statements
- viii. Subcontractors
- ix. References
- x. Cost
- xi. Compliance

##### **b. Organization, Capabilities and Legal**

###### **i. Organization:**

Respondent must provide the following information:

- 1. Describe the firm, including who holds controlling interest in the firm. Provide a percentage breakdown of any party having a legal or beneficial interest of greater than five percent (5%). If the firm is employee-owned/controlled, indicate what percentage of the firm's ownership interest employees own.
- 2. Discuss organizational structure, including size and location(s), and provide an organizational diagram showing the hierarchical structure of functions and positions within the organization generally, and of the personnel that will be responsible for delivering the services.
- 3. Outline any recent or pending changes in the Respondent's organization, corporate structure or location of facilities.
- 4. Discuss whether the Respondent or its parent or affiliate is a registered broker/dealer. Does the Respondent trade in securities

with the parent or affiliate; if yes, describe any prescribed systems to avoid conflict of interest.

5. Respondents must provide a statement showing the firm's invested assets under management for each of the past five years. Indicate if mergers or acquisitions influenced any growth in that time.
6. Please confirm that the entity submitting the response to this RFP will be the same to execute the Management Agreement. If the entity submitting the bid is not a parent company, please indicate whether the parent company will guarantee or propose a suitable alternative (e.g., Letter of Credit, Surety Bond or an alternative approved by the Board) to ensure performance of the Services.

**ii. Capabilities:**

Respondent must describe in detail how they possess the following capabilities:

1. Full Service - Respondent must be a financial services firm experienced in all facets of investment management services, provided that, in the case of a joint proposal, at least one party shall satisfy this requirement.
2. Contact Personnel - Respondent must provide a senior level manager who will be responsible for the relationship between the Respondent and the Treasurer. The principal day-to-day contact must also be identified.
3. Project Management Team - Respondents must list its project management team and describe both how the team will interact with the Office of the Treasurer and how the team will accomplish the requirements of this RFP. Please also provide summary resumes for all essential personnel who may provide these services. Their resumes should include past experience servicing similar types of programs and any familiarity with agencies, authorities, and instrumentalities of the State.
4. Discuss whether the Respondent and any Subcontractors are registered (i) under federal securities laws and regulations with the Securities Exchange Commission; (ii) with any other U.S. Government department, agency, or self-regulatory organization (e.g., FINRA, MSRB); or (iii) any agency of any state of the United States (e.g., state securities administrator); and whether the Respondent's (and any Subcontractors') personnel have all required licenses and permits from the foregoing entities.
5. State whether the Respondent is a licensed member of the Securities Investor Protection Corporation ("SIPC"). If so, state the amount of SIPC protection the Respondent provides.
6. Please indicate whether the Respondent is a member of these or similar trade organizations: National Association of State Treasurers, College Savings Foundation, Investment Company Institute or Securities Industry and Financial Markets Association.
7. Describe the Respondent's procedures for compliance with:
  - a. Section 529, applicable IRS and SEC regulations and MSRB Rules

- b. CSPN Disclosure Principles
  - c. Industry best practices
8. Describe how the Respondent proposes to properly evaluate the project management team on a continual basis to ensure that quality standards are met. The Plan Manager will provide the Treasurer periodic analysis of results of program performance in each of the six (6) primary functional areas: Investment Management, Recordkeeping, Customer Service, Marketing and Distribution, Reporting, and Transition, if applicable.
  9. Connecticut law imposes certain investment restrictions on the Treasurer as fiduciary of state pension plans with respect to companies that conduct operations in Iran and Sudan. See Conn. Gen. Stat. Sections 3-13g and 3-21e. Please describe whether you have the capability to comply with these provisions.  
[https://www.cga.ct.gov/current/pub/chap\\_032.htm#sec\\_3-13g](https://www.cga.ct.gov/current/pub/chap_032.htm#sec_3-13g)  
[https://www.cga.ct.gov/current/pub/chap\\_032.htm#sec\\_3-21e](https://www.cga.ct.gov/current/pub/chap_032.htm#sec_3-21e)
  10. Provide an overview of experience rendering services to other Section 529 Plans, or in offering services similar to those included in **Section II** of this RFP. This description must include a summary of the services offered, the number of years the Respondent has provided these services, the number of clients, the size of the programs served, and geographic locations the Respondent currently serves. Provide a list of all states for which Respondent currently provides 529 Plan services.
  11. List substantive issues raised by independent auditors in your Form ADV, SOC1 and issues published in your annual audited financial statements or Form 10K (if applicable). Provide a copy of the most recent Form ADV, annual report, Form 10-Q (if applicable) and SOC1 and label appropriately.
  12. Who is the firm's auditor? Has the firm changed auditors in the past three years? If so, explain.
  13. Provide a copy of any regulatory filings for the immediate past fiscal year and any quarterly filings for the current fiscal year.

iii. **Legal**

With respect to the Respondent, any related entity, or any subcontractors, partners or affiliates it plans to engage, please indicate whether any principals, owners, directors, officers or employees have been the subject of any of the following since January 1, 2015 (answer "yes" or "no" and, if the answer is "yes", please provide a full explanation of the circumstances surrounding it including the status or ultimate disposition). For purposes of the following questions, the term "related entity" means any partnership, joint venture, sub-contractual relationship, and all other direct or indirect affiliations of the Respondent, entities that own the Respondent, and subsidiaries of the Respondent that could, in any reasonable capacity, affect the Respondent or Services. The Treasurer may reject a Proposal due to any disclosure or conflict of interest (potential or actual) that is material in the sole discretion of the Treasurer.

1. Any past or pending regulatory restrictions, consent orders, stipulations or agreements arising from any regulatory or judicial proceeding that would apply to the delivery of any of the types of services required by this RFP.
2. Any criminal action brought under either federal or state law or any conviction or plea in a case stemming from a felony indictment under federal or state law. Any such action, conviction, or plea must be disclosed.
3. Any pending regulatory proceedings, litigation or investigations involving alleged or actual unfair, illegal or unethical business practice, or any such regulatory proceedings or litigation commenced or in process at any time after January 1, 2015.
4. Any penalties, fines or contractual damages imposed since January 1, 2015, or any settlement amounts paid since January 1, 2015 in any class action litigation or regulatory matter.
5. Any pending settled or adjudicated litigation, or any settled claim, or any currently threatened litigation, with or concerning any qualified tuition program or participant therein.
6. Any pending, settled or adjudicated litigation, enforcement or disciplinary action or investigation, arbitration, audits, or regulatory or investigative inquiries (collectively "Proceedings") by the US Attorney General, IRS, the SEC, the New York Stock Exchange, FINRA or any other governmental, state regulatory or investigative agency, in connection with the Respondent's business(es) or any proposed subcontractor relevant to any of the types of services proposed in this RFP (e.g., mutual fund, investment management, underwriting, third-party administration, custody) at any time after January 1, 2015. The response should include any such Proceedings arising from such businesses, including without limitation, underwriting, underwriting practices or management, the purchase, sale or distribution of taxable or tax-exempt municipal securities or other municipal securities obligations, market timing, late trading, collusion with third parties, preferential fund family treatment, directed brokerage payments or other sales practices, or a failure to supervise sales professionals.
7. Any litigation alleging the violation of fiduciary responsibility at any time after January 1, 2015.
8. Any breach at any time after January 1, 2015 in the privacy of confidential information about customers or, in the case of qualified tuition programs, account owners or beneficiaries.
9. Any claims, disputes, litigations or other legal proceedings involving the State of Connecticut or any of its agencies, or has been involved, any time after January 1, 2015.
10. Any business relationships, that may be construed to be potential or actual conflicts of interest. The Respondent will have a continuing requirement to disclose any business relationships that may be construed to be a potential or actual conflict. The disclosure must be sufficiently detailed to inform the Treasurer of the nature, implications and potential consequences of each conflict and must

include an explanation of how the Respondent addresses, or intends to manage or mitigate, each conflict.

c. **Plan of Service**

Provide responses to each numbered item in **Section IX. Proposal for Plan Services** in the order presented. The Respondent's response must fully explain how the Respondent's proposed services will satisfy each required service listed in **Section II** of this RFP. It should indicate all significant capabilities or issues that will be examined to fulfill the Scope of Services.

d. **Transition Plan**

Describe the Respondent's proposed Transition Plan, as applicable, addressing both transition when commencing services and in the event of termination or at the conclusion of the contract.

e. **Indemnity Insurance**

Describe the level of worker's compensation insurance, directors' and officers' liability insurance, fiduciary professional liability insurance, errors and omissions insurance, cyber insurance, public liability insurance and fidelity bonds or similar coverage maintained by the Respondent. All such insurance should be provided by insurer(s) rated A- or better by A.M. Best & Company, unless otherwise approved in writing by the Treasurer. If the Respondent is a joint venture, partnership or consortium, each party must meet these criteria.

f. **Financial Capabilities and Statements**

Respondents must demonstrate financial stability. Proposals must include the two most recent annual financial statements prepared by an independent Certified Public Accountant and reviewed or audited in accordance with Generally Accepted Accounting Principles (USA). If a respondent has been in business for less than two years, such respondent must include any financial statements prepared by a Certified Public Accountant and reviewed or audited in accordance with Generally Accepted Accounting Principles (USA) for the entire existence of such respondent or corporation. Non-U.S. firms must provide audited financial statements that comply with International Accounting Standards.

g. **Subcontractors**

Identify all subcontractors the Respondent plans to hire in the performance of the services outlined in this RFP and explain how your firm will ensure that those subcontractor(s) comply with all contractual requirements, including those related to confidentiality, double fees and conflicts of interest.

- i. Name of firm
- ii. Address of firm
- iii. Primary contact person and key personnel (Name, title and contact information)
- iv. Specific services the firm will provide
- v. Relevant experience and capabilities
- vi. Ownership of firm

To the extent work is to be performed by subcontractors, the information requested in subsections b. Organization, Capabilities and Legal and f. Financial Capabilities and Statements shall also be provided for such subcontractors.

h. **References**

Provide the following information from three (3) current or recent (within the past 12 months) client references for which you (or subcontractors identified in the subsection immediately above) are providing similar services requested in this RFP. Please indicate the entity for which the reference is being provided.

	[Identify Respondent or Subcontractor Entity]
Name	
Title	
Organization	
Office Phone	
Email Address	
Length of Service to Client	

i. **Cost**

Provide all cost information in the format specified in **Section III**.

j. **Compliance**

Complete all **Legal and Policy Attachments** in accordance with the directions provided. Failure to complete the Legal and Policy Attachments may result in the Proposal not being reviewed.

## **Section IX – Proposal for Plan Services**

### **A. Investment Management**

1. List the proposed investment options for the Direct and/or Advisor Plan(s). Confirm that performance information will be submitted with respect to each proposed investment option, its capital market assumptions over the next market cycle, assumptions about education inflation and a probability analysis that the managed allocation options will keep pace with education inflation. Please identify any investment option that Respondent offers, which is similar to a Principal Plus Interest Option in the Direct Plan and/or the Stable Value Option in the Advisor Plan.
2. For each asset allocation option proposed, provide the specific initial asset allocation (age-based and static options) and expected glidepath. As part of the discussion of asset allocation, discuss the Respondent's philosophy regarding which asset classes should be included and why asset classes (if any) have been excluded.
3. The Treasurer reserves the right to approve the Plan Manager's recommended investment options and asset allocations. Describe the review process and how often it intends to conduct asset allocation and other investment option reviews.
4. The Treasurer prefers open architecture, which includes a diversified group of investment managers. Describe the Respondent's willingness to offer multiple, non-proprietary investment managers and, if so, whether there is a maximum number or percent of third-party investment managers the Respondent would propose. If the Respondent is not proposing a multi-manager platform, would the Respondent consider substituting non-proprietary funds in the future if the Treasurer concludes that it is in the best interests of

- account owners (for example where proprietary funds consistently underperform their benchmarks)?
5. If the Respondent is not the incumbent, provide suitable investments for college savers to replace existing investments in the Direct Plan or Advisor Plan. Discuss the Respondent's philosophy regarding principal protected or stable value investments and how it will incorporate such an option within its fund line-up.
  6. Describe the Respondent's due diligence process regarding selection and monitoring of the proposed investment vehicle(s). If relevant, provide an example or two of, and rationale for, a recent change in an investment vehicle as a result of your due diligence.
  7. Describe the firm's philosophy on glidepath development and discuss how the plan should be designed for K-12 participants.
  8. Describe the firm's role and services associated with the annual rating of the plan.
  9. Provide details on how "open architecture" is implemented.

**B. Recordkeeping**

1. Please describe the following:
  - a. The proposed operating system, the number of accounts currently administered on this system, the approximate dollar value of such accounts, and the frequency and volume of individual transactions that are processed on a daily and weekly basis.
  - b. The reliability and integrity history, other market experience and uses of the proposed system.
  - c. User-friendly plans and procedures for accepting and processing new enrollments (including saving enrollment information before completion of the process), maintaining individual accounts, including making changes to accounts, posting contributions (including payroll and EFT transactions), and ensuring that the current accumulated contributions and net asset value for each account owner and beneficiary are available on a daily basis.
  - d. Online access capabilities to the account administration system.
  - e. The minimum initial and subsequent investments in the Direct Plan and Advisor Plan, as applicable. Please specify whether different minimum initial and subsequent investments apply to accounts with automatic contributions, including contributions from payroll deductions.
  - f. The size threshold, if any, for payroll deduction. Would the Respondent require an employer to pay any costs associated with offering the Program through payroll deduction?
  - g. If applicable, the Respondent's ability to coordinate all facets of account administration for both a Direct Plan and Advisor Plan. Issues such as maximum contributions, distributions, and rollovers should be addressed.
  - h. The gifting platform through which the Respondent would facilitate third-party contributions and how it is differentiated from other gifting programs in the 529 marketplace.
  - i. The proposed database software and system security that would be used.
  - j. The banking institution(s) that will be used to process contributions and withdrawals.
2. In addition, include:
  - a. An explanation of the Respondent's account administration experience specifically for Section 529 Plans.



- b. Procedures for generating account statements and reports. Include information regarding format, frequency, transmittal methods, customization, joint account statement options, etc. and any available sample reports.
3. Describe the Respondent's data backup procedures, specifically:
  - a. Detailed description of the Respondent's daily backup procedures
  - b. Description of Respondent's business continuity and business recovery plans
  - c. Description of how services will be resumed within twenty-four (24) hours of a disaster.
4. Submit a detailed description of the Respondent's cyber security plan. The response should include anti-fraud and security measures that are currently in place to ensure the integrity of the firm's database, transfer and storage of electronic information, and protection from unauthorized access.

### **C. Customer Service**

1. Describe the setup of a customer service structure to handle participant issues, with a dedicated liaison to the Treasurer to coordinate customer service issue resolution.
2. Currently, the toll-free number for the Direct Plan customer service is 1-888-799-2438 and the toll-free number for Advisor Plan customer service is 1-877-407-2828. Please confirm the Respondent's ability to continue to use both phone numbers. Any costs associated with moving to these numbers will be absorbed by the Respondent.
3. Describe the location and number of employees providing customer service and the installation of communications facilities that connect the Respondent's work site to the servers necessary to access customer accounts. Please include descriptions of the following:
  - a. Availability of dedicated customer service staff assigned to the Program
  - b. Availability of live customer service representatives for both sales and service (number of representatives, hours during the day, days per year, online customer service) and access to electronic customer service at all other times
  - c. Staff training and licenses
4. Outline procedures for responding to verbal, written, and online inquiries or complaints about the Program.
5. Describe the Respondent's policies and procedures for transmitting and sharing databases of callers to and with the Program, as well as ensuring the confidentiality of the database.
6. Describe the steps that will be taken to ensure that the Program database is not combined with other databases maintained by the Respondent, including security and encryption methods for the data.
7. Outline procedures for the production and distribution of quarterly statements to account owners.
8. Disclose service levels achieved for Section 529 Plans currently under management and/or similar programs. Use the service levels contained in **Section IIC Customer Service** as a guide, provide anticipated service levels for each measure listed, and describe the Respondent's resources available for the Program.
9. Describe its policies and procedures in place to meet the requested service level requirements contained in **Section IIC Customer Service**. To the extent that Respondent's service level requirements are different, state the proposed service levels.
10. Provide a complete outline of the services the Respondent will make available on the self-servicing section of the website.

11. Describe the Respondent's security and encryption methods in use for protecting personal identifying data and account owner financial information obtained via online account opening or account inquiries.

**D. Marketing and Distribution**

1. The current year marketing commitment for the Direct Plan is \$1.85 million. Complete the following table showing the Respondent's annual marketing commitment to the Program for the expected eight (8)-year contract term:

Marketing Commitment		
Year	Direct Plan	Advisor Plan
1		
2		
3		
4		
5		
6		
7		
8		

2. Complete the following table showing the Respondent's projected yearly growth rates for assets and accounts.

Projection of Growth Rates				
Year	Direct Plan		Advisor Plan	
	AUMs	Accounts	AUMs	Accounts
1				
2				
3				
4				
5				
6				
7				
8				

3. Present marketing strategies to be utilized for Connecticut families. How will the Respondent make the Program more accessible to low- and moderate-income families?
4. Describe existing relationships the Respondent has with companies or firms that provide consulting or other marketing services that are expected to contribute in any way to the marketing of the Program.
5. How many field reps will the Respondent commit to the State of Connecticut for the Direct Plan? Would field reps be employees of the State or employees of the Plan Manager?
6. Provide samples of marketing and disclosure information that Respondent currently uses.
7. Outline the steps it will take to separate the marketing message of the Program from other Respondent-administered Section 529 Plans outside of Connecticut.
8. Describe any agreements it or any of its affiliates has with other states regarding the marketing of Section 529 Plans around the country and the marketing of other Section 529 Plans in any such plan's home state.
9. Describe any products that Respondent currently offers to State of Connecticut taxpayers that compete or potentially could compete with the Program. Indicate whether the Respondent would agree not to directly or indirectly offer any competing product for so

- long as Respondent is providing services to the Program. If Respondent would not agree contractually to refrain from offering any competing product, explain how Respondent's offering of competing products can be done consistently with an obligation to aggressively and effectively market and administer the Program.
10. Describe the Respondent's ability to develop and/or maintain the applicable Program websites (currently, [www.aboutchet.com](http://www.aboutchet.com) and [www.hartfordfunds.com/products/college-savings/chet-advisor.html](http://www.hartfordfunds.com/products/college-savings/chet-advisor.html)) and describe the marketing of the Program on the Respondent's website.
  11. The Treasurer would prefer to have a fully functional mobile application. Please describe how the Respondent will implement a mobile application and the functionality you would propose.
  12. Describe its marketing plan in relation to promoting payroll deductions to Connecticut employers, including the State of Connecticut.
  13. How would the Respondent use the gifting platform to promote growth of Connecticut accounts? Provide estimates of growth in assets from the gifting platform in each year of the contract.
  14. The Program values and currently supports scholarship programs in Connecticut. Please explain how the Respondent would propose to support scholarship programs and specify the level of funding the Respondent would commit to fund scholarship programs each year of the contract.
  15. Describe the process for evaluating the success of the Respondent's marketing efforts. What benchmarks will be used to assess the success of a CHET marketing campaign?
  16. **For Advisor Plans only:** Provide the number and location of wholesalers in the Respondent's firm who cover Connecticut. How many broker-dealers or other distribution agents do they reach in Connecticut and nationwide?
  17. **For Advisor Plans only:** How many selling agreements does the Respondent currently have? Will the Respondent require a 529-specific selling agreement with broker-dealers and other distribution agents, or will your current selling agreement cover 529 products?
  18. **For Advisor Plans only:** Describe existing omnibus arrangements with broker-dealers. If Respondent does not have existing omnibus arrangements, please describe any plans to put such arrangements in place and the estimated timetable for launch.

#### **E. Transition, As Applicable**

1. Submit a detailed plan to describe the transition of services that will occur during the Transition Period. Describe prerequisites to a timely, efficient transition of assets and what measures the Respondent will take to identify and manage the same throughout the transition process.
2. Submit a plan describing how the Respondent will handle transition to a successor Plan Manager at the end of its contract term. Please include a description of the costs and expenses, if any, that would be borne by the Program in a conversion or in a future termination.
3. Are there any transition issues in particular that could delay an orderly transition to the Respondent's firm?
4. How would the Respondent communicate transition news with existing account owners? What is the appropriate timetable for communications with existing account owners?
5. Describe the procedures to follow to ensure that current assets are continuously invested throughout a transition to ensure a smooth transfer of assets that does not result in losses to the Program or its account owners.

6. Complete the table below to show the mapping of current Portfolios to new Portfolios in each Plan. Add as many rows as necessary. Additionally, please restate the investment expenses provided in the response(s) to **Questions 1 and 2 in Section IIIA** for each proposed Portfolio.

<b>DIRECT PLAN: Mapping of Investment Portfolios</b>		
<b>Current Portfolio</b>	<b>New Portfolio</b>	<b>Investment Expense</b>
<b>Conservative Managed Allocation Option:</b>		
0-4 years		
5-8 years		
9-10 years		
11-12 years		
13-14 years		
15 years		
16 years		
17 years		
18 years and over		
<b>Moderate Managed Allocation Option:</b>		
0-4 years		
5-8 years		
9-10 years		
11-12 years		
13-14 years		
15 years		
16 years		
17 years		
18 years and over		
<b>Aggressive Managed Allocation Option:</b>		
0-4 years		
5-8 years		
9-10 years		
11-12 years		
13-14 years		
15 years		
16 years		
17 years		
18 years and over		
<b>Global Equity Index Option</b>		
<b>Global Tactical Asset Allocation Option</b>		
<b>International Equity Index Option</b>		
<b>Active Global Equity Option</b>		
<b>U.S. Equity Index Option</b>		
<b>High Equity Balanced Option</b>		
<b>Active Fixed-Income Option</b>		
<b>Social Choice Option</b>		
<b>Index Fixed-Income Option</b>		
<b>Money Market Option</b>		
<b>Principal Plus Interest Option</b>		

<b>ADVISOR PLAN: Mapping of Investment Portfolios</b>		
<b>Current Portfolio</b>	<b>New Portfolio</b>	<b>Investment Expense</b>
<b>CHET Advisor Age-Based Portfolio:</b>		
0-3 years		
4-6 years		
7-9 years		

<b>ADVISOR PLAN: Mapping of Investment Portfolios</b>		
<b>Current Portfolio</b>	<b>New Portfolio</b>	<b>Investment Expense</b>
<b>10-11 years</b>		
<b>12-13 years</b>		
<b>14-15 years</b>		
<b>16 years</b>		
<b>17 years</b>		
<b>18+ years</b>		
<b>CHET Advisor Aggressive Growth Portfolio</b>		
<b>CHET Advisor Growth Portfolio</b>		
<b>CHET Advisor Balanced Portfolio</b>		
<b>CHET Advisor Conservative Portfolio</b>		
<b>Hartford Small Cap Growth 529 Portfolio</b>		
<b>Hartford Growth Opportunities 529 Portfolio</b>		
<b>Hartford MidCap 529 Portfolio</b>		
<b>Hartford International Opportunities 529 Portfolio</b>		
<b>Hartford Dividend and Growth 529 Portfolio</b>		
<b>Hartford Core Equity 529 Portfolio</b>		
<b>Hartford Equity Income 529 Portfolio</b>		
<b>Hartford Balanced Income 529 Portfolio</b>		
<b>Hartford Inflation Plus 529 Portfolio</b>		
<b>Hartford Total Return Bond 529 Portfolio</b>		
<b>Hartford World Bond 529 Portfolio</b>		
<b>CHET Advisor Stable Value 529 Portfolio</b>		

## **Section X - RFP Conditions**

1. All proposals submitted in response to this RFP will become the sole property of the Office of the Treasurer.
2. The Treasurer is required, as a part of the procurement process, to certify that the Respondent awarded this contract was not selected as a result of collusion, the giving of a gift or the promise of a gift, compensation, fraud or inappropriate influence from any person.
3. The successful Respondent will be required to execute certain Legal and Policy Attachments at the time of contract execution. The failure to provide such additional affidavits shall be grounds for disqualification.
4. Any product developed under a contract awarded as a result of the RFP, whether acceptable or unacceptable, will become the sole property of the Office of the Treasurer.
5. Timing and sequence of events resulting from this RFP will ultimately be determined by the Office of the Treasurer.
6. The Respondent agrees that the proposal will remain valid for a period of 180 days after the deadline for submission and may be extended beyond that time by mutual agreement.
7. By submitting its proposal, the Respondent warrants that all information provided in response to this RFP is accurate and complete as of the date of submission. The Respondent has an ongoing obligation during the pendency of this RFP to inform the Office of the Treasurer if any information previously provided is no longer true or complete, and to provide updated information. Failure to do so is grounds for disqualification.
8. The Office of the Treasurer may amend or cancel this RFP at any time, if the agency deems it to be necessary, appropriate or otherwise in the best interests of the State. Failure to acknowledge receipt of amendments, in accordance with the instructions contained in the amendments, may result in a proposal not being considered.
9. Any costs and expenses incurred by the Respondents in preparing or submitting proposals, including travel expenses incurred to attend the Respondents' meetings or interviews are the sole responsibility of the Respondent.

10. No additions or changes to the original proposal will be allowed after submission. While changes are not permitted, clarification of proposals may be required by the Office of the Treasurer at the Respondent's sole cost and expense.
11. The Respondent represents and warrants that the proposal is not made in connection with any other respondent and is in all respects fair and without collusion or fraud. The Respondent further represents and warrants that the Respondent did not participate in any part of the RFP development process, had no knowledge of the specific contents of the RFP prior to its issuance, and that no agent, representative or employee of Office of the Treasurer participated directly in the Respondent's proposal preparation.
12. All responses to the RFP must conform to instruction. Failure to comply with any requirements of this RFP may be considered appropriate cause for rejection of the response.
13. The Respondent must accept the Office of the Treasurer's standard contract language and conditions. See Management Agreement, attached hereto as **Exhibit 1**.
14. The Office of the Treasurer reserves the right to award in part or to reject any and all proposals in whole or in part for misrepresentation or if the Respondent is in default of any prior State contract, or if the proposal limits or modifies any of the terms and conditions and/or specifications of the RFP. The Office of the Treasurer also reserves the right to waive technical defects, irregularities and omissions if, in its judgment, the best interest of the State will be served.
15. The Office of the Treasurer reserves the right to correct inaccurate awards resulting from its clerical errors. This may include, in extreme circumstances, revoking the awarding of a contract already made to a respondent and subsequently awarding the contract to another respondent. Such action on the part of the Office of the Treasurer shall not constitute a breach of contract on the part of the agency since the contract with the initial respondent is deemed to be void *ab initio* and of no effect as if no contract ever existed between the Office of the Treasurer and the Respondent.
16. Prior to its engagement by the Office of the Treasurer, the successful Respondent shall furnish the Office of the Treasurer with a current and valid Letter of Good Standing issued by the State of Connecticut Department of Revenue Services, pursuant to Connecticut General Statutes 12-2. The failure of the successful respondent to timely provide a Letter of Good Standing prior to engagement may result in the removal and replacement of the successful respondent.

## **Attachments**



**State of Connecticut Office of the Treasurer  
Directions for Completion of Legal and Policy Attachments**

Revised 8/2019

**A link to each of the statutes cited and the required attachments are provided on page 20 of this RFP.**

A. Attachment A **CHRO CONTRACT COMPLIANCE REGULATIONS NOTIFICATION TO RESPONDENTS and BIDDER CONTRACT COMPLIANCE MONITORING REPORT.**  
Please provide requested information and sign where indicated.

**AND**

**Employer Information Report**--- Complete an Employment Information Report for the current year and each of the 2 prior reporting periods (**for a total of 3 years of data**).

The forms in Attachment A are required to fulfill the Treasurer's obligation to consider certain factors relating to equal opportunity and affirmative action in his review of all respondents' qualifications, as required under Regulations of the Commission on Human Rights and Opportunities, Conn. Agency Regs. §§46a-68j-21 through 43.

B. Attachment B **NONDISCRIMINATION CERTIFICATION:**

Any entity or individual entering into a contract with the state is required to provide documentation that the entity or individual has a policy that complies with the nondiscrimination agreement and warranty under Connecticut General Statutes § 4a-60(a)(1) (which prohibits discrimination based on race, color, religious creed, age, marital status, national origin, ancestry, sex, gender identity or expression, status as a veteran, intellectual disability, mental disability or physical disability, including, but not limited to, blindness, unless it is shown by such contractor that such disability prevents the performance of the work involved) and § 4a-60a(a)(1) (which prohibits discrimination based on sexual orientation). Conn. Gen. Stat. §4a-60(d) defines "marital status" and "mental disability". Conn. Gen. Stat. §46a-51 defines "gender identity or expression." Connecticut recognizes same sex marriages. See Conn. Gen. Stat. §46b-20, which defines "marriage" as the "legal union of two persons."

An authorized signatory must execute a **NONDISCRIMINATION CERTIFICATION** on behalf of corporate or business entities, evidencing compliance with the above requirements at the time the contract is signed. A sample Certification is included.

**We are asking at this time for your firm to provide us with a written statement that if your firm is selected, you will provide the Office of the Treasurer with an executed certification document. A firm that cannot provide the requested written statement will be eliminated from further consideration.**

C. Attachment C **EMPLOYMENT PRACTICES INFORMATION:**

The information requested expands on the information provided in Attachment A, by asking for information on the demographics of Respondents' upper level management, recent promotion statistics, and equal opportunity and affirmative action policy.



D. Attachment D **AFFIDAVIT OF THIRD-PARTY FEES AND DISCLOSURE OF CONSULTING AGREEMENTS:**

Any person or entity wishing to do business with the State Treasurer must disclose in writing any payment or receipt of third-party fees, or agreement to pay or receive third-party fees attributable to the contract. This includes direct and indirect payments, including any payments made or to be made to subagents, and Respondent has a duty to inquire with respect to indirect payments. This disclosure requirement is imposed by Conn. Gen. Stat. § 3-13j for all investment services contracts. The following link will provide useful guidance on the types of payments that must be reported and those fees that are impermissible under Conn. Gen. Stat. §3-13j: <http://www.state.ct.us/ott/disclosure/amendedregulations.pdf>

In addition, Respondents must report on this affidavit any “consulting agreement” entered into in connection with this contract, pursuant to the requirements of Conn. Gen. Stat. § 4a-81. “Consulting agreement” means “any written or oral agreement to retain the services, for a fee, of a consultant for the purposes of (A) providing counsel to a contractor, vendor, consultant or other entity seeking to conduct, or conducting, business with the state, (B) contacting, whether in writing or orally, any executive, judicial, or administrative office of the state, including any department, institution, bureau, board, commission, authority, official or employee for the purpose of solicitation, dispute resolution, introduction, requests for information or (C) any other similar activity related to such contract. Consulting agreement does not include any agreements entered into with a consultant who is registered under the provisions of chapter 10 of the general statutes as of the date such affidavit is submitted.” If the consultant identified is a former Connecticut public official or state employee, report the former agency of such consultant and his/her employment termination date. Such affidavit shall be amended whenever the vendor awarded the contract enters into any new consulting agreement during the term of the contract.

This affidavit must be signed by the chief official of the Respondent. If Respondent has no fees or agreements to report, please insert “none” on the affidavit.

E. Attachment E **TREASURY GIFT AFFIDAVIT:**

State law prohibits state agencies from executing a contract with a person or firm, having a total cost to the state of more than \$500,000 in a calendar or fiscal year unless the agency receives an affidavit from the person or firm attesting that no gifts as defined in Conn. Gen. Stat. § 1-79 were given by the firm or by any principals or key personnel of the firm. See Conn. Gen. Stat. §4-250 et seq. The Treasurer requires **all** selected vendors to complete a Gift Certification when the contract is executed, regardless of the value of the proposed contract. Respondents are required to perform the necessary inquiry to complete this affidavit.

F. Attachment F **CORPORATE CITIZENSHIP:**

All Respondents are asked to demonstrate their commitment to being a good corporate citizen by providing information on their policies on charitable giving and civic activities they sponsor or participate in which improve the communities in which they are located and do business. Attachment F includes a list of questions, and Respondents are encouraged to report any other activities evidencing their commitment to being a good corporate citizen.

G. Attachment G **NOTICE OF CERTAIN LEGAL PROCEEDINGS:**

The purpose of this disclosure is to inform the Treasurer of any legal proceedings or investigations in the recent past or that are ongoing that could have a material effect on Respondent’s ability to perform services for the Treasury or affect its business relationship with this office. Please do not respond by referring the State Treasurer to online filings with public agencies, such as the SEC. It is Respondent’s

obligation to provide the information. Respondents having no information to report in response to any of the disclosure requests may indicate “none” on the Supplemental Information attachment.

H. Attachment H **CAMPAIGN CONTRIBUTION AFFIDAVIT:**

State law prohibits the State Treasurer from entering into a contract for investment services with any firm when a political committee established by the firm, or any “principal of the investment services firm,” as defined in the law, has contributed to or solicited contributions on behalf of an exploratory or candidate committee established by the State Treasurer for his nomination or election to the Office of State Treasurer. See Conn. Gen. Stat. §§1-84(n), 9-612(e). In addition, state law prohibits certain entities and individuals from making contributions to or knowingly soliciting contributions from employees, subcontractors or principals of subcontractors on behalf of candidates for statewide office or the General Assembly. Respondents that do not maintain in the ordinary course of business the information needed to complete the required attestation, are required to perform the inquiry necessary to complete this affidavit.

I. Attachment I **NOTICE TO STATE CONTRACTORS AND PROSPECTIVE STATE CONTRACTORS OF CAMPAIGN CONTRIBUTION AND SOLICITATION BAN:**

Pursuant to Conn. Gen. Stat. § 9-612(f), all state agencies are required to provide a Notice to their Prospective State Contractors, informing them of (1) the ban on campaign contributions to and limits on solicitation of contributions on behalf of candidates for statewide elective office, (2) their duty to inform their principals of the law, and (3) the possible consequences of violation of the law. An authorized signatory of the firm must acknowledge receipt of the State Elections Enforcement Commission’s Notice (Attachment I) as indicated.

J. Attachment J **ANTI-TERRORISM; FOREIGN ASSET CONTROL REGULATIONS; FOREIGN CORRUPT PRACTICES ACT:**

The purpose of this attachment is to assist the Treasurer in fulfilling his statutory duty under Conn. Gen. Stat. §3-13d(a) to consider the implications of any investment in relation to the foreign policy and national interests of the United States and to avoid the investment of pension funds in entities that are contributing to the threat of global terrorism.

K. Attachment K **CONFLICTS OF INTEREST:**

Any material conflicts of interest must be disclosed. Respondents with no conflicts to report, please insert “None”.

L. Attachment L **IRAN CERTIFICATION:**

Pursuant to Conn. Gen. Stat. §4-252a, any contract valued at more than \$500,000 in a calendar or fiscal year between an entity whose principal place of business is not in the United States (but not including a U.S. subsidiary of a foreign corporation) and a state agency must include this certification. Contracts of the Treasurer as Trustee of the Connecticut Retirement Plans and Trust Funds are exempt from this requirement.

**Links to Statutes**

Conn. Gen. Stat. § 1-79 [http://www.cga.ct.gov/current/pub/chap\\_010.htm#sec\\_1-79](http://www.cga.ct.gov/current/pub/chap_010.htm#sec_1-79)

Conn. Gen. Stat. § 1-84 [http://www.cga.ct.gov/current/pub/chap\\_010.htm#sec\\_1-84](http://www.cga.ct.gov/current/pub/chap_010.htm#sec_1-84)

Conn. Gen. Stat. § 3-13d [http://www.cga.ct.gov/current/pub/chap\\_032.htm#sec\\_3-13d](http://www.cga.ct.gov/current/pub/chap_032.htm#sec_3-13d)

Conn. Gen. Stat. § 3-13j [http://www.cga.ct.gov/current/pub/chap\\_032.htm#sec\\_3-13j](http://www.cga.ct.gov/current/pub/chap_032.htm#sec_3-13j)

Conn. Gen. Stat. § 3-13l [http://www.cga.ct.gov/current/pub/chap\\_032.htm#sec\\_3-13L](http://www.cga.ct.gov/current/pub/chap_032.htm#sec_3-13L)

Conn. Gen. Stat. § 4-250 et seq. [http://www.cga.ct.gov/current/pub/chap\\_055c.htm](http://www.cga.ct.gov/current/pub/chap_055c.htm)

Conn. Gen. Stat. § 4-252a [http://www.cga.ct.gov/current/pub/chap\\_055c.htm#sec\\_4-252a](http://www.cga.ct.gov/current/pub/chap_055c.htm#sec_4-252a)

Conn. Gen. Stat. § 4a-60 [http://www.cga.ct.gov/current/pub/chap\\_058.htm#sec\\_4a-60](http://www.cga.ct.gov/current/pub/chap_058.htm#sec_4a-60)

Conn. Gen. Stat. § 4a-81 [http://www.cga.ct.gov/current/pub/chap\\_058.htm#sec\\_4a-81](http://www.cga.ct.gov/current/pub/chap_058.htm#sec_4a-81)

Conn. Gen. Stat. § 9-612 [http://www.cga.ct.gov/current/pub/chap\\_155.htm#sec\\_9-612](http://www.cga.ct.gov/current/pub/chap_155.htm#sec_9-612)

Conn. Gen. Stat. § 46a-51 [http://www.cga.ct.gov/current/pub/chap\\_814c.htm#sec\\_46a-51](http://www.cga.ct.gov/current/pub/chap_814c.htm#sec_46a-51)

Conn. Gen. Stat. § 46b-20 [http://www.cga.ct.gov/current/pub/chap\\_815e.htm#sec\\_46b-20](http://www.cga.ct.gov/current/pub/chap_815e.htm#sec_46b-20)

Conn. Agency Regs. §§46a-68j-21 et seq.

[http://www.ct.gov/chro/lib/chro/Contract\\_Compliance\\_Regs.pdf](http://www.ct.gov/chro/lib/chro/Contract_Compliance_Regs.pdf)

**Link to Attachments**

<https://portal.ct.gov/OTT/Doing-Business/Compliance-Reporting>

**Exhibit 1**  
**Management Agreement**

**Exhibit 1**

**EXHIBIT 1 – FORM OF AGREEMENT  
MANAGEMENT AGREEMENT**

**NOTE: THE TREASURER RESERVES THE RIGHT IN HIS SOLE DISCRETION TO MAKE CHANGES TO  
THIS AGREEMENT**

This **MANAGEMENT AGREEMENT** (“**Agreement**”), dated as of \_\_\_\_\_, 2020 (the “Commencement Date”), is entered into by and between the CONNECTICUT HIGHER EDUCATION TRUST (the “Trust” or “CHET”), acting through the Treasurer of the State of Connecticut (the “Treasurer”), and \_\_\_\_\_, a [**insert state of incorporation**] corporation (“**Plan Manager**” or the “**Manager**”).

**W I T N E S S E T H:**

**WHEREAS**, Connecticut General Statutes sections 3-22g, *et seq.*, as amended from time to time (“the **Statute**”), provides for the establishment of a qualified state tuition program under Section 529 of the United States Internal Revenue Code of 1986, as amended from time to time, (“**Code**”) entitled the Connecticut Qualified Tuition Savings Program (“**Program**”);

**WHEREAS**, the Plan is the [direct-sold plan/advisor-sold plan] available under the Program;

**WHEREAS**, pursuant to the Statute, the Treasurer is charged with developing and implementing the Program and the Treasurer is authorized to contract with the Plan Manager to provide the program management services contemplated hereby;

**WHEREAS**, pursuant to the Statute, the Treasurer is charged with implementing the Program through the use of financial institution(s) to act as depositories and managers and the Treasurer is authorized to contract with the Plan Manager to provide the investment management services contemplated hereby;

**WHEREAS**, having engaged in a process designed to solicit and evaluate bids for the provision of services related to the Plan, pursuant to its authority, the Trust, acting through the Treasurer has selected \_\_\_\_\_ to continue to provide, or arrange for the provision of, certain administrative, marketing, investment and other services as described in this Agreement related to the operation of the Plan and contemplated thereby;

**WHEREAS**, the Plan Manager will perform the various administrative, marketing, investment management and other services as more fully referred to and described below in the implementation and operation of the Program.

**NOW THEREFORE**, in consideration of the foregoing and of the mutual promises set forth herein, and intending to be legally bound hereby, the Treasurer and the Plan Manager hereby agree as follows:

**1. DEFINITIONS; RULES OF CONSTRUCTION**

(a) Definitions:

The following terms used in this Agreement will have the respective meanings set forth below [additional terms may be added]:

**“Account”** shall mean a separate account established in accordance with the Statute to fund Qualified Higher Education Expenses.

**“Account Owner”** shall mean an organization described in Section 501(c) (3) of the Code that is exempt from federal income taxation pursuant to Section 501(a) of the Code, an individual, a firm, trust, estate, partnership, association, company, corporation, , or a legal representative of any of the foregoing who has entered into a Participation Agreement pursuant to the Code for the advance payment of higher education costs on behalf of a Beneficiary.

**“Administrative Fund”** shall mean the fund established by the Treasurer for the purpose of holding the Administrative Fee and any other fees and Account Owner costs allocated to the Treasurer pursuant to this Agreement.

**“Agreement”** shall mean this Program Management Agreement.

**“Applicable Law”** shall mean all applicable laws, judgments, decrees, injunctions, writs and orders of any court, tribunal, arbitrator or Governmental Authority and rules, regulations, orders, licenses and permits of any Governmental Authority, including without limitation the Securities Law Requirements.

**“Affiliate”** shall mean, with respect to an entity, any other entity that controls, is controlled by or is under common control with the subject entity or any successor thereto. The term "control" (including its correlative meanings "controlled by" and "under common control with") shall mean direct or indirect ownership of 50% or more of an entity's outstanding voting securities. The term "voting security" shall mean any security presently entitling the owner or holder thereof to vote for the election of directors of such entity. For the avoidance of doubt, securities held by an entity in a fiduciary capacity on behalf of one or more client accounts shall be excluded from the foregoing 50%.

**“Beneficiary”** shall have the same meaning as the term **Designated Beneficiary** set forth in the Statute on the date hereof.

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

**“Change in Control of the Plan Manager”** shall mean any transaction or series of transactions pursuant to which an entity unaffiliated with the Plan Manager, either acquires (i) actual control over the management of the Plan Manager or (ii) acquires fifty percent (50%) or more of the outstanding voting securities or interests issued by the Plan Manager.

**“Change in Control of an Affiliate of the Plan Manager”** shall mean any transaction or

## **Exhibit 1**

series of transactions pursuant to which an entity unaffiliated with the Affiliate of the Plan Manager, either acquires (i) actual control over the management of the Affiliate of the Plan Manager or (ii) acquires fifty percent (50%) or more of the outstanding voting securities or interests issued by the Affiliate of the Plan Manager.

**“Code”** shall mean the Internal Revenue Service Code of 1986, as amended from time to time.

**“Commission”** shall mean the Connecticut Commission on Human Rights and Opportunities.

**“Governmental Authority”** shall mean any federal, state, local, municipal or other governmental department, commission, district, Treasurer, bureau, agency, regulatory body, court, tribunal or other instrumentality (or any officer or representative thereof) of competent jurisdiction.

**“Investment Options”** shall mean the investment options listed on Schedule A hereto and made available under the Program to Account Owners investing in the Trust.

**“IRS”** shall mean the United States Internal Revenue Service.

**“Management Fee”** shall mean the fee payable to the Plan Manager for the Services as set forth in section 6.

**“Material Adverse Effect”** shall mean a material adverse effect on (a) the business, operations or financial condition of the Plan Manager, the Treasurer or the Program, (b) the ability of any party to this Agreement to perform its material obligations under this Agreement or (c) the validity or enforceability of a material provision of this Agreement or the material rights or remedies of any party to this Agreement.

**“Mutual Fund”** shall mean any mutual fund approved by the Treasurer as an investment vehicle for assets of the Program.

**“Non-Qualified Withdrawal”** shall mean a withdrawal from an Account other than (i) a Qualified Withdrawal, (ii) a withdrawal by reason of the death or disability of a Beneficiary or (iii) a withdrawal made in connection with the receipt by the Beneficiary of a scholarship.

**“Participation Agreement”** shall mean the agreement to be entered into by the Program and an Account Owner with respect to an Account in a form mutually agreed upon by the Plan Manager and the Treasurer, as amended from time to time with the approval of the Plan Manager and the Treasurer.

**“Person”** shall mean any individual, corporation, partnership, joint venture, limited liability company, joint stock company or other similar organization, trust or any other entity, an unincorporated organization, a government or any agency or political subdivision thereof, a court, or any other legal entity whether acting in an individual, fiduciary or other capacity.

## **Exhibit 1**

**“Plan Disclosure Booklet”** shall mean, during the Term, the offering document or documents, including the Participation Agreement, all exhibits, attachments or ancillary documents, and any amendments or supplements thereto, distributed in hard copy or electronic form, describing the Program, the [Direct/Advisor Plan] and the Trust, for distribution to Account Owners or their representatives in connection with their opening of an Account and entering into a Participation Agreement, which shall include the information required by the Statute and otherwise required under Applicable Law.

**“Plan Materials”** shall mean all promotional materials (including press releases), media materials and other documents and materials in hard copy or electronic form used in connection with management, administration, distribution and marketing of the [Direct Plan/Advisor Plan], including any marketing plans, the Plan Disclosure Booklets, the Participation Agreements, the address and domain name of and content included on the Plan Websites, the enrollment kits, the applications used to establish Accounts, and other materials that are designed to market interests in the Plans.

**“Plan Website(s)”** shall mean the website(s) established and maintained by the Plan Manager specific to the [Direct/Advisor Plan].

**“Program”** shall have the meaning set forth in the recitals to this Agreement.

**“Program Disclosure Documents”** shall mean the document(s) describing the Program prepared for distribution to persons in connection with their opening of Accounts and entering into Participation Agreements and to Account Owners and others having an interest in the Program.

**“Program Assets”** shall mean all assets of the Program excluding the assets held in the Administrative Fund.

**“Plan Manager’s Proposal”** shall mean the Plan Manager’s response to the RFP.

**“Qualified Higher Education Expenses”** shall have the meaning and shall be treated as set forth in Section 529 of the Code.

**“Qualified Withdrawal”** shall mean a withdrawal from an Account to pay the Qualified Higher Education Expenses of the Beneficiary of the Account.

**“RFP”** shall mean the Request for Proposals for Qualified Tuition Savings Program Management Services issued by the Treasurer.

**“Section 529”** shall mean Section 529 of the Code.

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



## **Exhibit 1**

**“Services”** shall mean the program management services to be provided to the Program by the Plan Manager, which are described in the RFP and this Agreement.

**“State”** shall mean the State of Connecticut.

**“State Administrative Fee”** shall mean the Treasurer’s share of the Management Fee as set forth in section 6 of this Agreement.

**“State Tax Department”** shall mean the Connecticut Department of Revenue Services.

**“Statute”** shall have the meaning set forth in the recitals to this Agreement.

**“Transition Period”** shall mean the period of time following the Effective Date of this Agreement and the Program Start Date.

**“Transition Plan”** shall mean the implementation plan designed to ensure the orderly transfer to the Plan Manager of the program management of the College Investment Plan.

**“Trust”** shall mean any trust established by the Treasurer for the purpose of holding Program Assets.

### **(b) Rules of Construction:**

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

Singular words will connote the plural as well as the singular, and vice versa (except as indicated), as may be appropriate. Masculine words such as “he,” “his,” and “him” will connote the feminine as well as the masculine, and vice versa, as may be appropriate.

Unless otherwise indicated, references within this Agreement to articles, sections, paragraphs or clauses are references to articles, sections, paragraphs or clauses in or to this Agreement. The Recitals to this Agreement and any exhibits, annexes, schedules or ancillary documents attached hereto from time to time are incorporated into and made a part of this Agreement.

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

References to any Person will include such Person, its successors and permitted assigns.

**Exhibit 1**

**2. ENGAGEMENT OF THE CONTRACTOR AS PLAN MANAGER; TERM; SUBCONTRACTING OF SERVICES; EMPLOYEES OF PLAN MANAGER**

- (a) Engagement by the Treasurer: The Plan Manager shall provide program management services to the Program in accordance with the terms and conditions of this Agreement which includes the RFP, the Plan Manager's Proposal, and any exhibits, annexes, schedules or ancillary documents attached to or incorporated by reference as part of this Agreement as follows:  
**[describe services]**
- (b) Inconsistencies. If there are any inconsistencies between the Agreement and any of the Exhibits, the terms of this Agreement shall prevail. If there are any inconsistencies between the RFP and the Plan Manager's response, the RFP will prevail unless otherwise agreed in writing by the Treasurer.
- (c) Term. The term of this Agreement (the "**Term**") shall commence on MM DD, 2020 ("Contract Start Date"), and shall continue until the close of business on the eighth anniversary of the Contract Start Date.
- (d) Subcontracting of Services. **[if applicable to Plan Manager's proposal]** The Treasurer hereby acknowledges that the Plan Manager may, subject to the terms of this subsection (d), subcontract (i) services relating to marketing, information and distribution of the Program; (ii) transfer agency services required of the Plan Manager hereunder; and (iii) custody, fund accounting and certain administrative services required of the Plan Manager hereunder. The Plan Manager may not subcontract any portion of the services provided under this Agreement without obtaining the prior written approval of the Treasurer, nor may the Plan Manager assign this Agreement or any of its rights or obligations hereunder, without the prior written approval of the Treasurer. Any such subcontract or assignment shall be subject to any terms and conditions that the Treasurer deems necessary to protect the interest of the State. The Treasurer shall not be responsible for the fulfillment of the Plan Manager's obligations to subcontractors. Notwithstanding anything in this Agreement to the contrary, no delegation or subcontract shall relieve the Plan Manager of any of its responsibilities hereunder, and the Plan Manager shall be responsible for the performance of Services by its delegates and subcontractors and shall remain obligated hereunder as if no delegation or assignment by subcontract had been made.
- (e) Employees of Plan Manager. The Plan Manager shall utilize its personnel to perform the Services required under this Agreement, and such personnel shall at all times remain employees or consultants of the Plan Manager, subject solely to the Plan Manager's direction and control. The Plan Manager shall alone retain full liability to its employees and consultants in all respect, including for their welfare, salaries, fringe benefits, legally required employer contributions and tax obligation. No facility of the Plan Manager used in performing Services shall be deemed to be transferred, assigned, conveyed or leased to the Treasurer or the Program by such performance or use pursuant to this Agreement. The Plan Manager warrants that all employees engaged in providing the Services shall be qualified to perform the Services, shall be properly licensed and otherwise authorized to do so under all Applicable Law.

## **Exhibit 1**

### **3. STANDARD OF CARE**

- (a) The Plan Manager acknowledges that it has fiduciary duties to the Treasurer, the Program, the Trust, the Account Owners and the Beneficiaries for the Services it provides to the Trust pursuant to this Agreement, including, without limitation, with respect to the receipt, maintenance, administration, investing and disbursements of assets on behalf of the Trust.
- (b) The Plan Manager will perform the Services, and discharge its responsibilities, duties and obligations under this Agreement, in a manner that is consistent with the Program investment objective set forth in Section 5 and with the same degree of care and skill under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.
- (c) The Plan Manager agrees to discharge its duties with respect to the Program and the Trust in the interest of the Treasurer, the Account Owners and the Beneficiaries of the Program.

### **4. PROGRAM ADMINISTRATION**

**[To Be Negotiated. To include Investment Options, investment of Program Assets, crediting of contributions, withdrawals, and the like]**

### **5. INVESTMENT MANAGEMENT**

**[To Be Negotiated. To include Program investment objective, asset allocation, guidelines, requests for changes to underlying funds, proxy voting, performance benchmarks, and the like]**

### **6. FEES**

*(Management Fee, Reduction in Management Fee, Payment of the Management Fee, Audit by the Trust, Adjustments to the Management Fee Due to Change in Law or Modification/Restructuring of the Plan or Modification of Services, Administration Fee to the Trust)*

**[To be Negotiated.]**

### **7. COSTS OF CONVERSION**

Manager shall pay the costs of any system conversion and the transfer of investments to new Investment Options from the Treasurer's prior plan manager.

**[Additional Terms To be Negotiated.]**

**8. REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE PLAN MANAGER**

The Plan Manager hereby represents, warrants and covenants to the Treasurer and the Trust as of the date hereof as follows:

- (a) Organization of the Plan Manager. The Plan Manager is a corporation duly organized, validly existing and in good standing under the laws of **[insert name of State]**. The Plan Manager is also duly qualified and in good standing in the State, and is in compliance with all material governmental approvals, consents, licenses, permits, certificates, franchises and requirements of law that are necessary for the Plan Manager to conduct its business and to enter into and perform its obligations under this Agreement and the other Program documents. The Plan Manager has the corporate power and authority to execute and deliver this Agreement and to perform its obligations hereunder.
- (b) Authority. The execution and delivery by the Plan Manager of this Agreement, and the performance by the Plan Manager of its obligations hereunder, have been duly and validly authorized. This Agreement has been duly and validly executed and delivered by the Plan Manager and constitutes the legal, valid and binding obligation of the Plan Manager enforceable against the Plan Manager in accordance with its terms.
- (c) No Conflicts. The execution and delivery by the Plan Manager of this Agreement and the performance by the Plan Manager of its duties and obligations hereunder do not: (i) conflict with or result in a breach of any of the terms, conditions or provisions of the articles of incorporation or by-laws of the Plan Manager; or (ii) conflict with or result in a violation of any term or provision of any law, rule, regulation, judgment, decree, order or injunction applicable to the Plan Manager or any of its assets and properties or (iii) conflict with or result in a violation or breach of, or constitute (with or without notice or lapse of time or both) a default under, any material agreement to which the Plan Manager is a party, or any material obligation or responsibility which the Plan Manager has to any third party.
- (d) Approvals and Filings. On the date hereof, (i) no consent, approval or action of, or filing with or notice to, any governmental or regulatory authority is required on the part of the Plan Manager in connection with the execution, delivery and performance of this Agreement or the performance by the Plan Manager of its obligations hereunder and (ii) no consent or approval of any other Person, including the holders of any indebtedness or obligations of the Plan Manager, is required on the part of the Plan Manager in connection with the execution, delivery and performance of this Agreement by the Plan Manager or the performance by the Plan Manager of its obligations hereunder.
- (e) State Securities and Blue Sky Law Clearance. Subject to (i) verification of the availability of an applicable exemption from securities registration requirements under the securities laws of the 50 states and the District of Columbia and (ii) the making of any necessary notice filings (which filings the Plan Manager will make prior to the Program Start Date), Accounts may be promoted and offered to, opened by, and contributions thereto made by, prospective or actual Account Owners eligible to open an Account pursuant to the Code in each state of the United States. The Plan Manager will be solely responsible for identifying all required consents, approvals, notifications and other filings to this end under applicable state securities or blue sky laws and for the qualification of the Accounts under the

## **Exhibit 1**

securities laws of the State and of each state of the United States, if required. The Treasurer will cooperate with the Plan Manager, as may be necessary, in the Plan Manager's preparation and submission of all such consents, approvals, notifications and other filings.

- (f) **Mutual Fund Registration.** The Mutual Funds are registered as an investment company under the Investment Company Act of 1940, as amended.
- (g) **Licenses and Approvals.** The Plan Manager shall obtain, at its expense, all licenses, permits, insurance, and governmental approvals, if any, necessary to the performance of its obligations under this Agreement.
- (h) **Registration.** The Plan Manager shall maintain all necessary registrations under Applicable Law, including any registrations or licenses under the Securities Law Requirements as long as it is performing Services under this Agreement.
- (i) **1940 Act.** If the Program shall be required to register as an investment company under the Investment Company Act of 1940, as amended, then the Plan Manager will cooperate with the Treasurer in effecting such registration in a timely manner.
- (j) **Compliance with Laws.** The offer and sale of interests in the Trust and performance of the Services shall be performed in compliance with Applicable Law, including the Securities Law Requirements. The Plan Manager shall use the Plan Disclosure Booklets in connection with the offer and sale of interests in the Trust only so long as all portions of the Plan Disclosure Booklets, the Plan Websites, and Plan Materials describing the Plan Manager, the Plan Manager's (and any subcontractor's) duties with respect to the Program or [the Direct/Advisor Plan(s), the investment aspects of the Program, including the Investment Options and underlying investments and the risks associated therewith, are complete and accurate and do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.
- (k) **No Litigation.** There is no action, suit, investigation or proceeding pending or, to the best knowledge of the Plan Manager, threatened against the Plan Manager before any court, arbitrator or administrative or governmental body which might result in a Material Adverse Effect on the operations of the Plan Manager or which might materially and adversely affect the ability of the Plan Manager to perform the Services hereunder.
- (l) The Plan Manager represents and warrants that the Plan Manager (including its key professionals) has no undisclosed material or potential conflict of interest with the Treasurer as of the date of this Agreement. Any previously undisclosed material or potential conflicts of interest are disclosed on **Attachment K – Conflicts of Interest from the Compliance Reporting link on the website of the Office of the Connecticut State Treasurer (“Compliance Reporting link”)**. The Plan Manager represents and warrants that the disclosure on **Attachment K** is true, accurate and complete as of the date of this Agreement. The Plan Manager represents and warrants that it shall, no less than annually and for the Term of this Agreement, report to the Treasurer any changes to the disclosure provided on **Attachment K**.

## **Exhibit 1**

- (m) Insurance The Manager shall at all times during the Term of this Agreement maintain an errors and omissions insurance policy, professional liability insurance policy, cybersecurity insurance policy, and such other insurance policies in form customary for providers of the Services (Amounts to be negotiated). The Manager shall certify to the Treasurer in writing upon execution of this Agreement and, thereafter at least annually, the nature, amount of and carrier of insurance insuring the Manager against the risks specified, and the indemnification obligations and liabilities of the Manager contained in this Agreement.
- (n) Continuing Representations, Warranties and Covenants. Each of the representations, warranties and covenants made by the Plan Manager in this Agreement is true and correct (A) as of the date hereof, (B) on and as of the Contract Start Date and (C) through the final day of the Term.

### **9. COOPERATION**

The Parties will cooperate with each other in a commercially reasonable manner in order that the duties and obligations of the Parties may be effectively, efficiently and promptly discharged.

### **10. MEETINGS**

The Parties will meet as frequently as either of them deems advisable. Any of such meetings may be held in person or by telephone.

### **11. SERVICE MEASUREMENTS; REPORTS (Performance Reports, Plan Statistics, Statistical Information on Account Owners and Designated Beneficiaries); STATISTICS.**

[To Be Negotiated]

### **12. REPORTING**

- (a) Reports and Financial Statements. The Plan Manager will prepare and deliver to the Treasurer (i) within twenty (20) Business Days immediately following the end of each calendar quarter, reports on the performance of each of the Investment Options and the Mutual Funds, [insert any other underlying investment vehicle], in a form mutually satisfactory to the Treasurer and the Plan Manager, and (ii) within forty (40) days immediately following the end of each fiscal year of the Treasurer, an annual statement of assets and liabilities and changes in net assets in a form mutually satisfactory to the Treasurer and the Plan Manager, each such report to be prepared in accordance with generally accepted accounting principles applied on a consistent basis as of and for the periods involved.
- (b) Account Statements. The Plan Manager will prepare and deliver to each Account Owner within five (5) days immediately following the end of the period to which they pertain, calendar quarter and calendar year statements (i) identifying the contributions made to each selected Investment Option in the relevant Account during the preceding period, (ii) the total contributions made to each selected Investment Option in such Account through the end of such period, (iii) the total value of such Account(s) at the end of such period, (iv) distributions made from each selected Investment Option in such Account during such

## **Exhibit 1**

period and (v) such other information that the Plan Manager and the Treasurer agree to have reported to the Account Owner.

(c) **Compliance Requirements.** The Plan Manager shall:

- (i) Keep the Program in compliance with requirements of the Code and the regulations and rules of the Program promulgated there under and any amendments thereto, provided such amendments do not impair a material term of this Agreement, and to manage the Program to qualify as a “qualified tuition program” under Section 529, as amended, along with any regulations and guidance thereunder, including the proposed regulations issued by the IRS as of the date hereof and such regulations when published as final.
- (ii) Keep adequate records of each Account, keep each Account separate from each other Account and provide the Treasurer with the information necessary to prepare the Account information and statements required by the Statute;
- (iii) Compile information for statements required to be prepared under the Code and provide such compilations to the Treasurer; and
- (iv) Provide the Treasurer with copies of all filings and reports made by the Plan Manager with applicable regulatory and self-regulatory agencies in connection with the Program until the Final Termination Date of this Agreement.

(d) **Tax Reports.** The Plan Manager shall:

- (i) If there is any distribution from an Account to any individual or for the benefit of any individual during a calendar year, report such distribution to the Internal Revenue Service and either the Account Owner, the Beneficiary or the distributee to the extent required by federal law, regulation, or guidance thereunder; and
  - (ii) Prepare and file statements and information relating to Accounts to the extent required by federal and State tax law.
- (e) **Audits.** The Plan Manager shall prepare, at its expense, annual financial statements in accordance with generally accepted accounting principles for the Program within seventy-five (75) days following the end of each calendar year. Upon request, the Plan Manager shall provide such books, records, documents and accounting procedures and practices within its custody and control as are relevant to the performance of the Services for examination by the Treasurer, the Treasurer, and the Connecticut Legislative Auditor for a period of up to six years from the expiration of the Term or termination of this Agreement, whichever is earlier.

## **13. OWNERSHIP AND CUSTODY OF PROGRAM RECORDS**

The Treasurer shall own and have all right, title and interest in and to, and beneficial ownership of, the Program Records, which shall be readily accessible to the Treasurer, at the Plan Manager’s expense, in a commercially reasonable manner.

**14. CONFIDENTIALITY**

- (a) The Plan Manager and the Treasurer agree to maintain as confidential all personal and financial information concerning the Account Owners and Beneficiaries related to the Program (except for disclosures to Account Owners of such information relating to them or their Accounts, disclosures required by subsections(b) and (d) of this Section 13 of the Agreement, and disclosures of information regarding Qualified Withdrawals to institutions of higher education) unless written authorization to disclose such information has been given by the appropriate party.

The Plan Manager will use Confidential Information solely for the purpose of performing the Services in accordance with this Agreement. The Plan Manager will hold all such information and all information generated in the performance of the Services in strict confidence indefinitely (even beyond the Term and termination of this Agreement) and will not disclose such information without prior written authorization from the Treasurer.

- (b) This Section 13 will not restrict any disclosure required to be made by Applicable Law, except that no such disclosure will be made sooner (unless otherwise compelled) than five (5) Business Days immediately following the other party's receipt of written notice of such requirement, and such notice will include a copy of any such demand made under Applicable Law. In the event either party is ordered to disclose Confidential Information, such party will afford to the other party a reasonable opportunity to participate and object, at the other party's expense, to any such disclosure.
- (c) Public Records. Pursuant to Connecticut General Statutes section 1-200 et seq., information or documents received by the Treasurer from the Plan Manager may be open to public inspection and copying unless exempt from disclosure. To the extent that Plan Manager claims that individual documents are confidential, Plan Manager shall clearly designate such individual documents as "exempt" and shall indicate the statutory basis for such exemption.
- (d) Use by Employees and Agents. The requirement of confidentiality under this Agreement also applies to the subcontractors and delegates of any party and employees, attorneys and other professional advisers and agents of the parties hereto and such subcontractors and delegates. Each party hereto will use its best efforts to ensure that such persons adhere to the confidentiality requirements set forth herein. Use and disclosure of proprietary and Confidential Information by employees, agents, attorneys and other professional advisers to the extent necessary to carry out the terms and purposes of this Agreement is permitted.
- (e) The Manager further agrees to comply with the Treasurer's Security Addendum, attached as **Exhibit X**.

**15. COMMUNICATIONS; PREPARATION OF PLAN DISCLOSURE BOOKLET; MARKETING PLAN; EDUCATION SAVINGS CONSULTANT; MARKETING EXPENDITURES; PROMOTION; SCHOLARSHIP PROGRAM**

**[To Be Negotiated.]**



## **16. PROMOTION**

No publicity release or announcement concerning this Agreement shall be issued without the advance written approval of the Treasurer.

Unless specifically authorized in advance in writing by the Treasurer on a case-by-case basis, the Manager shall have no right to use, and shall not use, the name of the State of Connecticut, its officials or employees, or the seal of the State of the Treasurer:

- (a) In any advertising, publicity, or promotion;
- (b) As an express or implied endorsement of the Manager's products or services; or
- (c) In any other manner (whether or not similar to uses prohibited by subsections (a) and (b) above), except to perform and deliver in accordance with this Agreement such services as are hereby contracted by the State of Connecticut.

In no event may the Manager use the State Seal or the seal of the Office of the Treasurer in any way without the express written consent of the Secretary of State of the State of Connecticut or the Treasurer, respectively.

## **17. NON-DISCRIMINATION OBLIGATIONS**

- (a) As required by C.G.S. Section 4a-60, as amended by State of Connecticut Public Acts 07-142 and 07-245:
  - (i) The Manager agrees and warrants that in the performance of this Agreement such Manager will not discriminate or permit discrimination against any person or group of persons on the grounds of race, color, religious creed, age, marital status, national origin, ancestry, sex, gender identity or expression, status as a veteran, intellectual disability, mental disability or physical disability, including, but not limited to, blindness, unless it is shown by such contractor that such disability prevents performance of the work involved, in any manner prohibited by the laws of the United States or of the state of Connecticut. The Manager further agrees to take affirmative action to insure that applicants with job-related qualifications are employed and that employees are treated when employed without regard to their race, color, religious creed, age, marital status, national origin, ancestry, sex, gender identity or expression, status as a veteran, intellectual disability, mental disability or physical disability, including, but not limited to, blindness, unless it is shown by such contractor that such disability prevents performance of the work involved;
  - (ii) The Manager agrees, in all solicitations or advertisements for employees placed by or on behalf of the Manager, to state that it is an "affirmative action-equal opportunity employer" in accordance with regulations adopted by the commission;
  - (iii) The Manager agrees to provide each labor union or representative of workers with which such Manager has a collective bargaining agreement or other contract or understanding and each vendor with which such Manager has a contract or understanding, a notice to be provided by the Commission on Human Rights and

## Exhibit 1

Opportunities (the "Commission") advising the labor union or workers' representative of the Manager's commitments under this section, and to post copies of the notice in conspicuous places available to employees and applicants for employment;

- (iv) The Manager agrees to comply with each provision of this section and C.G.S. Sections 46a-68e and 46a-68f and with each regulation or relevant order issued by said commission pursuant to C.G.S. Sections 46a-56, 46a-68e and 46a-68f; and
- (iv) The Manager agrees to provide the Commission with such information requested by the Commission, and permit access to pertinent books, records and accounts, concerning the employment practices and procedures of the Manager as relate to the provisions of this section and C.G.S. Section 46a-56.
- (b) If this Agreement is a public works contract, the Manager agrees and warrants that it will make good faith efforts to employ minority business enterprises as subcontractors and suppliers of materials on such public works project.
- (c) "Minority business enterprise" means any small contractor or supplier of materials fifty-one per cent (51 %) or more of the capital stock, if any, or assets of which is owned by a person or persons: (1) Who are active in the daily affairs of the enterprise, (2) who have the power to direct the management and policies of the enterprise and (3) who are members of a minority, as such term is defined in Subsection (a) of C.G.S. Section 32-9n; and "good faith" means that degree of diligence which a reasonable person would exercise in the performance of legal duties and obligations. "Good faith efforts" shall include, but not be limited to, those reasonable initial efforts necessary to comply with statutory or regulatory requirements and additional or substituted efforts when it is determined that such initial efforts will not be sufficient to comply with such requirements.
- (d) Determination of the Manager's good faith efforts shall include but shall not be limited to the following factors: The Manager's employment and subcontracting policies, patterns and practices; the Manager's affirmative advertising, recruitment and training; the Manager's technical assistance activities and such other reasonable activities or efforts as the Commission may prescribe that are designed to ensure the participation of minority business enterprises in public works projects.
- (e) The Manager shall develop and maintain adequate documentation, in a manner prescribed by the Commission, of its good faith efforts.
- (f) The Manager shall include the provisions of Subsection (a) above in every subcontract or purchase order entered into in order to fulfill any obligation of a contract with the state and such provisions shall be binding on a subcontractor, vendor or manufacturer unless exempted by regulations or orders of the commission. The Manager shall take such action with respect to any such subcontract or purchase order as the Commission may direct as a means of enforcing such provisions including sanctions for noncompliance in accordance with C.G.S. Section 46a-56; provided that, if such Manager becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such

## Exhibit 1

direction by the commission, the Manager may request the State of Connecticut to enter into any such litigation or negotiation prior thereto to protect the interests of the State and the State may so enter.

- (g) As required by C.G.S. Section 4a-60a, as amended by State of Connecticut Public Acts 07-142 and 07-245:
  - (i) The Manager agrees and warrants that in the performance of this Agreement such contractor will not discriminate or permit discrimination against any person or group of persons on the grounds of sexual orientation, in any manner prohibited by the laws of the United States or of the State of Connecticut, and that employees are treated when employed without regard to their sexual orientation;
  - (ii) The Manager agrees to provide each labor union or representative of workers with which such Manager has a collective bargaining agreement or other contract or understanding and each vendor with which such Manager has a contract or understanding, a notice to be provided by the Commission advising the labor union or workers' representative of the Manager's commitments under this section, and to post copies of the notice in conspicuous places available to employees and applicants for employment;
  - (iii) The Manager agrees to comply with each provision of this section and with each regulation or relevant order issued by said Commission pursuant to C.G.S. Section 46a-56; and
  - (iv) The Manager agrees to provide the Commission with such information requested by the Commission, and permit access to pertinent books, records and accounts, concerning the employment practices and procedures of the Manager which relate to the provisions of this section and C.G.S. Section 46a-56.
- (h) The Manager shall include the provisions of Subsection (g) above in every subcontract or purchase order entered into in order to fulfill any obligation of a contract with the State and such provisions shall be binding on a subcontractor, vendor or manufacturer unless exempted by regulations or orders of the Commission. The Manager shall take such action with respect to any such subcontract or purchase order as the Commission may direct as a means of enforcing such provisions including sanctions for noncompliance in accordance with C.G.S. Section 46a-56; provided that, if such Manager becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the commission, the Manager may request the State of Connecticut to enter into any such litigation or negotiation prior thereto to protect the interests of the state and the State may so enter.
- (i) In accordance with the foregoing acknowledgments and agreements, attached hereto as **Attachment B** is a certificate confirming that the Manager has adopted a resolution in support of this Agreement and warranty set forth in Subsections (a)(i) and (g)(i) of this Section.

**18. INDEMNIFICATION**

The Manager shall indemnify and forever hold harmless the Trust, the Program, the Treasurer, and the officers, employees and agents of any of them having responsibilities in connection with the Program or the Trust, from and against any and all losses, claims, demands, damages, actions, monetary loss or attorneys' fees, expenses and court costs, liabilities of whatsoever kind or nature, including but not limited to those arising out of injury to or death of the Manager's employees, whether occurring before, during or after completion of the services hereunder, and in any manner directly or indirectly based on, arising out of, or contributed to, in whole or in part, the negligent, reckless, willfully improper or illegal performance of services or the failure to perform services hereunder, infringement of the intellectual property rights of third parties, or for any errors of judgment in managing the Account or actions performed outside the scope of the Manager's authority hereunder, or any other breach of this Agreement, by the Manager, its principals, directors, officers, employees, agents or subcontractors, or any brokers or futures commission merchants selected by the Plan Manager and performing services hereunder. At the Treasurer's option, and in his sole discretion, the Plan Manager shall defend at its expense any actions brought against the Treasurer, the State, the Trust or the Program arising out of or in connection with any services performed hereunder or the failure to perform such services, or other breach of this Agreement, by the Plan Manager, and the costs of such defense shall be borne by the Plan Manager and shall not constitute any expense of nor shall be paid out of Trust assets invested and managed by the Plan Manager.

**19. LIABILITY**

Nothing set forth in this Agreement shall in any way constitute a waiver or limitation of any rights that the Treasurer or the Trust may have under any applicable state or federal securities laws and nothing contained in this Agreement shall be construed as relieving the Plan Manager from responsibility or liability for any responsibility, obligation, or duty hereunder imposed on the Plan Manager by state or federal law. The termination or expiration of this Agreement shall not relieve the Plan Manager of any liability that may be incurred in connection with its investment activities, which liability shall survive termination or expiration of this Agreement.

**20. NOTICES**

Unless otherwise expressly provided to the contrary, all notices, requests, demands or other communications required by or otherwise with respect to this Agreement shall be in writing and shall be deemed given (i) when made, if made by hand delivery, and upon confirmation of receipt, if made by facsimile, (ii) one Business Day after being deposited with a next-day courier, postage prepaid, or (iii) three Business Days after being sent certified or registered mail, return receipt requested, postage prepaid, in each case to the applicable addresses set forth below (or to such other address as such party may designate in writing from time to time.

TREASURER

Connecticut Higher Education Trust  
Office of the Treasurer  
165 Capitol Avenue  
Hartford, CT 06106  
Phone: (860) 702-3000  
Facsimile: (860) 702-3042

## **Exhibit 1**

With a copy to:                      General Counsel  
                                                 Office of the Treasurer  
                                                 165 Capitol Avenue  
                                                 Hartford, CT 06106  
                                                 Phone:            (860) 702-3000  
                                                 Facsimile:      (860) 728-1290

Plan Manager  
  
                                                 Phone:  
                                                 Facsimile:

With a copy to:  
  
  
  
                                                 Phone:  
                                                 Facsimile:

The parties may change their respective addresses for notices under this Section upon prior written notification to the other.

### **21. CORPORATE CITIZENSHIP**

The Plan Manager agrees and acknowledges that the Treasurer expects all of its vendors to be good corporate citizens. Good corporate citizenship includes, without limitation, embracing workforce diversity within the company and with respect to procurement of goods and services, supporting the communities where the company does business with respect to charitable and civic organizations, community works and procurement practices, and incorporating good corporate governance in the company's operation. During the term of this Agreement, the Plan Manager agrees to furnish the Treasurer with detailed and accurate reports of its good corporate citizenship activities upon request.

### **22. THIRD-PARTY FEE DISCLOSURES**

(a) The Plan Manager acknowledges and agrees that:

- (i) Pursuant to C.G.S. Section 3-13j, any person or entity who would be a party to a contract for investment services with the Office of the Treasurer shall disclose to the Treasurer, in writing, all third-party fees attributable to such contract before any such contract may take effect;
- (ii) The Treasurer requires disclosure of all third-party compensation paid by all vendors of the Office of the Treasurer on an annual basis; and
- (iii) C.G.S. Section 4a-81 prohibits the Office of the Treasurer from entering into any contract for goods or services with an annual value of \$50,000 or more unless it obtains an affidavit from the vendor attesting as to whether such vendor has entered into any written or oral consulting agreements in connection with its contract with the Office of the Treasurer.

## **Exhibit 1**

- (b) In accordance with the foregoing acknowledgment and agreements, the Plan Manager agrees to have its chief official authorized to enter into this Agreement complete and submit to the Treasurer a sworn affidavit in the form of **Attachment D** (the “Third-Party Fee Disclosure Affidavit”).
- (c) The Plan Manager represents that the information it has disclosed on the Third-Party Fee Disclosure Affidavit is accurate and complete as of the date of this Agreement. The Plan Manager covenants to promptly report any changes to the disclosure provided on the Third-Party Fee Disclosure Affidavit and to file an updated affidavit with the Treasurer on an annual basis as of June 30 of each contract year.

### **23. CAMPAIGN CONTRIBUTIONS**

- (a) C.G.S. Section 9-612 and Section 9-613 (the “Elections Laws”) prohibits contributions to or solicitations on behalf of a candidate for the office of Treasurer of the State of Connecticut. The Plan Manager covenants not to make any campaign contributions in violation of the Election Laws. The Plan Manager further represents and agrees that (i) the Plan Manager, (ii) any and all directors or persons with 5% or greater ownership in the Plan Manager, (iii) any and all individuals employed as president, treasurer or executive vice president by the Plan Manager, (iv) any and all officers and employees of the Plan Manager with managerial or discretionary responsibilities with respect to the State, (v) the spouse or dependent child who is eighteen years of age or older of any of the foregoing, or (vi) a political committee established or controlled by the Plan Manager or any such individuals, did not during the last election cycle contribute to or solicit contributions on behalf of, and will not (for the term of this Agreement) contribute to, or solicit contributions on behalf of, any exploratory committee or candidate committee established by a candidate for nomination or election to the Office of the Treasurer of the State of Connecticut.
- (b) If this Agreement has a value equal to or more than \$50,000 in a calendar year, then the Treasurer hereby notifies the Plan Manager that, pursuant to the Elections Laws, no principal of the Plan Manager, as defined in the Elections Laws (“Principal”), shall make a political contribution to or solicit a political contribution on behalf of: (i) an exploratory committee or candidate committee established by a candidate for election to any of the following offices of the State of Connecticut: Governor, Lieutenant Governor, Secretary of State, Treasurer, Comptroller, or Attorney General; (ii) a political committee authorized to make contributions or expenditures to or for the benefit of such candidates; or (iii) a party committee (each and together, a “Prohibited Contribution”). If the Plan Manager or a Principal makes or solicits a Prohibited Contribution, then the Treasurer at his sole discretion may void this Agreement immediately and without notice. If the Plan Manager or a Principal makes or solicits a Prohibited Contribution and the Treasurer decides not void this Agreement, then this Agreement shall not be amended for that period of time proscribed by the Elections Laws. (c) For all State contracts as defined in Public Act 07-1 having a value in a calendar year of \$50,000 or more or a combination or series of such agreements or contracts having a value of \$100,000 or more, the Plan Manager’s authorized signatory to this Agreement expressly acknowledges receipt of the State Elections Enforcement Commission’s notice advising State contractors of State campaign contribution and solicitation prohibitions, and will inform its principals of the contents of such notice. See **Attachment H on the Compliance Reporting link**.

**24. CODE OF ETHICS**

None of the Plan Manager, its directors, members, officers, partners, employees or agents shall engage directly or indirectly in any financial or other transaction with any trustee, staff member, or employee of the Treasurer, or a member of the Investment Advisory Council, which would violate the standards set forth in the State of Connecticut Code of Ethics for Public Officials, as codified in C.G.S. Chapter 10, Part 1, Sections 1-79 through 1-90.

**25. NOTICE OF CERTAIN LEGAL PROCEEDINGS, INTERNAL INVESTIGATIONS; DUTY TO UPDATE**

- (a) During the Term of this Agreement, to the extent permitted by law, the Plan Manager agrees to promptly notify the Treasurer in writing of any lawsuit, legal or administrative proceeding or governmental investigation, examination, complaint, disciplinary action, non-routine SEC inquiry or investigation, or other proceeding relating to the Plan Manager or any of its affiliates (including any proceedings to which they, their affiliates, or any of their respective officers, directors, managers or employees is a named party or of which any of such has been the focus), or of any other lawsuit, legal proceeding or governmental investigation (whether or not the Plan Manager or its affiliates, or any of their respective directors, officers, managers, or principal is a party thereto, but only to the extent the Plan Manager has knowledge thereof) relating to or affecting the Plan Manager's ability to perform its obligations under this Agreement or involving any investment professional employed by the Plan Manager who has performed or does perform any services for the Account.
- (b) During the Term of this Agreement, immediately upon commencement of a formal internal investigation of the Plan Manager, or any of its principals, members, partners, investment professionals or employees involved with providing services to the Treasurer or the Trust under this Agreement, the Plan Manager shall promptly inform and disclose in writing to the Treasurer the existence of any such investigation.
- (c) During the Term of this Agreement, the Plan Manager shall promptly inform the Treasurer in writing of any changes or modifications in information or disclosure that was given or made available to the Treasurer or the Treasurer's designated representatives prior to entering into this Agreement.

**26. COMPLIANCE WITH LEGAL REQUIREMENTS; DUTY TO UPDATE**

The Plan Manager, its employees and representatives shall at all times comply with all applicable foreign, international, federal, state, county and local laws, ordinances, statutes, rules, regulations, registrations, filings, approvals, authorizations, consents examinations and orders of governmental authorities, including those having jurisdiction over its registration and licensing to perform services hereunder, and all provisions required by such legal requirements are hereby incorporated by reference in this Agreement. The Plan Manager shall be solely responsible for obtaining current information on such laws and requirements. The Plan Manager shall promptly disclose to the Treasurer any material changes in the Plan Manager's status with respect to any such compliance and disclosure, and shall immediately deliver any amended, modified or changed instruments, documents and other filings to the Treasurer.

Without limiting the foregoing, this Agreement is subject to the provisions of C.G.S. Section 4-61dd. No officer, director or appointing authority of the Plan Manager may take or threaten

## **Exhibit 1**

to take any retaliatory personnel action against any employee of the Plan Manager who discloses information regarding corruption, unethical practices, violation of state laws or regulations, mismanagement, gross waste of funds, abuse of authority or danger to public safety occurring in any state department or agency to the Connecticut Auditors of Public Accounts or the Connecticut Attorney General. In the event that any such retaliatory action is taken or threatened, the Plan Manager shall be liable for civil penalties.

### **27. EQUAL OPPORTUNITY AND DIVERSITY**

The Plan Manager agrees and warrants that, in the performance of its duties hereunder, it shall not discriminate or permit discrimination against any person or group of persons on the grounds of race, color, religious creed, age, marital status, national origin, ancestry, gender, mental disability, status as a veteran, sexual orientation or physical disability, including but not limited to, blindness, unless it is shown by the Plan Manager that such disability prevents performance of the services under this Agreement. The Plan Manager further agrees to use its best efforts to consider applicants with job-related qualifications for employment and that, once employed, employees are treated without regard to their race, color, religious creed, age, marital status, national origin, ancestry, gender, mental disability, status as a veteran, sexual orientation, or physical disability. The Plan Manager agrees, represents and warrants that all solicitations or advertisements for employees placed by it or on its behalf shall state that the Plan Manager is an “affirmative action – equal opportunity employer.” The Plan Manager agrees, represents and warrants that it shall use its good faith efforts to consider and recruit diverse applicants from the widest possible pool of candidates. In meeting its good faith obligation to recruit diverse applicants, the Plan Manager agrees, represents and warrants that it shall contact national networks, and shall maintain adequate records of its efforts regarding workforce diversity.

### **28. GIFT AFFIDAVIT**

The Plan Manager shall complete, truthfully attest to and submit herewith a Gift Affidavit in the form of **Attachment E on the Compliance Reporting link**.. The Plan Manager represents and warrants that the information it has disclosed in such Gift Affidavit is complete and accurate as of the date of this Agreement.

### **29. FOREIGN CORRUPT PRACTICES ACT**

The Plan Manager covenants that it will not make any direct or indirect payments to any foreign government official, government employee, political party or official in order to obtain, retain or direct business or obtain any advantage -- unless such payment is permitted under the written laws of the jurisdiction where the Plan Manager resides and of such foreign official's country – in violation of the United States Foreign Corrupt Practices Act. The Plan Manager covenants that, in the performance of its duties hereunder, it shall not knowingly make any payments to any person or entity that would cause the Office of the Treasurer or the Trust to be in violation of the United States Foreign Corrupt Practices Act, as amended from time to time, or similar acts or laws of the country in question.



**30. FOREIGN ASSETS CONTROL REGULATIONS; ANTI-TERRORISM ORDER**

The Plan Manager represents and warrants that, to the best of its knowledge, in agreeing to provide, and in providing, the services under this Agreement, (a) the Plan Manager neither is in violation nor will be in violation of the provisions of the United States Executive Order 13224 of September 24, 2001 Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism, if applicable, or the provisions of The USA Patriot Act, title III, or the International Money Laundering Abatement and Anti-Terrorism Financing Act of 2001 (as each may be amended from time to time) and any regulations promulgated there under, and (b) the Plan Manager is not a party with which the Treasurer is prohibited to deal under the laws of the United States. Plan Manager shall use its best efforts to ensure that it will not be included on the Specially Designated Nationals and Blocked Persons List of the United States Treasury Department's Office of Foreign Assets Control.

**31. PAY-TO-PLAY**

The Plan Manager represents and warrants that neither the Plan Manager nor any individual in the Plan Manager's organization has received or paid, or entered into an agreement, to receive or pay, any compensation, fees, or any other benefit from or to any third party, including any consultants or advisers to the Trust or the Treasurer, in connection with the indirect or direct procurement, continuance or extension of this Agreement.

**32. INVESTMENTS IN COMPANIES DOING BUSINESS IN SUDAN & IRAN; OFFICE OF THE TREASURER'S SOCIALLY-RESPONSIBLE INVESTMENT POLICIES**

The Manager or a designated affiliate shall monitor Affiliated Underlying/Mutual Funds for holdings in companies doing business in Sudan and Iran, and shall report to the Treasurer on a quarterly basis any actions undertaken with respect to such companies.

To the extent the Treasurer requests that Manager perform similar monitoring duties with respect to other socially-responsible investment policies, the Manager is willing to enter into discussions with the Treasurer's Office regarding such duties and will agree to perform such duties to the extent the Manager can reasonably do so.

**33. GOVERNING LAW; VENUE; JURISDICTION**

This Agreement shall be interpreted under, governed by and enforced according to the laws of the State of Connecticut, without regard to choice of law rules. The Plan Manager hereby submits to the jurisdiction of the courts in the State of Connecticut, or of the United States of America sitting in the State of Connecticut, over any action, suit, or proceeding arising out of or relating to this Agreement. The Plan Manager hereby consents to the jurisdiction of any court of the State of Connecticut and any federal courts in Connecticut, hereby waiving any claim or defense that such forum is not convenient or proper. The Plan Manager agrees that any such court shall have *in personam* jurisdiction over it, and consents to service of process in any manner authorized by the laws of the State of Connecticut.

**34. DISCOVERY OF CONFLICTS, ERRORS, OMISSIONS AND DISCREPANCIES**

In case of conflicts, discrepancies, errors or omissions among the various parts of this Agreement, any such matter shall be submitted immediately by the Plan Manager to the Treasurer for interpretation. Any interpretation of such conflicts, discrepancies, errors or omissions shall be determined at the sole discretion of the Treasurer, who shall act in good faith. This remedy shall not be deemed exclusive and the Plan Manager does not waive any of its legal or equitable remedies. Any services affected by such conflicts, discrepancies, errors or omissions which are performed by the Plan Manager prior to any interpretation by the State shall be at the Plan Manager's risk.

**35. APPLICABLE EXECUTIVE ORDER OF THE GOVERNOR**

- (a) This Agreement is subject to the provisions of Executive Order Number Three of Governor Thomas J. Meskill promulgated June 16, 1971, set forth in the attached **Exhibit A**.
- (b) This Agreement may be canceled, terminated or suspended by the State Labor Commissioner for violation of or noncompliance with said Executive Order Number Three or any state or federal law concerning nondiscrimination, notwithstanding that the Labor Commissioner may not be party to this Agreement. The parties to this Agreement, as part of the consideration hereof, agree that Executive Order Number Three is incorporated by reference herein and made a part hereof. The parties agree to abide by said Executive Order and agree that the contracting agency and the State Labor Commissioner shall have joint and several continuing jurisdiction.
- (c) This Agreement is subject to the provisions of Executive Order Number Seventeen of Governor Thomas J. Meskill promulgated February 15, 1973, set forth in the attached **Exhibit B**.
- (d) This Agreement may be canceled, terminated or suspended by the contracting agency or the State Labor Commissioner for violation of or noncompliance with said Executive Order Number Seventeen, notwithstanding that the Labor Commissioner may not be party to this Agreement. The parties to this Agreement, as part of the consideration hereof, agree that Executive Order Number Seventeen is incorporated by reference herein and made a part hereof. The parties agree to abide by said Executive Order and agree that the contracting agency and the State Labor Commissioner shall have joint and several continuing jurisdiction.
- (e) This Agreement is subject to the provisions of Executive Order Number Sixteen of Governor John G. Rowland promulgated August 4, 1999, set forth in the attached **Exhibit C**.
- (f) This Agreement may be canceled, terminated or suspended by the contracting agency or the State Labor Commissioner for violation of or noncompliance with said Executive Order Number Sixteen or any state or federal law concerning nondiscrimination, notwithstanding that the State Labor Commissioner may not be a party to this Agreement. The parties to this Agreement, as part of the consideration hereof, agree that Executive Order Number Sixteen is incorporated by reference herein and made a part hereof. The parties agree to abide by said Executive Order and agree that the contracting agency and the State Labor

## **Exhibit 1**

Commissioner shall have joint and several continuing jurisdiction with respect to contract performance in regard to listing all employment openings with the Connecticut State Employment Service.

- (g) The parties agree to abide by said Executive Orders, and agree that the State Labor Commission shall have continuing jurisdiction in respect to performance in regard to nondiscrimination, until performance is completed, or until this Agreement is terminated prior to completion.

### **36. NON-WAIVER**

None of the conditions of this Agreement shall be considered waived by the Treasurer or the Plan Manager unless given in writing. Failure by the Treasurer to promptly assert any rights under this Agreement shall not be construed to be acquiescence of any misfeasance, malfeasance or nonfeasance. No such waiver shall be a waiver of any past or future default, breach, failure of condition, right or remedy or modification of any of the conditions of this Agreement unless expressly stipulated in such waiver.

### **37. SOVEREIGN IMMUNITY**

Notwithstanding any provisions to the contrary contained in this Agreement, it is agreed and understood that neither the State of Connecticut nor the Treasurer shall be construed to have waived any rights or defenses of sovereign immunity, which the State of Connecticut or the Treasurer may have with respect to all matters arising out of this Agreement. The Treasurer hereby reserves all immunities, defenses, rights or actions arising out of the State's sovereign status or under the Eleventh Amendment to the United States Constitution, and no waiver of any such immunities, defenses, rights or actions shall be implied or otherwise deemed to exist by the Treasurer's entry into this Agreement, by any express or implied provision of this Agreement, or by any actions or omissions to act of the Treasurer, or any representative or agent of the Treasurer, whether taken pursuant hereto, prior to or after the Treasurer's entry into this Agreement.

### **38. SURVIVAL**

The rights and obligations of the parties which by their nature survive termination or completion of this Agreement, including but not limited to those set forth herein Sections 7, 13, 17, 18, and 36 of this Agreement, shall remain in full force and effect.

### **39. TERMINATION**

- (a) This Agreement will terminate prior to the expiration of the Term, upon the occurrence of any of the following (each an “**Early Termination Event**”):
  - (i) at the Treasurer's election, if the Plan Manager breaches any provision of this Agreement (with respect to representations, covenants or otherwise) and such breach remains uncured for more than ninety (90) days with respect to a breach involving the Plan Manager's computer systems or more than thirty (30) days with respect to all other breaches, in each case after the Treasurer has given written notice thereof to the Plan Manager, and such breach has a Material Adverse Effect; or

## Exhibit 1

- (ii) at the Treasurer's election, if the Plan Manager commences a voluntary case or other proceeding seeking rehabilitation, liquidation, reorganization or other relief with respect to itself or its debts under any rehabilitation, bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, rehabilitator, receiver, liquidator, custodian or other similar official of it or substantially all of its property, or will consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or will make a general assignment for the benefit of creditors, or file an answer admitting the material allegations of a petition filed against it in any such proceeding or fail generally to pay its debts as they become due, or will take any corporate action to authorize any of the foregoing; or
  - (iii) at the Treasurer's election, if an involuntary case or other proceeding will be commenced against the Plan Manager seeking rehabilitation, liquidation, reorganization or other relief with respect to it or its debts under any rehabilitation, bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding will remain undismissed and unstayed for a period of sixty (60) days; or
  - (iv) at the Treasurer's election in the event of a change in law which has a Material Adverse Effect on the ability of the State to operate the Program; or
  - (v) at the Treasurer's election in the event the Treasurer determines that termination of the Agreement is in the best interest of the State;
  - (vi) at the Treasurer's election in the event the Connecticut legislature repeals and does not replace the Statute; or
  - (vii) Notwithstanding any other provision of this Agreement, the Treasurer may, at any time at his sole discretion, terminate this Agreement, in whole or in part, upon sixty (60) days' notice to the Plan Manager, or at such later date as the Treasurer may establish in such notice.
- (b) Existing Accounts In the event this Agreement is not renewed at the expiration of the Term or any additional term, the Plan Manager shall continue to accept contributions from Account Owners existing as of the Agreement termination date and shall continue to maintain Account records and Account balances, for such Accounts, in accordance with the terms of this Agreement. The Plan Manager shall not solicit or accept new Accounts after the expiration of the Term and any additional terms of the Agreement.
- (c) Transition Accounts.
- (i) In the event this Agreement is terminated by an Early Termination Event provided for in Section 38(a), the Plan Manager shall cease soliciting and accepting new Accounts and contributions. The Plan Manager shall do everything in its power to facilitate the transfer of the Accounts and the Services from the Plan Manager to any workforce, agency, Plan Manager, or other entity designated by the Treasurer. The Plan Manager, its employees, agents and subcontractors shall provide the Treasurer,

## **Exhibit 1**

its staff and whoever the Treasurer selects to perform future work for the Program, complete, immediate and unimpeded access to all records, data, files and information pertinent to performing the work which the Plan Manager will be ceasing to perform. The Plan Manager shall continue to perform all work under this Agreement during a transition of up to one year as determined by the Treasurer to ensure an orderly transition of services provided pursuant to a new agreement. The Plan Manager and the Treasurer must mutually agree upon any longer transition period.

- (ii) The Plan Manager shall take all steps necessary to ensure that all system materials, including documentation, are current and adequate to facilitate the orderly transfer of all files, data, information and assets of or relating to the Program in a reasonable and storable electronic form within a medium mutually agreed upon by the Plan Manager and the Treasurer.
- (iii) When work is transferred from the Contract, the Plan Manager shall take all steps necessary to ensure that its employees, agents and subcontractors do not impede or delay the orderly transfer of work. In the event of a transfer of work from the Plan Manager, if there is any delay in the transfer which is the direct or indirect result of actions of the Plan Manager, its employees, agents or subcontractors which impedes the transfer of work, the Treasurer may, at its discretion, require the Plan Manager to pay to escrow fees otherwise allowable under the terms of this Agreement until such time as the transition is complete.
- (iv) Collection by the Treasurer of the amount authorized in this subsection (c) does not limit the Treasurer's ability to collect any other amounts that the Treasurer is authorized to pursue and collect pursuant to other provisions of the Agreement or Applicable Law.

### **40. ASSIGNMENT**

This Agreement shall not be assigned by either party without the express prior written consent of the other. Such consent shall not be unreasonably denied or withheld. A Change in Control of the Plan Manager or any Affiliate of the Plan Manager shall be deemed to constitute an assignment of this Agreement by the Plan Manager and such assignment shall not be effective without the consent of the Treasurer.

### **41. SEVERABILITY**

If any part or parts of this Agreement shall be held to be void, invalid or unenforceable, or contrary to any express provision of law, or contrary to the policy of express law though not expressly prohibited, or against public policy, then such part or parts shall be treated as severable from the rest of this Agreement, leaving valid and enforceable the remainder of this Agreement and in no way shall affect the validity or enforceability of the rights of the parties hereto.

**42. ENTIRE AGREEMENT; AMENDMENTS AND MODIFICATIONS**

This Agreement embodies the entire agreement between the Treasurer and the Plan Manager on the matters specifically addressed herein. The parties shall not be bound by or be liable for any statement, representation, promise, inducement or understanding of any kind or nature not set forth herein. This Agreement shall supersede all prior written agreements between the parties and their predecessors. No party has been induced to enter into this Agreement by, nor is any party relying on, any representation or warranty outside those expressly set forth herein. No changes, amendments or modifications of any of the terms or conditions of this Agreement shall be valid unless reduced to writing, signed by both parties and approved by the Attorney General or the Deputy Attorney General of the State of Connecticut. The parties shall meet and confer in good faith on any modification of this Agreement that may become necessary to make its provisions consistent with any investment policy of the Trust or the Treasurer, or federal, state, local, foreign or international statute, rule, regulation or ordinance that governs any aspect of this Agreement.

**43. SUCCESSOR AND ASSIGNS**

This Agreement shall inure to the benefit of and be binding upon each party's respective heirs, successors, and assigns.

**44. NO THIRD-PARTY BENEFICIARIES**

Except as otherwise specifically provided for herein, nothing in this Agreement is intended or will be construed to give any person, other than the parties hereto, their successors and permitted assigns, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision contained herein.

**45. NO PARTNERSHIP; INDEPENDENT CONTRACTOR**

Nothing contained in this Agreement will be deemed or construed to create the relationship of a joint venture or partnership between the Plan Manager and the Treasurer. The Plan Manager will have no authority to bind the Treasurer without the written consent of the Treasurer. The Plan Manager is an independent Plan Manager and will be free, subject to the terms and conditions of this Agreement, to exercise judgment and discretion with regard to the conduct of its business, including, without limitation, performing management, investment advisory and other services for qualified state tuition savings and prepaid tuition programs other than the Program and for other clients.

**46. MISCELLANEOUS PROVISIONS**

- (a) Notwithstanding anything to the contrary contained herein, both parties hereby acknowledge that this Agreement does not: (i) permit the filing of liens against the State; (ii) obligate the State to indemnify or hold the Plan Manager harmless in any way; (iii) obligate the State to be subject to binding arbitration (iv) provide that this Agreement is expired or terminated. Further, any foregoing provision of this Agreement that would cause this Agreement to be considered a contract that: (i) permits the filing of liens against the State; (ii) obligates the State to indemnify or hold the Plan Manager harmless in any way; (iii) obligates the State to be subject to binding arbitration; or (iv) provides that this

### Exhibit 1

Agreement is expired or terminated is null, void, unenforceable and hereby stricken from this Agreement.

- (b) Notwithstanding anything to the contrary contained herein, both parties hereby acknowledge that this Agreement is not a Personal Service Agreement entered into by the Treasurer for the purpose of hiring an individual as contemplated by C.G.S. Section 4a-58(b). Further, any foregoing provision of this Agreement that would cause this Agreement to be considered a contract for the purpose of hiring an individual as contemplated by C.G.S. Section 4a-58(b) is null, void, unenforceable and hereby stricken from this Agreement.
- (c) Notwithstanding anything to the contrary contained herein, both parties hereby acknowledge that this Agreement does not concern or in any way relate to tangible personal property as contemplated by C.G.S. Section 12-411b. Further, any foregoing provision of this Agreement that would cause this Agreement to concern or in any way relate to tangible personal property as contemplated by C.G.S. Section 12-411b is null, void, unenforceable and hereby stricken from this Agreement.
- (d) Notwithstanding anything to the contrary contained herein, both parties hereby acknowledge that this Agreement is not funded by and does not concern or in any way relate to a state grant as contemplated by C.G.S. Section 7-396a. Further, any foregoing provision of this Agreement that would cause this Agreement to concern or in any way relate to a state grant as contemplated by C.G.S. Section 7-396 a is null, void, unenforceable and hereby stricken from this Agreement.
- (e) It is the Treasurer's express policy to never intentionally assign or allocate, in whole or in part, to any person or contractor, any Governmental Function of the Office of the Treasurer—as defined by Chapter 14 of the C.G.S. and contemplated by C.G.S. Section 1-218. If, however, (a) this Agreement has a value greater than or equal to Two Million Five Hundred Thousand Dollars (\$2,500,000) and (b) the State Freedom of Information Commission makes a final determination that this Agreement is a contract for the performance of a Governmental Function, then this Agreement shall be subject to the provisions of C.G.S. Section 1-218, as may be modified from time to time. Accordingly, the Treasurer shall be entitled to receive a copy of the Plan Manager's records and files related to its performance of such Governmental Function, and such records and files shall be subject to the State of Connecticut Freedom of Information Act, C.G.S. Sections 1-1-200 *et seq.* No request to inspect or copy such records or files pursuant to the Freedom of Information Act shall be valid unless the request is made to the Office of the Treasurer in accordance with the provisions set forth in the State of Connecticut Freedom of Information Act. Any complaint by a person who is denied the right to inspect or copy such records or files shall be brought to the Freedom of Information Commission in accordance with the provisions of C.G.S. Sections 1-205 and 1-206.
- (f) Notwithstanding anything to the contrary contained herein, both parties hereby acknowledge and agree that this Agreement does not concern or in any way relate to the Health Insurance Portability and Accountability Act of 1996. Further, any foregoing provision of this Agreement that would cause this Agreement to concern or in any way

## **Exhibit 1**

relate to the Health Insurance Portability and Accountability Act of 1996 is null, void, unenforceable and hereby stricken from this Agreement.

- (g) Both parties to this Agreement hereby agree that all references to statutes, public acts and executive orders made herein shall refer to such statutes, public acts and executive orders as they are, were or shall be amended, replaced or superseded, from time to time.
- (h) In the event of any conflict between the provisions of this Section of this Agreement (“Miscellaneous Provisions”) and the provisions of any other Section of this Agreement, the provisions of this Miscellaneous Provisions Section of this Agreement shall override and control.

### **47. HEADINGS**

Descriptive headings in this Agreement are for convenience only and shall not affect the construction or meaning of the contractual language.

### **48. FURTHER ASSURANCES**

From and after the date of this Agreement, upon the request of the Treasurer, the Plan Manager shall execute and deliver such instruments, documents and other writings as may be reasonably necessary or desirable to confirm and carry out and to effectuate fully the intent and purposes of this Agreement.

### **49. COUNTERPART ORIGINALS**

This Agreement may be executed in any number of counterparts, each of which shall be an original, but which, taken together, shall constitute one and the same instrument.

*[Signature Page Follows]*



**Exhibit 1**

IN WITNESS WHEREOF, the parties have hereunto executed this Agreement, which shall become effective as of the Commencement Date, as of the dates set forth below.

**PLAN MANAGER**

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

Name: \_\_\_\_\_

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

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

**STATE TREASURER**

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

Name: Shawn T. Wooden

Title: State Treasurer, as Trustee for the  
Connecticut Higher Education Trust

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

**As to Form:**

**OFFICE OF THE ATTORNEY GENERAL**

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

Name: \_\_\_\_\_

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

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

**Exhibit 1**

State Of Connecticut  
By His Excellency  
Thomas J. Meskill  
Governor

Executive Order No. Three

WHEREAS, sections 4-61d(b) and 4-114a of the 1969 supplement to the general statutes require nondiscrimination clauses in state contracts and subcontracts for construction on public buildings, other public works and goods and services, and

WHEREAS, section 4-61e(c) of the 1969 supplement to the general statutes requires the labor department to encourage and enforce compliance with this policy by both employers and labor unions, and to promote equal employment opportunities, and

WHEREAS, the government of this state recognizes the duty and desirability of its leadership in providing equal employment opportunity, by implementing these laws,

NOW, THEREFORE, I, THOMAS J. MESKILL, Governor of the State of Connecticut, acting by virtue of the authority vested in me under section twelve of article fourth of the constitution of the state, as supplemented by section 3-1 of the general statutes, do hereby ORDER and DIRECT, as follows, by this Executive Order:

- I. The labor commissioner shall be responsible for the administration of this Order and shall adopt such regulations as he deems necessary and appropriate to achieve the purposes of this Order. Upon the promulgation of this Order, the commissioner of finance and control shall issue a directive forthwith to all state agencies, that henceforth all state contracts and subcontracts for construction on public buildings, other public works and goods and services shall contain a provision rendering such contract or subcontract subject to this Order, and that such contract or subcontract may be cancelled, terminated or suspended by the labor commissioner for violation of or noncompliance with this Order or state or federal laws concerning nondiscrimination, notwithstanding that the labor commissioner is not a party to such contract or subcontract.
- II. Each contractor having a contract containing the provisions prescribed in section 4-114a of the 1969 supplement to the general statutes, shall file, and shall cause each of his subcontractors to file, compliance reports with the contracting agency or the labor commissioner, as may be directed. Such reports shall be filed within such times and shall contain such information as to employment policies and statistics of the contractor and each subcontractor, and shall be in such form as the labor commissioner may prescribe. Bidders or prospective contractors or subcontractors may be required to state whether they have participated in any previous contract subject to the provisions of this Order or any preceding similar Order, and in that event to submit on behalf of themselves and their proposed subcontractors compliance reports prior to or as an initial part of their bid or negotiation of a contract.
- III. Whenever the contractor or subcontractor has a collective bargaining agreement or other contract or understanding with a labor organization or employment agency as defined in section 31-122 of the general statutes, the compliance report shall identify the said organization or agency and the contracting agency or the labor commissioner may require a compliance report to be filed with the contracting agency or the labor commissioner, as may be directed, by such organization or agency, signed by an authorized officer or agent of such organization or agency, with supporting information, to the effect that the signer's practices and policies, including but not limited to matters concerning personnel, training, apprenticeship, membership, grievance and

## Exhibit 1

representation, and upgrading, do not discriminate on grounds of race, color, religious creed, age, sex or national origin, or ancestry of any individual, and that the signer will either affirmatively cooperate in the implementation of the policy and provisions of this Order, or that it consents and agrees that recruitment, employment and the terms and conditions of employment under the proposed contract shall be in accordance with the purposes and provisions of the Order.

- IV. The labor commissioner may by regulation exempt certain classes of contracts, subcontracts or purchase orders from the implementation of this Order, for standard commercial supplies or raw materials, for less than specified amounts of money or numbers of workers or for subcontractors below a specified tier. The labor commissioner may also provide by regulation for the exemption of facilities of a contractor which are in all respects separate and distinct from activities of the contractor related to the performance of the state contract, provided only that such exemption will not interfere with or impede the implementation of this Order, and provided further, that in the absence of such an exemption, all facilities shall be covered by the provisions of this Order.
- V. Each contracting agency shall be primarily responsible for obtaining compliance with the regulations of the labor commissioner with respect to contracts entered into by such agency or its contractors. All contracting agencies shall comply with the regulations of the labor commissioner in discharging their primary responsibility for securing compliance with the provisions of contracts and otherwise with the terms of this Order and of the regulations of the labor commissioner issued pursuant to this Order. They are directed to cooperate with the labor commissioner and to furnish the labor commissioner such information and assistance as he may require in the performance of his functions under this Order. They are further directed to appoint or designate from among the personnel of each agency, compliance officers, whose duty shall be to seek compliance with the objectives of this Order by conference, conciliation, mediation, or persuasion.
- VI. The labor commissioner may investigate the employment practices and procedures of any state contractor or subcontractor and the practices and policies of any labor organization or employment agency hereinabove described, relating to employment under the state contract, as concerns nondiscrimination by such organization or agency as hereinabove described, or the labor commissioner may initiate such investigation by the appropriate contract agency, to determine whether or not the contractual provisions hereinabove specified or statutes of the state respecting them have been violated. Such investigation shall be conducted in accordance with the procedures established by the labor commissioner and the investigating agency shall report to the labor commissioner any action taken or recommended.
- VII. The labor commissioner shall receive and investigate or cause to be investigated complaints by employees or prospective employees of a state contractor or subcontractor or members or applicants for membership or apprenticeship or training in a labor organization or employment agency hereinabove described, which allege discrimination contrary to the contractual provisions specified hereinabove or state statutes requiring nondiscrimination in employment opportunity. If this investigation is conducted for the labor commissioner by a contracting agency, that agency shall report to the labor commissioner what action has been taken or is recommended with regard to such complaints.
- VIII. The labor commissioner shall use his best efforts, directly and through contracting agencies, other interested federal, state and local agencies, contractors and all other available instrumentalities, including the commission on human rights and opportunities, the executive committee on human rights and opportunities, and the apprenticeship council under its mandate to provide advice and counsel to the labor commissioner in providing equal employment

## **Exhibit 1**

opportunities to all apprentices and to provide training, employment and upgrading opportunities for disadvantaged workers, in accordance with section 31-51(d) of the 1969 supplement to the general statutes, to cause any labor organization or any employment agency whose members are engaged in work under government contracts or referring workers or providing supervising apprenticeship or training for or in the course of work under a state contract or subcontract to cooperate in the implementation of the purposes of this Order. The labor commissioner shall in appropriate cases notify the commission on human rights and opportunities or other appropriate state or federal agencies whenever it has reason to believe that the practices of any such organization or agency violate equal employment opportunity requirements of state or federal law.

- IX. The labor commissioner or any agency officer or employee in the executive branch designated by regulation of the labor commissioner may hold such hearings, public or private, as the labor commissioner may deem advisable for compliance, enforcement or educational purposes under this Order.
- X. (a) The labor commissioner may hold or cause to be held hearings, prior to imposing ordering or recommending the imposition of penalties and sanctions under this Order. No order for disbarment of any contractor from further state contracts shall be made without affording the contractor an opportunity for a hearing. In accordance with such regulations as the labor commissioner may adopt, the commissioner or the appropriate contracting agency may
1. Publish or cause to be published the names of contractors or labor organizations or employment agencies as hereinabove described which it has concluded have complied or failed to comply with the provisions of this Order or the regulations of the labor commissioner in implementing this Order.
  2. Recommend to the commission on human rights and opportunities that in cases in which there is substantial or material violation or threat thereof of the contractual provision or related state statutes concerned herein, appropriate proceedings be brought to enforce them, including proceedings by the commission on its own motion under chapter 563 of the general statutes and the enjoining, within the limitations of applicable law, of organizations, individuals or groups who prevent directly or indirectly compliance with the provisions of this Order.
  3. Recommend that criminal proceedings be brought under chapter 939 of the general statutes.
  4. Cancel, terminate, suspend or cause to be cancelled, terminated, or suspended in accordance with law any contract or any portion or portions thereof for failure of the contractor or subcontractor to comply with the nondiscrimination provisions of the contract. Contracts may be cancelled, terminated, suspended absolutely or their continuance conditioned upon a program for future compliance approved by the contracting agency.
  5. Provide that any contracting agency shall refrain from entering into any further contracts or extensions or modifications of existing contracts with any contractor until he has satisfied the labor commissioner that he has established and will carry out personnel and employment policies compliant with this Order.
  6. Under regulations prescribed by the labor commissioner each contracting agency shall make reasonable efforts with a reasonable period of time to secure compliance with the contract provisions of this Order by methods of conference, conciliation, mediation or

## Exhibit 1

persuasion, before other proceedings shall be instituted under this Order or before a state contract shall be cancelled or terminated in whole or in part for failure of the contractor or subcontractor to comply with the contract provisions of state statute and this Order.

(b) Any contracting agency taking any action authorized by this Order, whether on its own motion or as directed by the labor commissioner or pursuant to his regulations shall promptly notify him of such action. Whenever the labor commissioner makes a determination under this Order, he shall promptly notify the appropriate contracting agency and other interested federal, state and local agencies of the action recommended. The state and local agency or agencies shall take such action and shall report the results thereof to the labor commissioner within such time as he shall specify.

- XI. If the labor commissioner shall so direct, contracting agencies shall not enter into contracts with any bidder or prospective contractor unless he has satisfactorily complied with the provisions of this Order, or submits a program for compliance acceptable to the labor commissioner, or if the labor commissioner so authorizes, to the contracting agency.
- XII. Whenever a contracting agency cancels or terminates a contract, or a contractor has been disbarred from further government contracts because of noncompliance with the contract provisions with regard to nondiscrimination, the labor commissioner or the contracting agency shall rescind such disbarment, upon the satisfaction of the labor commissioner that the contractor has purged himself of such noncompliance and will thenceforth carry out personnel and employment policies of nondiscrimination in compliance with the provision of this Order.
- XIII. The labor commissioner may delegate to any officer; agency or employee in the executive branch any function or duty of the labor commissioner under this Order except authority to promulgate regulations of a general nature.
- XIV. This Executive Order supplements the Executive Order issued on September 28, 1967. All regulations, orders, instructions, designations and other directives issued heretofore in these premises, including those issued by the heads of various departments or agencies under or pursuant to prior order or statute, shall remain in full force and effect, unless and until revoked or superceded by appropriate authority, to the extent that they are not inconsistent with this Order.

This Order shall become effective thirty days after the date of this Order.

Dated at Hartford, Connecticut, this 16<sup>th</sup> day of June, 1971

*Thomas J. Meskill*  
Governor

Filed this 16<sup>th</sup> day of June, 1971.

/s/ Harry Hammer  
Secretary of the State

**Exhibit 1**

State Of Connecticut  
By His Excellency  
Thomas J. Meskill  
Governor

Executive Order No. Seventeen

WHEREAS, Section 31-237 of the General Statutes of Connecticut as amended requires the maintaining of the established free services of the Connecticut State Employment Service to both employers and prospective employees and

WHEREAS, Section 31-5 of the General Statutes of Connecticut requires that no compensation or fee shall be charged or received directly or indirectly for the services of the Connecticut State Employment Service and

WHEREAS, large numbers of our citizens who have served in the Armed Forces of our nation are returning to civilian life in our state and seeking employment in civilian occupations and

WHEREAS, we owe a duty as well as gratitude to these returning veterans including the duty to find suitable employment for them and

WHEREAS, many of our handicapped citizens are fully capable of employment and are entitled to be placed in suitable employment and

WHEREAS, many of the citizens of our state who are unemployed are unaware of the job openings and employment opportunities which do in fact exist in our state and

WHEREAS, notwithstanding the free services of the Connecticut State Employment Service, many of our Connecticut employers do not use its free services or do not avail themselves fully of all the services offered,

NOW, THEREFORE, I, THOMAS J. MESKILL, Governor of the State of Connecticut, acting by virtue of the authority vested in me under the fourth article of the Constitution of the State and in accordance with Section 3-1 of the General Statutes, do hereby ORDER and direct, as follows, by this Executive Order:

- I. The Labor Commissioner shall be responsible for the administration of this Order and shall do all acts necessary and appropriate to achieve its purpose. Upon promulgation of this Order, the Commissioner of Finance and Control shall issue a directive forthwith to all state agencies, that henceforth all state contracts and subcontracts for construction on public buildings, other public works and goods and services shall contain a provision rendering such contract or subcontract subject to this Order, and that such contract or subcontract may be cancelled, terminated or suspended by the Labor Commissioner for violation of or noncompliance with this Order, notwithstanding that the Labor Commissioner is not a party to such contract or subcontract.
- II. Every contractor and subcontractor having a contract with the state or any of its agencies, boards, commissions, or departments, every individual partnership, corporation, or business entity having business with the state or who or which seeks to do business with the state, and every bidder or prospective bidder who submits a bid or replies to an invitation to bid on any state contract shall list all employment openings with the office of the Connecticut State Employment Service in the area where the work is to be performed or where the services are to be rendered.

**Exhibit 1**

- III. All state contracts shall contain a clause, which shall be a condition of the contract that the contractor and any subcontractor holding a contract directly under the contractor shall list all employment openings with the Connecticut State Employment Service. The Labor Commissioner may allow exceptions to listings of employment openings, which the contractor proposes to fill from within its organization from employees on the rolls of the contractor on the date of publication of the invitation to bid or the date on which the public announcement was published or promulgated advising of the program concerned.
- IV. Each contracting agency of the state shall be primarily responsible for obtaining compliance with this Executive Order. Each contracting agency shall appoint or designate from among its personnel one or more persons who shall be responsible for compliance with the objectives of this Order.
- V. The Labor Commissioner shall be and is hereby empowered to inspect the books, records, payroll and personnel data of each individual or business entity subject to this Executive Order and may hold hearings or conferences, formal or informal, in pursuance of the duties and responsibilities hereunto delegated to the Labor Commissioner.
- VI. The Labor Commissioner or any agency officer or employee in the executive branch designated by regulation of the Labor Commissioner may hold such hearings, public or private, as the Labor Commissioner may deem advisable for compliance, enforcement or educational purposes under this Order.
- VII. (a) The Labor Commissioner may hold or cause to be held hearings, prior to imposing, ordering, or recommending the imposition of penalties and sanctions under this Order. In accordance herewith, the Commissioner or the appropriate contracting agency may suspend, cancel, terminate, or cause to be suspended, cancelled, or terminated in accordance with law any contract or portion or portions thereof for failure of the contractor or subcontractor to comply with the listing provisions of the contract. Contracts may be cancelled, terminated, suspended absolutely or their continuance conditioned upon a program for future compliance approved by the contracting agency.  
  
(b) Any contracting agency taking any action authorized by this Order, whether on its own motion or as directed by the Labor Commissioner, shall promptly notify him of such action. Whenever the Labor Commissioner makes a determination under this Order, he shall promptly notify the appropriate contracting agency of the action recommended. The agency shall report the results to the Labor Commissioner promptly.
- VIII. If the Labor Commissioner shall so direct, contracting agencies shall not enter into contracts with any bidder or prospective contractor unless he has satisfactorily complied with the provisions of this Order.

This Order shall become effective sixty days after the date of this Order.

Dated at Hartford, Connecticut, this 15<sup>th</sup> day of February 1973.

*/s/ Thomas J. Meskill*  
Governor

Filed this 15<sup>th</sup> day of February 1973.

*/s/ Harry Hammer*  
Secretary of The State (Deputy)

**Exhibit 1**

**State of Connecticut  
By His Excellency  
John G. Rowland  
Governor**

**Executive Order No. Sixteen**

WHEREAS, the State of Connecticut recognizes that workplace violence is a growing problem that must be addressed; and

WHEREAS, the State is committed to providing its employees a reasonably safe and healthy working environment, free from intimidation, harassment, threats, and /or violent acts; and

WHEREAS, violence or the threat of violence by or against any employee of the State of Connecticut or member of the public in the workplace is unacceptable and will subject the perpetrator to serious disciplinary action up to and including discharge and criminal penalties.

NOW, THEREFORE, I, John G. Rowland, Governor of the State of Connecticut, acting by virtue of the authority vested in me by the Constitution and by the statutes of this state, do hereby ORDER and DIRECT:

1. That all state agency personnel, contractors, subcontractors, and vendors comply with the following **Violence in the Workplace Prevention Policy**:

The State of Connecticut adopts a statewide zero tolerance policy for workplace violence.

Therefore, except as may be required as a condition of employment ☐

- o No employee shall bring into any state worksite any weapon or dangerous instrument as defined herein.
- o No employee shall use, attempt to use, or threaten to use any such weapon or dangerous instrument in a state worksite.
- o No employee shall cause or threaten to cause death or physical injury to any individual in a state worksite.

Weapon means any firearm, including a BB gun, whether loaded or unloaded, any knife (excluding a small pen or pocket knife), including a switchblade or other knife having an automatic spring release device, a stiletto, any police baton or nightstick or any martial arts weapon or electronic defense weapon.

Dangerous instrument means any instrument, article, or substance that, under the circumstances, is capable of causing death or serious physical injury.

Violation of the above reasonable work rules shall subject the employee to disciplinary action up to and including discharge.

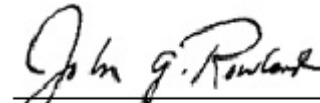
2. That each agency must prominently post this policy and that all managers and supervisors must clearly communicate this policy to all state employees
3. That all managers and supervisors are expected to enforce this policy fairly and uniformly.



**Exhibit 1**

4. That any employee who feels subjected to or witnesses violent, threatening, harassing, or intimidating behavior in the workplace immediately report the incident or statement to their supervisor, manager, or human resources office.
5. That any employee who believes that there is a serious threat to their safety or the safety of others that requires immediate attention notify proper law enforcement authorities and his or her manager or supervisor.
6. That any manager or supervisor receiving such a report shall immediately contact their human resources office to evaluate, investigate and take appropriate action.
7. That all parties must cooperate fully when questioned regarding violations of this policy.
8. That all parties be advised that any weapon or dangerous instrument at the worksite will be confiscated and that there is no reasonable expectation of privacy with respect to such items in the workplace.
9. That this order applies to all state employees in the executive branch.
10. That each agency will monitor the effective implementation of this policy.
11. That this order shall take effect immediately.

Dated in Hartford, Connecticut, this fourth day of August, 1999.

  
JOHN G. ROWLAND, Governor

Filed this 4th day of August 1999.

/s/ Susan Bysiewicz

\_\_\_\_\_  
SUSAN BYSIEWICZ, Secretary of the  
State



## **Exhibit 1**

## **Exhibit X**

### **Security Addendum**

A. **Information Security Program** – Manager agrees and represents that it currently maintains information protection practices and procedures (“Security Program”) that comply with industry best practice and applicable Privacy Law (as defined below) as a means to preserve the confidentiality and security of the Treasurer’s Information (as defined below) in its possession or control or of which it has the ability to access or impact.

"Treasurer Information" includes the following, regardless of the media in which it is contained, that may be disclosed to or accessed by Manager in connection with or incidental to the performance of services for or on behalf of Treasurer or by any other means:

- a) Any information relating to an identified or identifiable individual (such as name, postal address, email address, telephone number, date of birth, Social Security number, driver's license number, account number, credit or debit card number, health or medical information, or any other unique identifier); and
- b) Confidential non-public business information; and
- c) Any Information defined as "Confidential" by the Agreement to which this Addendum is attached.

Manager's Security Program must include at a minimum:

- a) Appropriate administrative, technical and physical safeguards and other security measures designed to ensure the security and confidentiality of Treasurer Information.
- b) A security design intended to prevent any compromise of its own information systems, computer networks or data files by unauthorized users, viruses or malicious computer programs which could in turn be propagated to Treasurer.
- c) Appropriate internal practices including, but not limited to, encryption of data in transit or at rest; using appropriate firewall and antivirus software; maintaining these countermeasures, operating systems and other applications with up-to-date virus definitions and security patches so as to avoid any adverse impact to Treasurer’s systems or Information; and appropriate logging and alerts to monitor access controls and to assure data integrity and confidentiality.
- d) All persons with authorized access to Treasurer Information must have a documented genuine business need-to-know prior to access.

B. **Training and Supervision** – Manager agrees that it maintains adequate training programs to ensure that its employees and any others acting on its behalf are aware of and adhere to its information Security Program. Manager shall exercise necessary and appropriate supervision over its relevant employees to maintain appropriate confidentiality and security of Treasurer Information.

## **Exhibit 1**

C. Data Incidents - Manager agrees to immediately notify Treasurer's General Counsel by phone of any reasonably suspected or actual loss of data or breach or compromise of its Information Security Program which has or may result in the loss or unauthorized access, disclosure, use or acquisition of Treasurer Information (including hard copy records) or otherwise presents a potential threat to any Treasurer systems ("Data Incident"). While the initial phone notice may be in summary form, a comprehensive written notice should be provided within 48 hours to Treasurer's General Counsel. The notice shall summarize in reasonable detail the nature and scope of the Data Incident and the corrective action already taken or to be taken by Manager. The notice shall be timely supplemented in the detail reasonably requested by Treasurer, inclusive of relevant forensic reports. Manager shall promptly take all necessary and advisable corrective actions and shall cooperate fully with Treasurer in all reasonable efforts to mitigate the adverse effects of a Data Incident and to prevent its recurrence.

Manager acknowledges that it is solely responsible for the confidentiality and security of Treasurer Information in its possession, custody or control, or for which Manager is otherwise responsible, and shall hold Treasurer harmless from any suspected or actual breach or other compromise of Treasurer Information while in Manager's possession, custody or control, or for which Manager is otherwise responsible. The parties will collaborate on whether any notice of breach is required to be given to any person, and if so, the content of that notice. Treasurer will designate a signatory to the notice. Manager will bear all costs of the notice.

D. Third Parties – Manager shall not share, transfer, disclose or otherwise provide access to any Treasurer Information to any third party unless Treasurer has authorized Manager to do so in writing. Manager will ensure that any third party it may authorize to perform any of the services required by its contract with Treasurer shall be obligated to have an information Security Program equivalent to that required of Manager (which includes all terms of this Security Addendum). Further, regarding any Data Incident, Manager shall contractually preserve for itself - or Treasurer - all such rights as Treasurer has in section (C) above. Regarding audit rights, Manager shall contractually preserve for itself - or Treasurer - all such rights as Treasurer has in section (F) below. Manager shall not share Treasurer Information with any other third party without prior written approval or, if required to comply with legal process, only after notice to Treasurer. Manager shall only retain third parties that are capable of performing the delegated obligations in accordance with this Information Security Addendum.

E. Ownership and Usage - Any Treasurer Information, including in any reconfigured format, shall at all times be and remain the sole property of Treasurer, unless agreed otherwise in writing by Treasurer. Any usage of Treasurer Information is limited to the sole purpose expressly authorized by this contract.

F. Security Review and Audit -

- a) Treasurer's Information Technology (IT) Group may conduct a security review of Manager's Information Security Program when determined reasonably required by Treasurer.

## Exhibit 1

- b) At Treasurer's request, Manager will provide Treasurer copies of its data privacy and security policies and procedures that apply to Treasurer Information. Subject to reasonable notice, Manager shall provide the Treasurer's IT Group an opportunity to conduct a privacy and security audit of Manager's Information Security Program and systems and procedures that are applicable to the services provided by Manager to Treasurer. Such audit may be conducted on-site by Treasurer personnel or Treasurer's contracted third-party assessors or through surveys and interviews, at the option of Treasurer.
- c) In the event Manager has any security audits or reviews of its own systems, performed by Manager or a third party, including vulnerability and penetration assessments, it will give Treasurer notice of any current findings that are likely to adversely impact Treasurer Information, and will keep Treasurer timely informed of its remediation efforts.

G. Compliance – Manager shall comply with (i) all applicable legal requirements (federal, state, local and international laws, rules and regulations and governmental requirements) currently in effect and as they become effective, relating in any way to the privacy, confidentiality or security of Treasurer Information; (ii) all applicable industry standards concerning privacy, data protection, confidentiality or information security; and (iii) applicable privacy policies, statements or notices that are provided to Manager in Writing; and (iv) controls required by the IT Group Security Review (collectively referred to as "Privacy Laws").

### H. Mobility and Transfer of Data -

- a) No Treasurer Information shall be stored, transported or kept on a laptop or any other mobile device or storage media, including USB, "thumb drives", DVDs, CDs, unless encrypted using an encryption methodology approved in writing by Treasurer.
- b) All electronic data transfers must be via secure FTP or other Treasurer approved protocol and/or in approved encrypted form.
- c) Any physical removal or transfer of Treasurer Information from Treasurer's or Manager's facilities shall be conducted only according to controls developed or approved by Treasurer's IT Group.

I. Notice of Process - In the event Manager receives a governmental or other regulatory request for any Treasurer Information, it agrees to immediately notify Treasurer's General Counsel so that Treasurer shall have the option to defend such action. Manager shall reasonably cooperate with Treasurer in such defense.

J. Security Certification – Manager must maintain a level of security certification or assessment consistent with best practices and by a qualified third party reasonably acceptable to Treasurer (such as ISO 27001 or 27018). Such certifications shall be provided to Treasurer as reasonably requested by Treasurer.

K. Secure Disposition – Manager shall either return or dispose of Treasurer Information if no longer needed for Treasurer's business or legal purposes or upon contract termination or upon

### **Exhibit 1**

Treasurer's direction which may be given at any time. Any disposal must ensure that Treasurer Information is rendered permanently unreadable and unrecoverable. Upon reasonable notice and if requested by Treasurer, Manager shall provide Treasurer a certification by an officer of compliance with this section.