

**REQUEST FOR PROPOSALS FOR**

**Third Party Administrator/Recordkeeper (TPA)**

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**Commonwealth of Pennsylvania Deferred Compensation Program**

**And**

**State Employees' Defined Contribution Plan**

**ISSUING OFFICE**

**Pennsylvania State Employees' Retirement Board**

**RFP NUMBER**

**SERS #23-028**

**DATE OF ISSUANCE**

**February 2, 2024**

*Small Diverse Business (SDB) and Veteran Business Enterprise (VBE) Participation: The Issuing Office and the Department of General Services' Bureau of Diversity, Inclusion and Small Business Opportunities (BDISBO) has not set Small Diverse Business (SDB) and/or Veteran Business Enterprise (VBE) participation goals for this procurement. Proposers are not required to submit SDB or VBE Proposals as part of this RFP.*

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## PART I

### GENERAL INFORMATION

#### 1. Introduction

**1.1 Purpose.** This request for proposals (“RFP”) provides to those interested in submitting proposals for the subject procurement (“Offeror(s)”) sufficient information to enable them to prepare and submit proposals for the Pennsylvania State Employees’ Retirement Board (“Board”) consideration on behalf of the Commonwealth of Pennsylvania (“Commonwealth”) to satisfy a need for **third-party administration services for the Commonwealth of Pennsylvania Deferred Compensation Program and the State Employees’ Defined Contribution Plan** (“Project”). This RFP contains instructions governing the requested proposals, including the requirements for the information and material to be included; a description of the service to be provided; requirements which Offerors must meet to be eligible for consideration; general evaluation criteria; and other requirements specific to this RFP.

#### 1.2 Overview

The Pennsylvania State Employees’ Retirement System (“Issuing Office”, “SERS” or “PA SERS”) is an independent agency of the Commonwealth of Pennsylvania created by statute to administer its related pension funds with exclusive control and management responsibility. The Board currently serves as trustee of several retirement plans. Included in these plans are (1) the Commonwealth of Pennsylvania Deferred Compensation Program in accordance with §457(b) of the Internal Revenue Code of 1986, as amended, and applicable regulations thereto (“457(b) Plan”), pursuant to and in accordance with Act of November 6, 1987, P.L. 394, No. 81 (amending Act of March 30, 1811, P.L. 145, No. 99), as amended, and any other applicable state law and (2) the State Employees’ Defined Contribution Plan in accordance with §401(a) of the Internal Revenue Code of 1986, as amended, and applicable regulations thereto (“401(a) Plan”), pursuant to Act of June 12, 2017, P.L. 11, No. 5 (“Act 2017-5”) (hereinafter the 457(b) Plan and the 401(a) Plan are jointly referred to as the “Plans”).

Appendix A to this RFP contains the following, which may be referred to collectively as the “Plan Documents”:

- A. “401(a) Plan Document,” consisting of (1) the State Employees’ Defined Contribution Plan and Trust and (2) the State Employees’ Retirement Code, 71 Pa.C.S. §§ 5101 through 5958, as amended by Act of June 12, 2017, P.L. 11 no. 5, and any subsequent amendments to the State Employees’ Retirement Code.
- B. “457(b) Plan Document,” consisting of (1) the Sixth Amended and Restated Deferred Compensation Plan for Officers and Employees of the Commonwealth of Pennsylvania and (2) 72 P.S. §4521.2.

The Board seeks a third-party administrator (“TPA”) to provide plan administration services for the Plans. The contracts for the current TPA for the Plans expire December 31, 2024. The TPA selected for the Plans will be providing plan administration services effective January 1, 2025.

For a more detailed explanation of the transition from the SERS' Current System, as described in Part III, Section 1A below (SERS' Current System), to the more traditional custodial model, please see the introductory paragraphs of Technical Proposal in Part III.

The State Treasurer is an independently elected official in the Executive Department. The Pennsylvania Fiscal Code sets forth the powers and responsibilities of the Treasury Department ("Treasury"). The Fiscal Code directs Treasury to deposit into state depositories money received by Treasury as well as Commonwealth funds of which the Treasurer is custodian. Additionally, the Treasurer is authorized to act as custodian for any funds contributed to or deposited with the Commonwealth, or an agency thereof, if requested by the Commonwealth or agency. As set forth in Part III, Section 1B, Treasury intends to delegate, while retaining oversight, of the custodial duties for the 457(b) Plan and PA SERS intends to delegate, while retaining oversight, of the custodial duties for the 401(a) Plan to the proposed custodian and trustee of the successful proposer.

### **1.3 Objectives**

The Board is seeking a formal written proposal from recordkeepers. To be eligible for consideration, the recordkeeper must be an organization duly authorized to do business in the Commonwealth of Pennsylvania and which is qualified to administer and maintain accounts and records of plans that meet the requirements for qualification under Sections 401(a) and 457(b) of the Internal Revenue Code applicable to governmental plans.

The Board seeks to achieve the following objectives through the search process:

- Identify the most qualified firm to deliver recordkeeping administration
- Identify a firm whose costs are reasonable and commensurate with the services that are being provided. Specifically, a firm that will lower costs to members and participants
- Identify a firm that can provide a seamless, efficient process to execute customer transactions, with a focus on quality customer service
- Identify a firm with the flexibility to meet the Plans' and participants' current and future needs
- Identify a firm whose quality assurance practices improve customer service and are able to ensure that the Plans are administered in accordance with plan documents and applicable laws and regulations.
- Identify a firm capable of converting SERS' Current System to a more standard model

### **1.4 Contact Information**

The Board has issued this RFP on behalf of SERS and all communications regarding this RFP should be with the Issuing Officer. Additionally, the Board has engaged the services of Callan LLC ("Callan" or "Facilitator") to assist SERS in the proposal process for the Project and should be included in all communications regarding this RFP, along with the SERS Issuing Officer. In connection with this RFP process, you should not solicit or attempt to solicit information directly from the Board or its staff.

Upon release of the RFP, on matters regarding this solicitation, candidates may only contact the Issuing Officer and the Facilitator identified in the chart below, and no candidates may directly contact the Board or its staff.

SERS’ Issuing Officer shall be included on all correspondence.

From the issue date of this RFP until the Issuing Office selects a proposal for award, the individuals listed as Primary Contacts below are the sole points of contact concerning this RFP. Any violation of this condition may be cause for the Issuing Office to reject the offending Offeror’s proposal. If the Issuing Office later discovers that the Offeror has engaged in any violations of this condition, the Issuing Office may reject the offending Offeror’s proposal or rescind its contract award. Offerors shall make no other distribution of their proposals to any other Offeror or Commonwealth official other than the Issuing Officer and Facilitator. An Offeror who shares information contained in its proposal with other Commonwealth personnel and/or competing Offeror personnel may be disqualified.

**Primary Contacts**

Cathy Gusler Issuing Officer	Pennsylvania State Employees’ Retirement System Operations Office 30 North Third Street Suite 150 Harrisburg, PA 17101	(717) 237-0327	cgusler@pa.gov
Ben Taylor Facilitator	Callan LLC One Bush Street Suite 700 San Francisco, CA 94104	(503) 308-8875	Taylorb@callan.com
ProposalTech technical support	Proposal Technologies 4000 Barranca Pkwy # 250 Irvine, CA 92604	877-211- 8316	support@proposaltech.com

**2. Instructions and Timeline**

**2.1 Scope**

The RFP requires responses from you in THREE parts, which are described below:

1. **General Questionnaire:** Your responses to the Callan 2023 Recordkeeping Questionnaire will be used for general questions. You will need to indicate which market segment (core, large, public, or mega) of the questionnaire is applicable to the Plan. The annual questionnaire will be re-opened so that candidates may review and change their responses as necessary. Callan will provide the data from the Callan 2023 Recordkeeping Questionnaire to the Issuing Office for each offeror who submits a proposal to this RFP,

and those responses will be attached by the Offeror to the hard copy proposal submitted to SERS.

2. **SERS Custom RFP Questionnaire:** Your response to the RFP Questionnaire should provide answers that are tailored to the required services for the Board and the Plan. Some questions may be duplicates of questions in the general questionnaire that require more in-depth explanations applicable to the recordkeeping and administration of the Plan.
3. **SERS Cost Proposal/Callan Fee Matrix:** Your required fees are to be included in the Fee Cost Matrix attached as Appendix I and also found in ProposalTech. A hard copy must also be submitted to the Issuing Officer. The Cost Proposal shall be placed in a separate sealed envelope within the sealed proposal, separated from the technical submittal.

**2.2 Timeline:**

The Commonwealth will make every effort to adhere to the following schedule:

Activity	Responsibility	Date
Issue Request for Proposal	Issuing Office	February 2, 2024
Optional Pre-proposal Conference (in person or virtual)	Issuing Office and Interested Offerors	February 8, 2024 3 p.m. EST
Deadline to submit Questions via email to the following individuals: Cathy Gusler at <a href="mailto:cgusler@pa.gov">cgusler@pa.gov</a> and Ben Taylor at <a href="mailto:Taylorb@callan.com">Taylorb@callan.com</a>	Potential Offerors	February 16, 2024
Answers to Potential Offeror questions posted to the SERS website at <a href="http://sers.pa.gov">sers.pa.gov</a>	Issuing Office	March 1, 2024
Please monitor website for all communications regarding the RFP.	Potential Offerors	Ongoing

Proposals submitted on ProposalTech and Sealed hard copy proposal must be received by the Issuing Office at: State Employees' Retirement System ATTN: Cathy Gusler 30 North Third Street, Suite 150 Harrisburg, PA 17101	Offerors	March 15, 2024 4 p.m. EST
Finalist Presentations and Technology Demonstrations	Selected Offerors	April 15-18, 2024
Technical Best and Final Offer Submissions	Selected Offerors	April 24, 2024
Cost Best and Final Offer Submissions	Selected Offerors	April 26, 2024
Award Contract	Issuing Office	On or before May 10, 2024

### 2.3 Pre-Proposal Conference and Written Questions

A pre-proposal conference will be held at SERS offices and virtually on February 8, 2024. Each proposer may attend the pre-proposal conference where the procurement process and technical requirements of the proposal will be presented, and offerors will be provided the opportunity to ask clarifying questions.

Each proposer will be given until **February 16, 2024**, to submit questions related to the RFP, the Plan, service requirements, operational environment, transition needs, etc. Questions should be submitted by e-mail to the Issuing Officer and the Facilitator. A response to the questions will be posted on the Board's web site: [sers.pa.gov](http://sers.pa.gov) by March 1, 2024.



The Offeror shall not attempt to contact the Issuing Officer or Facilitator by any other means. An Offeror who submits a question after the deadline date for receipt of questions indicated on the Calendar of Events assumes the risk that its proposal will not be responsive or competitive because the Commonwealth is not able to respond before the proposal receipt date or in sufficient time for the Offeror to prepare a responsive or competitive proposal. When submitted after the deadline date for receipt of questions indicated on the Calendar of Events, the Issuing Officer may respond to questions of an administrative nature by directing the questioning Offeror to specific provisions in the RFP. To the extent that the Issuing Office decides to respond to a non-administrative question after the deadline date for receipt of questions indicated on the Calendar of Events, the answer must be provided to all Offerors through an addendum.

The Issuing Office shall not be bound by any verbal information, nor shall it be bound by any written information that is not either contained within the RFP or formally issued as an addendum by the Issuing Office. The Issuing Office does not consider questions to be a protest of the specifications or of the solicitation. The required protest process for Commonwealth procurements is as described in Part I, Section 3.18.

## **2.4 Proposal Submission**

**A. RFP responses will be due by 4:00 P.M. Eastern time on March 15, 2024.**

**B. Proposal Submission.** To be considered, Offerors must submit proposals to the Issuing Office and to Callan as follows:

1. Proposal Submission to Issuing Office:

a. **Signed Proposal Cover Sheet. See Appendix Q – Proposal Cover Sheet.**

b. **Twelve (12) paper copies, plus one marked “ORIGINAL,” of the Questionnaire contained in this RFP.**

i. The paper copies shall be print-outs of the submissions, with the detailed questions and answers submitted on Callan’s ProposalTech.

c. **Two (2) paper copies of the Cost Submittal under separate cover and sealed.**

d. **Flash drive containing one complete and exact copy of the entire proposal (Technical and Cost Submittals, along with all other requested documents) in Microsoft Office or Microsoft Office-compatible format.**

i. The copy contained on the Flash drive must be a mirror image of the paper copy and any spreadsheets must be in Microsoft Excel. The Offerors may not lock or protect any cells or tabs. The Flash drive should clearly identify the Offeror and include the name and version number of the virus scanning software that was used to scan the Flash drive before it was submitted.

2. Proposal Submission to Callan:

a. Electronic proposals must be submitted via ProposalTech, in the format and manner consistent with instructions provided by Callan.

- C. **If the Offeror submits a proposal that contains information claimed to be confidential or proprietary, the Offeror must, in addition to the copies required above, submit one unredacted and one redacted version with all confidential or proprietary information blacked-out or clearly removed in a separate envelope indicating it contains confidential files. The redacted copy must be clearly marked as “Redacted Version.” If submitting confidential or proprietary information, the Offeror must also submit a redacted version to Callan in a separate submission.**
- D. To be considered for selection, electronic proposals submitted via ProposalTech, and hard copy proposals, as well as Flash drives, must arrive at the Issuing Office, on or before the time and date specified in the RFP Timeline in Section 2.2.
- E. The Issuing Office will not accept proposals via email or facsimile transmission. Offerors who send proposals by mail or other delivery service should allow sufficient delivery time to ensure timely receipt of their proposals. If, due to inclement weather, natural disaster, or any other cause, the Commonwealth office location to which proposals are to be returned is closed on the proposal response date, the deadline for submission will be automatically extended until the next Commonwealth business day on which the office is open, unless the Issuing Office otherwise notifies Offerors. The hour for submission of proposals shall remain the same. The Issuing Office will reject, unopened, any late proposals. **Proposals received after 4:00 P.M. Eastern time on March 15, 2024, will not be accepted.**

## **2.5 Proposal Format**

Offerors must submit their proposals in the same format. To be considered, the proposal must respond to all proposal requirements. Offerors should provide any other information thought to be relevant, but not applicable to the enumerated questions in the Questionnaire, as an appendix to the Vendor proposal. All cost data relating to this proposal shall be kept separate from and not included in the Technical Submittal. Offerors shall not reiterate technical information in the cost submittal. Each proposal shall consist of the following **two** separately sealed submittals:

- A. Technical Proposal, in response to **Part III**
1. Hard copy of responses to Callan 2023 Recordkeeping Questionnaire
  2. Hard Copy of SERS Custom Hardcopy Questionnaire
  3. Iran Free Procurement Certification, *See* Appendix B
  4. Trade Secrets/Confidential Proprietary Information Notice, *See* Appendix C
  5. Domestic Workforce Utilization Certificate, *See* Appendix D
  6. Worker Protection and Investment Certification Form, *See* Appendix E
- B. Cost Proposal, in response to **Part IV**

## **2.6 Economy of Preparation**

Offerors should prepare proposals simply and economically, providing a straightforward, concise description of the Offeror’s ability to meet the requirements of the Project.

## **2.7 Discussions for Clarification.**

Offerors may be required to make an oral or written clarification of their proposals to the Issuing Office to ensure thorough mutual understanding and Offeror responsiveness to the solicitation requirements. The Issuing Office will initiate requests for clarification. Clarifications may occur at any stage of the evaluation and selection process prior to contract execution.

## **2.8 Finalist Presentations and Technical Demonstrations**

Finalists will be invited to present at the offices designated by the Board **in person** the week of April 15-18, 2024, for a presentation and technical demonstration.

The presentations are intended as an opportunity for Finalists to demonstrate the architecture of their platforms focusing on the following:

- A. The ease of the user experience, including the ability to individualize the presentment of information (e.g., contribution levels based on member or participant age), intuitive website navigation, and clear display of account holdings, cost, and performance for members and participants who will be using the website; and
- B. The data flow among and between the Third Party Administrator, custodian, SERS, employers, and Treasury.

## **2.9 Prime Contractor Responsibilities**

The selected Offeror will be required to assume responsibility for all services offered in its proposal whether it produces them itself or by subcontract. Any services subcontracted must be disclosed to and approved in writing by the Issuing Office prior to a subcontractor performing any work on behalf of the Plans. Further, the Issuing Office will consider the selected Offeror to be the sole point of contact with regard to all contractual matters.

## **2.10 Best and Final Technical Offers**

- A. While not required, the Issuing Office reserves the right to conduct discussions with Offerors for the purpose of obtaining “best and final offers” after finalists have completed presentations and technical demonstrations.
- B. The following Offerors will not be invited by the Issuing Office to submit a Best and Final Technical Offer:
  - 1. Those Offerors that the Issuing Office has determined to be not responsible or whose proposals the Issuing Office has determined to be not responsive.
  - 2. Those Offerors that the Issuing Office has determined from the submitted and gathered financial and other information, do not possess the financial capability, experience or qualifications to assure good faith performance of the contract.
  - 3. Those Offerors whose score for their technical submittal of the proposal is less than 75% of the total amount of technical points allotted to the technical criterion.

The issuing office may further limit participation in the best and final technical offers process to those remaining responsible offerors which the Issuing Office has, within its discretion, determined to be within the top competitive range of responsive technical proposals.

- C. The Evaluation Criteria found in the Technical Scoring Sheet, shall also be used to evaluate the Best and Final Technical offers.

## **2.11 Best and Final Cost Proposal Offers**

- A. While not required, the Issuing Office reserves the right to conduct discussions with Offerors for the purpose of obtaining “best and final cost offers” after finalists have completed presentations and technical demonstrations and all technical scores have been finalized and the cost proposals have been opened.
- B. The following Offerors will not be invited by the Issuing Office to submit a Best and Final Cost Proposal Offer:
  - 1. Those Offerors that the Issuing Office has determined to be not responsible or whose proposals the Issuing Office has determined to be not responsive.
  - 2. Those Offerors that the Issuing Office has determined from the submitted and gathered financial and other information, do not possess the financial capability, experience or qualifications to assure good faith performance of the contract.
  - 3. Those Offerors whose score for their technical submittal of the proposal is less than 75% of the total amount of technical points allotted to the technical criterion.

The issuing office may further limit participation in the best and final cost proposal offers process to those remaining responsible offerors which the Issuing Office has, within its discretion, determined to be within the top competitive range of responsive technical proposals.

- C. The Evaluation Criteria found in the Cost Scoring Matrix, shall also be used to evaluate the Best and Final Cost offers.

## **2.12 Conversion**

SERS currently operates its Plans under SERS Current System, where the PA Treasury serves as the custodian of the assets of the Plans. With the issuance of this RFP, it is the intention of the Board to transition its service model from SERS’ Current System, to a standard cash custodian model. It is the intent of SERS to complete the plan conversion by the beginning of the new contract term, **January 1, 2025**.

**To complete the conversion, PA SERS will require an independent reconciliation of the transfer of assets from the Current System to a standard cash custodian model with oversight by SERS and Treasury.**

### 3. Disclosures and Stipulations

#### 3.1 Data

- A. **Confidential Information.** The Commonwealth is not requesting, and does not require, confidential proprietary information or trade secrets to be included as part of Offerors' submissions in order to evaluate proposals submitted in response to this RFP. Accordingly, except as provided herein, Offerors should not label proposal submissions as confidential or proprietary or trade secret protected. Any Offeror who determines that it must divulge such information as part of its proposal must submit the signed written statement described in subsection C below and must additionally provide a redacted version of its proposal, which removes only the confidential proprietary information and trade secrets, for required public disclosure purposes.
- B. **Commonwealth Use.** All material submitted with the proposal shall be considered the property of the Commonwealth of Pennsylvania and may be returned only at the Issuing Office's option. The Commonwealth has the right to use any or all ideas not protected by intellectual property rights that are presented in any proposal regardless of whether the proposal becomes part of a contract. Notwithstanding any Offeror copyright designations contained on proposals, the Commonwealth shall have the right to make copies and distribute proposals internally and to comply with public record or other disclosure requirements under the provisions of any Commonwealth or United States statute or regulation, or rule or order of any court of competent jurisdiction.
- C. **Public Disclosure.** After the award of a contract pursuant to this RFP, all proposal submissions are subject to disclosure in response to a request for public records made under the Pennsylvania Right-to-Know-Law, 65 P.S. § 67.101, et seq. If a proposal submission contains confidential proprietary information or trade secrets, a signed written statement to this effect must be provided with the submission in accordance with 65 P.S. § 67.707(b) for the information to be considered exempt under 65 P.S. § 67.708(b)(11) from public records requests. Refer to Appendix C of the RFP for a Trade Secrets/Confidential Proprietary Information Notice, which may be utilized as the signed written statement, if applicable. If financial capability information is submitted in response to Part III of this RFP, such financial capability information is exempt from public records disclosure under 65 P.S. § 67.708(b)(26).

#### 3.2 Right of Acceptance

The Issuing Office reserves the right, in its sole and complete discretion, to reject any and all proposal(s) received as a result of this RFP. The issuance of this RFP does not obligate the Board to accept any of the resulting proposals. The Board may negotiate with multiple proposers after the proposal deadline and before award of contract or procurement. The Board reserves the right to modify or discontinue the procurement process at any time or to modify or extend the deadlines noted above, and makes no commitments, implied or otherwise, that this process will result in a business transaction with one or more proposers or other parties.

The Issuing Office, in its sole discretion, may undertake negotiations with Offerors whose proposals, in the judgment of the Issuing Office, show them to be qualified, responsible and capable of performing the Project.

The selected Offeror must perform the largest percentage of work as compared to its subcontractors and suppliers. Any subcontracted services must be approved in advance by the Issuing Office in writing. Additionally, the contract will require the selected Offeror to assume responsibility for all services offered in its proposal whether it produces them itself or by subcontract. Further, the Issuing Office will consider the selected Offeror to be the sole point of contact with regard to all contractual matters.

The Issuing Office will not be liable under any circumstances for any expenses incurred by any proposer in connection with the RFP, including, but not limited to preparation, submission and travel-related costs.

If the Offeror selected for the award is not the incumbent, neither the Board nor the Plan shall pay or reimburse the finalist for any fees, costs or expenses incurred during the transition or in assuming the responsibilities thereof.

### **3.3 Proposer's Modification and Withdrawal of Proposal**

Each Offeror submitting a proposal specifically waives any right to withdraw or modify it, except that the Offeror may wholly withdraw its proposal by written notice received at the Issuing Office's address for proposal delivery prior to the exact hour and date specified for proposal receipt. An Offeror or its authorized representative may withdraw its proposal in person prior to the exact hour and date set for proposal receipt, provided the withdrawing person provides appropriate identification and signs a receipt for the proposal. An Offeror may modify its submitted proposal prior to the exact hour and date set for proposal receipt only by submitting a new sealed proposal or sealed modification which complies with the RFP requirements.

The Board may modify any provision(s) or part(s) of the RFP documents at any time prior to the TPA selection. Proposers actively participating in the selection process at the time modifications are made will be notified of the modifications and will be given an opportunity to respond with changes to any previously submitted proposal.

### **3.4 News Releases**

Offerors shall not issue news releases, Internet postings, advertisements or any other public communications pertaining to this Project without prior written approval of the Issuing Office, and then only in coordination with the Issuing Office.

### **3.5 Contract Terms and Conditions and Conversion or Transition Obligations**

The Issuing Office anticipates the following contractual arrangements will be necessary to define the duties and obligations of the selected third-party administrator, recordkeeper and the delegated custodian for each of the Plans. Because delegated custodial authority for the 457(b) plan is not vested with SERS, delegation of custodial services for the 457(b) plan will be granted by the Department of Treasury in favor of the selected TPA's preferred custodial entity via an Adoption Agreement. Delegation of custodial services for the 401(a) plan will be granted by SERS in favor of the selected TPA's preferred custodial entity via a separate Adoption Agreement. The contemplated contractual relationships will be reflected in the contracts as follows:

- A Contract between SERS as the Plan Sponsor and the selected third-party administrator (TPA/recordkeeper) setting forth the terms for the administration and recordkeeping of both

the 401(a) and 457(b) plans. The Contract will include a third-party beneficiary clause in favor of Treasury and a requirement that the selected TPA/recordkeeper exercise of that degree of judgment, skill and care under the circumstances then prevailing that persons of prudence, discretion and intelligence, who are familiar with such matters, exercise in the management of their own affairs, as described in the Contract Terms and Conditions in Part V. Treasury has the sole authority to delegate custodial duties for the 457(b) plan and SERS' has the statutory authority to delegate custodial duties for the 401(a) plan accordingly the following Adoption Agreements will be included as exhibits to the main TPA/Recordkeeping contract.

- An Adoption Agreement between Treasury and the TPA/preferred custodial entity, establishing the custodial delegation of the 457(b) plan, and setting forth the duties and obligations of the TPA/preferred custodial entity to the Department of Treasury. The parties and signatories to this Adoption Agreement will be Treasury and the TPA/preferred custodial entity. This Adoption Agreement will be included as an exhibit to the main TPA/recordkeeper contract outlined in the first bullet point. as well a requirement that the selected TPA/recordkeeper exercise of that degree of judgment, skill and care under the circumstances then prevailing that persons of prudence, discretion and intelligence, who are familiar with such matters, exercise in the management of their own affairs.
- An Adoption Agreement between SERS and the TPA/preferred custodial entity, establishing the custodial delegation of the 401(a) plan, and setting forth the duties and obligations of the TPA/preferred custodial entity to SERS. The parties and signatories to this Adoption Agreement will be SERS and the TPA/preferred custodial entity. This Adoption Agreement will be included as an exhibit to the main TPA/recordkeeper contract outlined in the first bullet point. as well and a requirement that the selected TPA/recordkeeper exercise of that degree of judgment, skill and care under the circumstances then prevailing that persons of prudence, discretion and intelligence, who are familiar with such matters, exercise in the management of their own affairs.
- The selected Offeror will be obligated to perform the work necessary to complete the conversion from the current system to the future model as described in this RFP by December 31, 2024. Additionally, the selected Offeror will be obligated to cooperate with SERS, Treasury, and the existing TPA to transition services to its operations by December 31, 2024. These obligations will be set forth in a Memorandum of Understanding ("MOU"), or similar document, between SERS and the selected Offeror. The obligation to provide these conversion and transition services will be at no cost to SERS or any member or participant.

**Please note:** This is the contemplated contractual arrangement and proposals should be made taking this contemplated arrangement into consideration. The Issuing Office reserves the right, however, to change the contemplated contractual relationships to one that is more advisable from an administrative perspective and to accommodate operational needs.

If the Issuing Office enters into a contract or contracts as a result of this RFP, such contract or contracts shall contain Contract Terms and Conditions, including the SERS Data and Information Security Addendum and the Pennsylvania Treasury Department Information Security Addendum, as shown in Part V. *See* Appendix O and P respectively. For the initial five (5) year term of the contracts, there will be no cost increase. Any increases to any exercised contract extensions shall be negotiated between the parties.

The term of the Plan Contract(s) will commence on the Effective Date, which is expected to be January 1, 2025. The Issuing Office will affix the Effective Date for each Contract after each Contract has been fully executed by the selected Offeror and by the Commonwealth and all approvals required by Commonwealth contracting procedures have been obtained. The Expiration Date for the Plan Contract is five years after the Effective Date. The Commonwealth has one option to renew each contract for a three (3) year period and a subsequent option to renew for an additional two (2) year period, meaning the contractual relationship for the project could potentially last up to ten (10) years. The selected Offeror shall not start the performance of any work, other than as provided in the conversion and transition MOU described above, prior to the Effective Date of the Contract and the Commonwealth shall not be liable to pay the selected Offeror for any service or work performed or expenses incurred before the Effective Date of the Contract.

### **3.6 Addenda to the RFP**

If the Issuing Office deems it necessary to revise any part of this RFP before the proposal response date, the Issuing Office will post an addendum to [sers.pa.gov](https://sers.pa.gov). It is the Offeror's responsibility to periodically check the website for any new information or addenda to the RFP. Questions and answers to the questions asked during the Questions & Answers period also will be posted to the website as an addendum to the RFP.

### **3.7 Assurances**

The proposer agrees that it will perform all of its obligations in the resultant contract in accordance with all applicable federal, State and local laws, regulations and policies now or hereafter in effect. The proposer affirms that the terms of the RFP and the attachments do not violate any contracts or agreements to which it is a party, and that its other contractual obligations will not adversely influence its capabilities to perform under the contract.

### **3.8 Contract Negotiations**

The Board's selection of the finalist is subject to the negotiation of a mutually acceptable service agreement based on a form of agreement prepared or approved by the Board's legal counsel.

If the Issuing Office cannot reach a final, mutual agreement with the selected Offeror, then the Issuing Office may formally terminate negotiations with the original selected Offeror and initiate negotiations with the next highest-ranked Offeror if that offeror has agreed to hold its proposal open for negotiation.

### **3.9 Cancellation**

The Board retains the right to early termination of any contract or procurement without reason upon providing 30-days' notice. This provision should not be understood as waiving the Board's right to terminate the contract for cause or stop work immediately for unsatisfactory work, but is supplementary to that provision.

### **3.10 Issuing Office Participation.**

Offerors shall provide all services, supplies, facilities, and other support necessary to complete the identified work.



### **3.11 Conflict of Interest**

Proposers may be requested to provide evidence that the award of the contract from this RFP will not result in a conflict of interest with regard either to other work performed by the contractor, or to potential conflict of interest among specific contractor staff or subcontractors.

### **3.12 Indemnification or Hold Harmless**

Contracts between the Board and contractors for services to the Plan shall not contain provisions providing for indemnification or hold harmless from the Commonwealth, the Board or the Plans in favor of the Contractor or any affiliates or third parties.

### **3.13 Publicity**

Bidders and contractors shall not publicize or create publicity regarding their bid, selection or rejection or the terms of the RFP or the Plan or any engagement or interaction with the Board or the Plan. Publicity includes, but is not limited to, news conferences, news releases, advertising, brochures, reports, and/or presentations at conferences or meetings or oral or written comments to third parties. The inclusion of materials, the name of the Plan, or other such reference to the Plan or the Board in any document or forum is considered publicity. News releases or any other public announcements regarding work to be performed under the contract may not be released without prior written approval from the Board.

### **3.14 Offeror's Representations and Authorizations**

By submitting its proposal, each Offeror understands, represents, and acknowledges that:

- A. All of the Offeror's information and representations in the proposal are material and important, and the Issuing Office may rely upon the contents of the proposal in awarding the Contracts. The Commonwealth shall treat any misstatement, omission or misrepresentation as fraudulent concealment of the true facts relating to the Proposal submission, punishable pursuant to 18 Pa. C.S. § 4904.
- B. The Offeror has arrived at the price(s) and amounts in its proposal independently and without consultation, communication, or agreement with any other Offeror or potential offeror.
- C. The Offeror has not disclosed the price(s), costs, the amount of the proposal, nor the approximate price(s) or amount(s) of its proposal to any other firm or person who is an Offeror or potential offeror for this RFP, and the Offeror shall not disclose any of these items on or before the proposal submission deadline specified in the Calendar of Events of this RFP.
- D. The Offeror has not attempted, nor will it attempt, to induce any firm or person to refrain from submitting a proposal on this contract, or to submit a proposal higher than this proposal, or to submit any intentionally high or noncompetitive proposal or other form of complementary proposal.
- E. The Offeror makes its proposal in good faith and not pursuant to any agreement or discussion with, or inducement from, any firm or person to submit a complementary or other noncompetitive proposal.

- F. To the best knowledge of the person signing the proposal for the Offeror, the Offeror, its affiliates, subsidiaries, officers, directors, and employees are not currently under investigation by any governmental agency and have not in the last four (4) years been convicted or found liable for any act prohibited by state or federal law in any jurisdiction, involving conspiracy or collusion with respect to bidding or proposing on any public contract, except as the Offeror has disclosed in its proposal.
- G. To the best of the knowledge of the person signing the proposal for the Offeror and except as the Offeror has otherwise disclosed in its proposal, the Offeror has no outstanding, delinquent obligations to the Commonwealth including, but not limited to, any state tax liability not being contested on appeal or other obligation of the Offeror that is owed to the Commonwealth.
- H. The Offeror is not currently under suspension or debarment by the Commonwealth, any other state or the federal government, and if the Offeror cannot so certify, then it shall submit along with its proposal a written explanation of why it cannot make such certification.
- I. The Offeror has not made, under separate contract with the Issuing Office, any recommendations to the Issuing Office concerning the need for the services described in its proposal or the specifications for the services described in the proposal.
- J. Each Offeror, by submitting its proposal, authorizes Commonwealth agencies to release to the Commonwealth information concerning the Offeror's Pennsylvania taxes, unemployment compensation, workers' compensation, or other similar liabilities.
- K. Until the selected Offeror receives a fully executed and approved written contract from the Issuing Office, there is no legal and valid contract, in law or in equity, and the Offeror shall not begin to perform.
- L. The Offeror is not currently engaged, and will not during the duration of the contract engage, in a boycott of a person or an entity based in or doing business with a jurisdiction which the Commonwealth is not prohibited by Congressional or Pennsylvania statute from engaging in trade or commerce.

### **3.15 Method of Award**

The Issuing Office intends to award to one responsive and responsible Offeror. An award will be made to the Offeror whose proposal is determined by the Issuing Office to be the most advantageous to the Commonwealth using the evaluation criteria found in Part II, Section 4 of this RFP.

### **3.16 Notification of Award**

Offerors whose proposals are not selected will be notified when contract negotiations have been successfully completed and the Issuing Office has received the final negotiated contract signed by the selected Offeror.

### **3.17 Debriefing Conferences**

Upon notification of award, Offerors whose proposals were not selected will be given the opportunity to be debriefed. The Issuing Office will schedule the debriefing at a mutually agreeable time. The debriefing will not compare the Offeror with other Offerors, other than the position of the Offeror's proposal in relation to all other Offeror proposals. An Offeror's exercise of the opportunity to be debriefed does not constitute or toll the time for filing a protest.

### **3.18 RFP Protest Procedure**

The RFP Protest Procedure is codified at 62 Pa.C.S. § 1711.1. Please see <https://www.legis.state.pa.us/WU01/LI/LI/CT/HTM/62/00.017.011.001..HTM> . A protest by a party that has not (or not yet) submitted a proposal must be filed no later than the proposal submission deadline specified in the Calendar of Events above. Offerors may file a protest within seven (7) days after the protesting Offeror knew or should have known of the facts giving rise to the protest, but in no event may an Offeror file a protest later than seven (7) days after the date the notice of award of the contract is posted on the DGS website. The date of filing is the date of receipt of the protest. A protest must be filed in writing with the Issuing Office. To be timely, the protest must be received by 4:00 p.m. Eastern time on the seventh (7th) day after the day the notice of award of the contract is posted on the DGS website.

### **3.19 Use of Electronic Versions of this RFP**

This RFP is being made available by electronic means. If an Offeror electronically accepts the RFP, the Offeror acknowledges and accepts full responsibility to ensure that no changes are made to the RFP. In the event of a conflict between a version of the RFP in the Offeror's possession and the Issuing Office's version of the RFP, the Issuing Office's version shall govern.

## **4. Description of the Plan**

### **4.1 Summary of the Plan**

The purpose of this recordkeeper search is to hire a single TPA to administer the Plans and to have the Plans administered by the selected TPA by January 1, 2025. Empower is currently the recordkeeper for the Plans. *See* Appendix F – Plan Statistical Information.

### **4.2 Investment Fund Lineup**

Existing investment funds or investment fund structures are largely expected to remain unchanged. Should there be any investment fund changes, they will be determined separately from the recordkeeper search process. *See* Appendix G – Plan Asset Data.

The recordkeeping revenue requirement should be manager neutral and assume no proprietary funds of the recordkeeper are utilized. Additionally, the self-directed brokerage window must be provided by the existing provider, Charles Schwab. No other options shall be proposed or considered.

SERS currently offers a managed account option to its participants through Morningstar. It is anticipated that managed accounts will continue to be a feature of the total service offering, although this is not guaranteed. Prior to implementation of the service structures solicited under this RFP, SERS plans to conduct a review of the managed account service and will determine how service delivery of managed accounts will proceed going forward. Proposals should anticipate the possibility of a range of outcomes, ranging from continuation of the current service, to offering a new service, to offering a managed account to be determined with a re-enrollment of participants in the service, to elimination of the managed account services. All proposals must accommodate SERS' preferred solutions once decided, and fee proposals should contemplate multiple scenarios in this regard. *See Appendix H – Plan Managed Account Data.*

### **4.3 Fees**

We are requesting you provide us with the revenue your firm requires to run the Plan as a per participant hard dollar fee. Please assume a 5-year contract with one option to renew each contract for a three-year period and a subsequent option to renew for an additional two-year period.

Please complete the attached Fee Matrix. *See Appendix I – Fee Cost Matrix.*

Additionally, as part of the cost proposal, please complete the Service Level Standards Agreement and include that document along with the completed Fee Cost Matrix in your sealed cost proposal envelope. *See Appendix J – Service Level Standards and Fees at Risk.*

**Part II**  
**Criteria for Selection**

**1. Mandatory Responsiveness Requirements**

The Offeror must meet all the mandatory requirements to be given further consideration. Confirm affirmatively within your proposal response that you meet the requirements listed below and provide a brief explanation of how specifically your firm meets each requirement. Failure to satisfy each of the minimum requirements below will result in the immediate rejection of the proposal.

To be eligible for selection, a proposal must:

- A. Be timely received from an Offeror
- B. Be properly signed by the Offeror on the Proposal Cover Sheet. *See Appendix Q – Proposal Cover Sheet.*
- C. As of December 31, 2023, the Offeror must have provided recordkeeping and administrative services for defined contribution plans for a minimum of ten years. (Defined contribution plans are those plans described under Section 457, 401(k), 403(b), or 401(a) of the Internal Revenue Code.) Specifically indicate:
  - How many years has the firm provided administration for defined contribution plans?
  - How many years has the firm provided administration for governmental defined contribution plans?
- D. The Offeror must have documented experience administering at least \$7 billion in aggregate defined contribution or deferred compensation plan assets, or a combination of the two, for the prior two calendar years. Specifically, indicate the total amount of plan assets for which the firm provides plan recordkeeping and administration services.
- E. The Offeror must administer a minimum of 4 state government defined contribution or deferred compensation plans, or a combination of the two, for the prior two calendar years. For the purposes of this criterion, a “state government defined contribution or deferred compensation plan” is any combination of 401(k), 401(a), or 457(b) plans offered to the employees of state government, rather than to just a political sub-division or entity (e.g. a higher education system alone does not satisfy this requirement).
- F. The Offeror must be a direct provider of the requested services (not a third-party broker).
- G. Issuing Office expects that the selected Offeror will accept the contract terms as provided in the RFP. Any questions or exceptions to the terms and conditions must be outlined as part of the Offeror’s response.
- H. The Offeror must comply with the SERS Data and Information Security Addendum and the Pennsylvania Treasury Department Information Security Addendum as provided in Appendices G and H. These Addenda will form part of the contract with the selected Offeror.

- I. The Offeror must provide a completely open-architecture investment platform.
- J. The Offeror must be able to begin transition of the plan upon execution of the contract or a memorandum of understanding and complete transition of the plan to permit enrollment and live plan operations no later than January 1, 2025.

## **2. Technical Non-Conforming Proposals**

These ten (10) Mandatory Responsiveness Requirements set forth above are the only RFP requirements that the Commonwealth will consider to be non-waivable. The Issuing Office reserves the right, in its sole discretion, to (1) waive any other technical or immaterial nonconformities in an Offeror's proposal, (2) allow the Offeror to cure the nonconformity, or (3) consider the nonconformity in the scoring of the Offeror's proposal.

## **3. Evaluation**

The Evaluation Committee is comprised of qualified personnel to review and evaluate timely submitted proposals. The Issuing Office will notify in writing of its selection for negotiation the responsible Offeror whose proposal is determined to be the most advantageous to the Commonwealth as determined by the Issuing Office after taking into consideration all of the evaluation factors.

## **4. Evaluation Criteria**

The Evaluation Committee shall be using the following criteria in evaluating and scoring proposals:

- A. Technical: The Issuing Office has established the weight for the Technical Proposal for this RFP as 75% of the total points.

Evaluation will be based upon the following:

- Organization
  - State of overall organization
  - Clients/references
  - Market positioning
  - Risk management
- Systems & Sponsor Services
  - Client services model and client relationship manager
  - Recordkeeping: staffing
  - Recordkeeping: systems and functionality
  - Recordkeeping: processing
  - Compliance
  - Plan sponsor website and reporting
  - Recordkeeping: custodial duties
  - Implementation and conversion
- Participant Service
  - Participant transactions
  - Communications
  - Call center and voice response unit
  - Participant website
- Plan Management

- Ability to convert from SERS Current System to a Standard Model by January 1, 2025

B. Cost: The Issuing Office has established the weight for the Cost Proposal for this RFP as 25% of the total points.

## **5. Offeror Responsibility**

To be responsible, an Offeror must submit a responsive proposal and possess the capability to fully perform the contract requirements in all respects and the integrity and reliability to assure good faith performance of the contract.

In order for an Offeror to be considered responsible for this RFP and therefore eligible for selection for best and final technical offers, best and final cost proposal offer, or selection for contract negotiations:

- A. The total score for the technical submittal of the Offeror's proposal must be greater than or equal to 75% of the available technical points, and
- B. The Offeror's financial information must demonstrate that the Offeror possesses the financial capability to assure good faith performance of the contract. The Issuing Office will review the Offeror's previous three financial statements, any additional information received from the Offeror, and any other publicly-available financial information concerning the Offeror, and assess each Offeror's financial capacity based on calculating and analyzing various financial ratios, and comparison with industry standards and trends.

Further, the Issuing Office will award a contract only to an Offeror determined to be responsible in accordance with the most current version of Commonwealth Management Directive 215.9, Contractor Responsibility Program.

## **6. Final Ranking and Award**

7.

- A. After any best and final technical offer process and best and final cost offer is conducted, the Issuing Office will combine the evaluation committee's final technical scores and the final cost scores in accordance with the relative weights assigned to these areas as set forth in this Part.
- B. The Issuing Office will rank responsible offerors according to the total overall score assigned to each, in descending order.
- C. The Issuing Office must select for contract negotiations the offeror with the highest overall score.
- D. The Issuing Office has the discretion to reject all proposals or cancel the request for proposals, at any time prior to the time a contract is fully executed, when it is in the best interests of the Commonwealth. The reasons for the rejection or cancellation shall be made part of the contract file.

## **Part III Technical Proposal**

### **1. Statement of Work**

The Pennsylvania State Employees' Retirement Board and its professional staff ("Board") administers a deferred compensation plan in accordance with §457 (b) of the Internal Revenue Code of 1986, as amended, and applicable regulations thereto ("457(b) Plan"), pursuant to and in accordance Act of November 6, 1987, P.L. 394, No. 81 (amending Act of March 30, 1811, P.L. 145, No. 99), as amended, 72 P.S. §4521.2 ("Enabling Statute") and any other applicable law. The 457(b) Plan may also be referred to as the Commonwealth of Pennsylvania Deferred Compensation Program.

Pursuant to Act of June 12, 2017, P.L. 11, No. 5 ("Act 2017-5"), 71 Pa.C.S. §§5101-5958 ("Enabling Statute"), the State Employees' Defined Contribution Plan was established, to be administered by the Pennsylvania State Employees' Retirement Board and its professional staff ("Board") in accordance with §401(a) of the Internal Revenue Code of 1986, as amended, and applicable regulations thereto ("401(a) Plan") (the 457(b) Plan and the 401(a) Plan are referred collectively herein as the "Plans"). The 401(a) Plan may also be referred to as the Commonwealth of Pennsylvania Defined Contribution Program.

The Issuing Office seeks to contract with a provider (hereinafter the "TPA") who can offer full third-party administration and recordkeeping services to the Plans. The engagement requires that the TPA commence working with the Issuing Office upon the effective date of the engagement agreement or memorandum of understanding (at execution), expected to occur in June of 2024. The Issuing Office expects that during the initial phase of the engagement – beginning on the engagement's effective date through January 1, 2025 (referred to herein as the "Transition Period") – all work will be completed to allow the Plans to be fully operational on January 1, 2025 ("Operational Date"). Thereafter, the TPA will provide on-going non-start-up administrative services for the Plans.

The successful Offeror will be expected to provide the following services to the plan:

- Seamless, efficient process to execute customer transactions, with a focus on quality customer service
- High level of service expectations, intuitive user experience, and self-service options
- Conversion Services from SERS Current System to a more traditional cash custodian recordkeeping third-party administrator model, including the provision of trust and custody services, including asset safekeeping, asset servicing, tax reporting, and cash custody services
- Full Plan Administration and Recordkeeping
- Communication and Education
- Regulatory Compliance
- Investment Services
- Transition Services if needed

Qualified vendors should be able to (1) understand SERS' Current System, as outlined in Section A below, and (2) convert the SERS Current System into a new model that meets the specifications and provides the services as described in subsection B below.



#### A. SERS' Current System – A Cashless Custom Model

The service model for SERS is unique and highly complex based on the model Pennsylvania has required. Cash processing is completed by the Pennsylvania Treasury Department (“Treasury”) and not as part of the recordkeeping services. This unique setup also presents challenges for the administration of the Plan including the processing of distributions, contributions, corrections, rollovers, transfers, trades, fund reporting, fees, invoicing, forfeitures, and fraud prevention. Additionally, the complex set up requires extensive testing for all enterprise-wide system changes/upgrades.

The SERS' Current System processes outlined below were developed in collaboration with PA SERS to accommodate SERS Current System setup. Please see attached flow-chart demonstrating SERS Current System and how data files are brokered by SERS. *See* Appendix K – Employer/SERS/TPA Current Data Flow – Current State.

#### **Distributions:**

1. Distributions are processed on a limited basis per the plan's unique non-daily platform; the recordkeeper's programming has a custom setup allowing distributions to process three times per month (on the 1<sup>st</sup>, 10<sup>th</sup>, and 20<sup>th</sup> or the next closest business day). Distributions are compiled into a custom batch of files that are sent to SERS the following business day after the distribution date for disbursement processing. These files are reconciled by SERS before going to Treasury where the funds are liquidated, and the checks and ACH disbursements are issued.
2. Distributions are limited to the dates noted on the Plan's disbursement schedule. There is no option to expedite the distribution of the funds per Treasury's limitations, and they can only be delivered via ACH or paper check via the postal service once Treasury completes processing. Any distributions that require reprocessing must wait until the next available disbursement date to feed to Treasury. This model does not allow for expedited processing, particularly when a participant or member needs a hardship withdrawal.
3. As a result of the Plan's custom disbursement process, withdrawals may only be requested by the participant via a paper form. Distributions cannot be requested via the participant website, or over-the-phone with a Care Center representative.
4. The recordkeeper provides custom files to the plan for the processing of disbursements, daily transactions (that include fund to fund transfers for example), and trade files. As a result, any requested updates to these files involve a collaboration between the recordkeeper, the Plan, and Treasury to ensure balanced reconciliation externally.
5. Ongoing daily reconciliation is coordinated between SERS, the Pennsylvania Treasury, and the recordkeeper.
6. As indicated, the recordkeeper is not responsible for the disbursement of distributed funds. Custom programming remains cashless for this process. This requires a shared call center environment for the details of a participant distribution or to stop pay and reissue a lost check.
7. Additional complexities and collaborative efforts include a custom approach to corrections, i.e. inserting transaction corrections retroactively or current day depending on how Pennsylvania requires these corrections to appear for their reporting, trading,

and reconciliation processes. Tax adjustments are made quarterly with PA SERS making the payment to, reconciliation with, and preparation of returns to the IRS.

8. Unclaimed property checks are tracked by PA SERS and the PA Treasury. The recordkeeper is tasked with researching to determine if updated information is available for those individuals with outstanding payments.

### **Contributions:**

Deferred Compensation Plan (457(b)) uses a non-traditional contribution processing model. Employers communicate and exchange data with the recordkeeper directly. The payment process and money flows for the 457(b) plan, the Deferred Compensation Plan, is the same as for the 401(a) Defined Contribution Plan described below.

The Defined Contribution Plan (401(a)) uses a non-standard service process outlined below to accommodate the SERS' Current System setup for this plan.

1. Employers submit data to SERS and then SERS summarizes and submits to the recordkeeper once per week. Variances are resolved between SERS and the recordkeeper. Employers submit payment for all agencies in the Plans to SERS and the payments are processed through the PA Treasury.
2. Employers are responsible for remitting payroll settlement to PA SERS/PA Treasury; Payroll files are then coordinated by PA SERS, which receives each employer's payroll settlement. The recordkeeper processes the payroll files into their system, and the agency remits the payroll. PA SERS coordinates the clearing of variances between the payroll data and the contributed amounts with the agency and the recordkeeper before the recordkeeper may fully complete each processed payroll.
3. As a result, the recordkeeper is expected to manage the effective date of the payroll based on interactions with PA SERS and the remitting agency.
4. Payroll data may be directed straight to the recordkeeper Plan Service Center website or through SERS, depending on the agency.

### **Rollovers:**

Following is the SERS' Current System setup for Rollovers.

1. The Plan utilizes paper forms to verify rollover requests. Once a check is received by PA SERS, PA SERS will confirm the acceptance of the rollover with the recordkeeper, before depositing the check with the PA Treasury. Once the check has cleared the Treasury, SERS directs the recordkeeper to apply the funds to the participant account.
2. The recordkeeper coordinates the rejected rollovers between the participant and PA SERS since PA SERS is in receipt of the check.
3. Corrections to completed rollovers require coordination between the recordkeeper and SERS to facilitate the addition or removal of the funds from the recordkeeping system, and updates to the custom reporting files.

### **In Plan Roth Transfers:**

The non-standard service processes below are used to facilitate In Plan Roth Transfers.

1. As with other distribution types, the withdrawal is only processed on the 1st, 10th, or 20th, or the next closest business day. The funds are then applied to the participant's account the following business day.
2. This is a manual process, requiring coordination between multiple internal teams by the recordkeeper. Since the transfer does not generate a check or ACH, it does not appear on the Plans' custom reporting, so additional supervision is required to reconcile the Plans' custom reporting.

### **Trades:**

Trades are handled through the PA Treasury as outlined below:

1. The PA Treasury settles trades (including Self Directed Brokerage) based on the information that the recordkeeper provides to the Fund houses. This is a manual process with limited opportunities for automation.

Due to the multiple unique steps associated with Pennsylvania's setup, manual file reconciliation and manual trade notifications must be coordinated between the recordkeeper and PA SERS.

### **Fees:**

The non-standard service processes outlined below accommodate SERS Current System custom setup.

1. PA Treasury is the Plan's cash custodian. Fees cannot be unitized and are assessed to participant accounts to report accurately on the trade files/reconciliations.
2. Due to the complex set up of the plan, every fee must be set up twice; once to debit the participant account, and once for reporting purposes and invoices.
3. All corrections where fees are impacted require manual intervention by the recordkeeper to revise daily reconciliation reporting and invoicing.

### **Invoices:**

Invoices are managed through the below process.

1. Invoices are manually generated by the recordkeeper. All discrepancies require coordinated in-depth research and detailed auditable backup to provide to SERS for reconciliation.
2. A collection of point in time data and back up is provided by the recordkeeper to SERS for reconciliation.
3. Since the Plan is cashless, the payment of invoices requires a manual process to verify that outstanding invoices are cleared, and all payments applied appropriately.

### **Forfeitures/ Unallocated Assets:**

The non-standard service processes outlined below are used for forfeitures and unallocated assets.

1. With the Plan being set up as cashless, the Plan does not utilize a standard forfeiture, unallocated plan asset, or unclaimed property account. Amounts are manually tracked and provided to PA SERS via custom reporting.

2. Unvested employer contributions are swept into a plan level forfeiture account when employer/employee termination dates are received from SERS via custom file reporting.
3. PA SERS is responsible for unclaimed property processing for the plan. PA SERS and the recordkeeper partner to research the accounts.

#### **B. Future Model – Conversion to a Cash Custodian Model**

Going forward, while maintaining oversight authority, PA SERS intends to delegate custodial duties for the 401(a) Plan and Treasury intends to delegate custodial duties for the 457(b) Plan to the proposed custodian and trustee of the successful proposer. Please see attached flow-chart demonstrating SERS anticipated data needs under a Cash Custodian Model System. See Appendix L – Employer/SERS/TPA Data Flow Future State.

This is to include, but is not limited to, the following activities:

- Asset safekeeping, deposit, and servicing of all plan assets
- Receipt of payroll deposits and ordinary flows of cash into and out of the plan, as needed, in order to facilitate a direct connection to the plan trustee and custodian entity
- Check cutting and plan distribution services, including ACH, wires, and other forms of electronic transmission as may be proposed by the successful recordkeeper
- Tax reporting, and tax withholding, including 1099 services and other tax reporting as required
- Unitization services if desired in future by the plan
- Trading and brokerage services as needed in order to invest and trade the assets of the plan

Respondents to this request for proposal should make every effort in their responses to be exceedingly thorough and complete regarding the trust and custody services being proposed, their costs, their requirements of PA SERS, and the performance standards being proposed for those services.

#### **SERVICES REQUIRED:**

##### **1. Conversion Implementation and/or Transition Services**

The TPA will be required to provide services before the commencement of actual recordkeeping services. The TPA will not receive any fees under this contract until the Operational Date. It is anticipated that a full conversion/transition team will be assigned. While the details of this proposal are at the discretion of each Offeror in this RFP, SERS anticipates that this service team would include an implementation specialist/project manager, the ongoing client service team, and other subject matter experts as needed in order to facilitate a smooth conversion/transition, whether that is a conversion to the new service model under the current vendor, or a transition to a new provider and conversion by a new provider to the new service model.

During this period and after, communication and member outreach should contemplate using SERS' seven regional offices to maximize delivery of in-person services and outreach.

## 2. Recordkeeping and Administration

The TPA shall perform all services necessary to provide SERS with full third-party administration and recordkeeping for the Plans, consistent with existing custom plan documents. Due to the anticipated impacts of a change in service model with respect to custody, many aspects of plan administration are likely to be modernized and streamlined. As such, while compliance with plan documents is required, suggestions for changes existing processes in order to enhance service delivery are strongly encouraged in the questionnaire response below.

Pursuant to Section 5812(15) of the State Employees' Retirement Code, the determinations by the TPA in performing duties and responsibilities delegated by SERS are subject to appeal to the Board. 71 Pa.C.S. §5812(15) and 4 Pa.Code § 250.2. The TPA must comply with SERS' process in notifying participants of their right to appeal such determinations made by the TPA that are subject to appeal to the Board. The Board conducts its proceedings in accordance with sections of Part II of Title I of the Pennsylvania Code dealing with evidentiary hearings (1 Pa.Code § 31.1 et seq., and in particular §§ 35.111-35.251), Chapter 201 of the Pennsylvania Code dealing with the applicability of general rules to the Board (22 Pa.Code §§ 201.1-201.12), and the Administrative Agency Law (2 Pa.C.S. § 501 et seq.). The TPA must agree to implement any decisions issued through the appeal process and may also be required to provide data and make itself available to participate in the proceedings.

All Call Center services provided to PA SERS must be located and staffed in the United States.

Additionally, a unique feature of the PA SERS service delivery model is that the recordkeeper provides a range of information to PA SERS, which is then incorporated into an annual benefit statement produced by PA SERS. A successful proposer will be required to provide such information as is required to continue to produce these annual statements.

Additionally, PA SERS and Treasury will require certain management and financial reporting. Attached as an appendix is a listing of management and financial reports that the successful bidder will be required to provide to SERS and Treasury. Other financial reports, not included on the list, may be required from time to time or may become required by statute or law. *See Appendix M – Reporting Requirements Table.*

### Data Security and Records Retention

PA SERS must also comply with Commonwealth policies pertaining to data security and records retention. These require the TPA to keep duplicates or back-up computer data files maintained in connection with the engagement with SERS at an alternate site. Back-up data files must be encrypted as outlined in Commonwealth Policy ITP-SEC032. *See Appendix N - Commonwealth Information Technology Policy, Enterprise Data Loss Prevention (DLP) Compliance Standards.*

The TPA shall maintain and retain, for a minimum period of six (6) years following termination of any agreement, the records of any participant or other records maintained in any form in connection with the engagement, and during such period, SERS or any other department or representative of the Commonwealth of Pennsylvania, upon reasonable notice to the TPA, shall have the right, at its own expense, to inspect such records. Additionally, the TPA will comply with all retention

requirements provided in any federal or state law or regulation. Before the TPA seeks to destroy those records the TPA must first contact SERS in writing and secure SERS' consent to any such destruction. Upon contract termination, the TPA shall provide SERS with the following participant data records from enrollment in the Plans in an agreed upon format including, but not limited to:

- Account balances
- Contributions
- Distributions
- Interest postings
- Deferral changes
- Investment allocation changes
- Court Orders
- Beneficiaries Designations
- Current Investment allocation
- 1099R Information
- Member statement of accounts
- Images of paper documents received from the members since inception of account

The employer data in an agreed upon format, including but not limited to:

- Employer transactions
- Employers balances
- Employer statement of accounts

### **3. Communication and Education**

The TPA will be required to collaborate with SERS' communication team in the development of ongoing customized educational campaigns directed towards participants in the Plans with information encompassing: (1) participation in each component of the Plans, and (2) investment option election strategies. These campaigns should be designed to engage the participants or members in ways that promote awareness of each available election under the Plans. The campaign will include a combination of tailored communication materials, group and one-on-one meetings and targeted messages. The TPA, in collaboration with SERS, shall provide materials relating to the Plans or specific components thereof to be included in the SERS' periodic newsletter, social media feeds, and other targeted communications.

#### **A. Communications Requirements**

Participant communications should whenever possible present an unbiased approach when providing investment information and should educate participants about all aspects of each component of the Plans, including retirement planning, investment options, performance and distribution selections.

The TPA will be responsible for preparing, in consultation with SERS, all communication materials regarding any component of the Plans, with the exception of the SERS annual statements, or other SERS publications.

The SERS' communications staff will actively participate in the content development, design, drafting and approval of most or all communication pieces. SERS will request edits and redrafting of materials as necessary and may require communications materials in alternate formats and languages upon request. In addition, TPA will send finished publication through its internal compliance review process.

All communications, publications and forms should be customized for SERS to the extent possible without causing material operational challenges. All materials produced by the TPA for SERS are for the sole use of SERS, its members, and its participants and are, and shall remain, the property of SERS. Communications and education materials developed as part of this contract should reflect SERS' branding to the extent possible and shall not highlight or otherwise serve as a vehicle to promote the TPA, other relationships or services beyond those offered through the Plans.

## B. Participant Education

The TPA, in conjunction with SERS, shall prepare and execute a comprehensive participant education program that may include, but is not limited to the following components:

- Provide targeted communications developed using data mining that provide pertinent and actionable messaging at various stages of the participant's employment lifecycle.
- Communicate regularly with SERS to review educational materials, coordinate activities and maintain open lines of communication.
- Provide group-level and/or one-on-one employee sessions designed to provide a holistic understanding of SERS and the Plans' benefits and investment offerings. These meetings may be conducted, when appropriate, in conjunction with SERS representatives throughout the Commonwealth of Pennsylvania, and may utilize the network of seven regional offices.
- Conduct live webinars (schedule, register participants, host and record) on a regular and mutually agreed basis for newly hired employees. These webinars will be designed to provide education of the Plans and assist participants in understanding the differences in components of the Plans. The information provided would be neutral in nature and will describe in detail the structure and benefits provided by each component of the Plans. No marketing to any class shall occur in any education workshop/webinar. Webinars must be made available to be posted on the TPA's and SERS' website, to be available for viewing on-demand.
- Schedule, register participants, host and record periodic live webinars with subject matter experts internally from SERS and externally to provide education on a variety of retirement readiness topics. Recorded webinars must be reviewed and approved by SERS before they are added as links to the TPA's website. The recorded webinars must be provided to SERS for inclusion on its website.
- Schedule, register participants, host, and record periodic live webinars for retirees to promote staying in the plan and decumulation strategies.
- Develop, with the input and approval of SERS, both electronic and hard copy booklets and video presentations explaining:
  - Welcome packets for new members providing an overview of each option of the Plans

- The different plan options and providing guidance on making an appropriate selection based on each participant's unique needs
- The Plans' investment information
- The Plans' distribution information
- Quarterly statement to include notice to members and participants of the Plans of legislative or regulatory changes affecting contribution limits, distribution rules, and similar matters
- Understanding plan fees
- Online account access
- Other topics as requested by SERS

To facilitate the development of a communications/education program, SERS will provide in-person training to personnel of the selected TPA at SERS' headquarters relative to the statutory provisions, rules, policies and procedures of SERS and the Plans. The duration of the training will be determined on an as-needed basis.

#### **4. Program Audits**

The TPA will also cooperate fully in the development and execution of audits of the Plans. A separate audit may be conducted for each class of participation in the Plans. SERS conducts its audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. SERS' Internal Audit Office is required to be independent of SERS and to meet our other ethical responsibility, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

These internal and external audits will be performed on a fiscal year basis with a calendar year ending December 31 of each year.

#### **5. Regulatory and Tax Compliance**

The TPA will comply with any changes that may occur as a result of new legislation (either State or Federal), Plan document or other applicable law. Additionally, the TPA will provide notification to SERS of any regulatory or legislative changes that may impact the Plans, and provide analysis and guidance related to the regulatory or legislative changes. The TPA will assist SERS to identify and develop the implementation of all mandatory requirements, as well as any optional provisions that the Board chooses to implement, of existing or newly enacted legislation, regulations, or other applicable law. This may include the provision of technical assistance in amending the Plans' plan documents to provide for these requirements and options.

The TPA shall bear the costs of modifying its technology platforms to comply with any applicable legislative and regulatory changes.

The TPA will be solely responsible for any tax penalties and/or interest that may arise due to errors or omissions of the TPA, such as errors and omissions in remitting or failing to remit withheld amounts to the appropriate government authorities.



## **6. Investment Services**

All decisions regarding the investments offered under the Plans are made by SERS. SERS has selected investments to create a streamlined investment array that provides members and participants with the opportunity to diversify their retirement savings. No bundled investment proposals are solicited and none will be accepted.

## QUESTIONNAIRE

All RFP questions should be answered clearly and completely. Please respond based on EXISTING functionality, not prospective functionality. Prospective functionality should be included, however, so we understand your technology strategy. You may add attachments within the ProposalTech system to the extent such material augments your responses to a particular question. Any attachments added in ProposalTech must be included in the hard copy proposal submitted to the Issuing Office.

### 7.1 General

7.1.1 Please provide the requested information for your company:

	Response
Company Name	10 words.
Primary Contact Name	10 words.
Primary Contact Title	10 words.
Primary Contact Phone Number	20 words.
Primary Contact Email Address	20 words.
Remittance Address	50 words.

7.1.2 Which size segment would the Plan fall into (core, large, mega, etc.)?

*Single, Pull-down list.*

- 1: Core,
- 2: Large,
- 3: Mega

7.1.3 Please confirm that in addition to this Custom Questionnaire, you have also updated the 2023 General Questionnaire, and have attached your responses in hard copy to your submission to SERS.

*Single, Radio group.*

- 1: Confirmed,
- 2: Not confirmed, explain: [ 100 words ]

7.1.4 What do you believe are your key differentiators for DC plan recordkeeping?

*500 words.*

7.1.5 Please submit a copy of your recordkeeping agreement with your proposal.

*Single, Pull-down list.*

- 1: Attached,
- 2: Not provided

7.1.6 Please detail any major improvements/enhancements your firm has made to DC recordkeeping services over the past three years. What enhancements do you have planned for the next three years?

*500 words.*

## 7.2 Clients and References

7.2.1 Please provide the number of plans your firm administers in the below categories.

	Number of Total DC Plans	Number of Total 457(b) Plans	Number of Governmental 457(b) plans
Under 500 participants	<i>Integer.</i>	<i>Integer.</i>	<i>Integer.</i>
501 to 1,000 participants	<i>Integer.</i>	<i>Integer.</i>	<i>Integer.</i>
1,001 to 5,000 participants	<i>Integer.</i>	<i>Integer.</i>	<i>Integer.</i>
5,001 to 10,000 participants	<i>Integer.</i>	<i>Integer.</i>	<i>Integer.</i>
10,001 to 25,000 participants	<i>Integer.</i>	<i>Integer.</i>	<i>Integer.</i>
25,001 to 50,000 participants	<i>Integer.</i>	<i>Integer.</i>	<i>Integer.</i>
50,001 to 100,000 participants	<i>Integer.</i>	<i>Integer.</i>	<i>Integer.</i>
Over 100,000 participants	<i>Integer.</i>	<i>Integer.</i>	<i>Integer.</i>

7.2.2 Please provide the number of plans your firm administers in the below categories.

	Number of Total DC Plans	Number of Total 457(b) Plans	Number of Governmental 457(b) plans
Under \$100 million	<i>Integer.</i>	<i>Integer.</i>	<i>Integer.</i>
\$100 million to \$500 million	<i>Integer.</i>	<i>Integer.</i>	<i>Integer.</i>
\$500 million to \$1 billion	<i>Integer.</i>	<i>Integer.</i>	<i>Integer.</i>
\$1 billion to \$5 billion	<i>Integer.</i>	<i>Integer.</i>	<i>Integer.</i>
Greater than \$5 billion	<i>Integer.</i>	<i>Integer.</i>	<i>Integer.</i>

7.2.3 Please provide references of three current clients (at least one who converted their recordkeeping in the past 12 months) and three former clients (who have made a change in the last 18 months). These clients should be within the government sector. Also, at least one client should have over \$2 billion in assets.

	Reference 1: Current Client	Reference 2: Current Client	Reference 3: Current Client	Reference 4: Former Client	Reference 5: Former Client	Reference 6: Former Client
<b>Organization Name</b>	<i>20 words.</i>	<i>20 words.</i>	<i>20 words.</i>	<i>20 words.</i>	<i>20 words.</i>	<i>20 words.</i>
<b>Line of Business</b>	<i>20 words.</i>	<i>20 words.</i>	<i>20 words.</i>	<i>20 words.</i>	<i>20 words.</i>	<i>20 words.</i>
<b>Contact Name/ Telephone No</b>	<i>20 words.</i>	<i>20 words.</i>	<i>20 words.</i>	<i>20 words.</i>	<i>20 words.</i>	<i>20 words.</i>
<b>Email address</b>	<i>20 words.</i>	<i>20 words.</i>	<i>20 words.</i>	<i>20 words.</i>	<i>20 words.</i>	<i>20 words.</i>
<b>Address</b>	<i>50 words.</i>	<i>50 words.</i>	<i>50 words.</i>	<i>50 words.</i>	<i>50 words.</i>	<i>50 words.</i>

<b>Size of Plan</b>	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>
<b>Number of Plans</b>	<i>Integer.</i>	<i>Integer.</i>	<i>Integer.</i>	<i>Integer.</i>	<i>Integer.</i>	<i>Integer.</i>
<b>Number of Years in Retainer</b>	<i>Decimal.</i>	<i>Decimal.</i>	<i>Decimal.</i>	<i>Decimal.</i>	<i>Decimal.</i>	<i>Decimal.</i>
<b>Services provided</b>	<i>500 words.</i>	<i>500 words.</i>	<i>500 words.</i>	<i>500 words.</i>	<i>500 words.</i>	<i>500 words.</i>

### 7.3 Team and Servicing

7.3.1 Please provide the names, roles, and backgrounds of those individuals who would be on the Plan team on an ongoing basis. Please add additional team members as necessary.

	<b>Team Member 1</b>	<b>Team Member 2</b>	<b>Team Member 3</b>	<b>Team Member 4</b>	<b>Team Member 5</b>	<b>Team Member 6</b>	<b>Team Member 7</b>	<b>Team Member 8</b>	<b>Team Member 9</b>
<b>Name</b>	<i>10 words.</i>	<i>10 words.</i>	<i>10 words.</i>	<i>10 words.</i>	<i>10 words.</i>	<i>10 words.</i>	<i>10 words.</i>	<i>10 words.</i>	<i>10 words.</i>
<b>Title</b>	<i>10 words.</i>	<i>10 words.</i>	<i>10 words.</i>	<i>10 words.</i>	<i>10 words.</i>	<i>10 words.</i>	<i>10 words.</i>	<i>10 words.</i>	<i>10 words.</i>
<b>Role</b>	<i>10 words.</i>	<i>10 words.</i>	<i>10 words.</i>	<i>10 words.</i>	<i>10 words.</i>	<i>10 words.</i>	<i>10 words.</i>	<i>10 words.</i>	<i>10 words.</i>
<b>Location</b>	<i>50 words.</i>	<i>50 words.</i>	<i>50 words.</i>	<i>50 words.</i>	<i>50 words.</i>	<i>50 words.</i>	<i>50 words.</i>	<i>50 words.</i>	<i>50 words.</i>
<b>Total years with your firm</b>	<i>Decimal.</i>	<i>Decimal.</i>	<i>Decimal.</i>	<i>Decimal.</i>	<i>Decimal.</i>	<i>Decimal.</i>	<i>Decimal.</i>	<i>Decimal.</i>	<i>Decimal.</i>
<b>Total industry years</b>	<i>Decimal.</i>	<i>Decimal.</i>	<i>Decimal.</i>	<i>Decimal.</i>	<i>Decimal.</i>	<i>Decimal.</i>	<i>Decimal.</i>	<i>Decimal.</i>	<i>Decimal.</i>
<b>Current client assignments (please indicate the number of plans served)</b>	<i>Integer.</i>	<i>Integer.</i>	<i>Integer.</i>	<i>Integer.</i>	<i>Integer.</i>	<i>Integer.</i>	<i>Integer.</i>	<i>Integer.</i>	<i>Integer.</i>
<b>% of time commitment during conversion</b>	<i>Percent.</i>	<i>Percent.</i>	<i>Percent.</i>	<i>Percent.</i>	<i>Percent.</i>	<i>Percent.</i>	<i>Percent.</i>	<i>Percent.</i>	<i>Percent.</i>
<b>% of time commitment ongoing</b>	<i>Percent.</i>	<i>Percent.</i>	<i>Percent.</i>	<i>Percent.</i>	<i>Percent.</i>	<i>Percent.</i>	<i>Percent.</i>	<i>Percent.</i>	<i>Percent.</i>
<b>Why selected for the Plan</b>	<i>500 words.</i>	<i>500 words.</i>	<i>500 words.</i>	<i>500 words.</i>	<i>500 words.</i>	<i>500 words.</i>	<i>500 words.</i>	<i>500 words.</i>	<i>500 words.</i>
<b>Additional Information</b>	<i>100 words.</i>	<i>100 words.</i>	<i>100 words.</i>	<i>100 words.</i>	<i>100 words.</i>	<i>100 words.</i>	<i>100 words.</i>	<i>100 words.</i>	<i>100 words.</i>

7.3.2 Provide an organization chart denoting all the functional staff positions to be utilized for the Plan.

*Single, Pull-down list.*

- 1: Attached,
- 2: Not provided

7.3.3 Is there one main point of contact for the Plan, or will they interface with different people at your firm for different functions?

*Single, Pull-down list.*

- 1: One point of contact,
- 2: Interface with different people

7.3.4 With what frequency will your firm meet with the Board, its staff or other service providers for the Plan? On an ongoing basis, how often will you conduct status meetings, project-related meetings, strategic meetings, etc.?

*500 words.*

7.3.5 The Board is requesting that two people from the service team are available to attend the Committee and Board meetings as requested, as well as the Boards annual two-day retreat. As well as a standard of care[add], The SERS Board meets six times a year and the Committee meetings are generally held the week before the Boards meetings. Are you able to meet this request?

*Single, Radio group.*

- 1: Yes,
- 2: No, explain: [ 200 words ]

7.3.6 What is the average client relationship duration (in years)?

*Decimal.*

## **7.4 Conversion to Future State**

7.4.1 Identify by name the people who will work with the Board in the conversion process to the completed Future State and if applicable, transitioning from the incumbent provider to you as the provider, if necessary, for the Plan.

- Describe each person's role in the process.
- How long have they been at your firm?
- Will they be a part of the ongoing administration team?
- How many other transitions will they be engaged in simultaneously?
- Indicate the average number of transitions handled at a time by these individuals.
- Describe their qualifications and number of prior transitions at your company.

*1000 words.*

7.4.2 Attach a detailed project schedule for a January 1, 2025, conversion and transition assuming the business is awarded in May 2024.

*Single, Pull-down list.*

- 1: Attached,
- 2: Not provided

7.4.3 Describe the critical milestones involved in converting the cash custody, trustee, and asset custody services to the new, industry-standard model. What agreements will your firm need SERS to complete in order to facilitate this transition?

*Unlimited.*

7.4.4 How long is the anticipated blackout period?

*500 words.*

7.4.5 What access/transactions are available during the conversion and potential transition and blackout?

*500 words.*

7.4.6 How many DC implementations/transitions have you completed over the past three (3) years?

*100 words.*

7.4.7

	Response
How many DC plans over \$1 billion in total assets have you transitioned from the Plan's current recordkeeper, Empower, in the last three (3) years?	<i>Integer.</i>
In the last ten (10) years?	<i>Integer.</i>
What challenges have you encountered?	<i>500 words.</i>

7.4.8 Provide detail of the involvement that will be required from the client (roles and functional area) during the conversion and/or transition process. What is the estimated number of full-time equivalent personnel for the Plan needed through conversion and/or transition?

*500 words.*

7.4.9 How will your firm transfer any paper records over to your system? Will you keep them in paper format or move them to electronic format?

*500 words.*

7.4.10 At conversion and transition, what is your best practice for beneficiaries? Are beneficiaries re-solicited or do you convert prior beneficiaries/elections into your system?

*500 words.*

7.4.11 What participant history is converted over? After transition, will participants be able to see any balance history prior to the transition date?

*500 words.*

7.4.12 Upon termination of a client relationship, what data does your firm provide to the plan sponsor for their records (i.e., participant transaction data, balance data, imaged forms, etc.)? What options exist for your de-transition file?

*500 words.*

7.4.13 Provide a workflow process diagram that describes how you intend to have payroll files flow under the new custodial model, including which entities receive data, and what data elements. Be exceedingly clear, so that SERS can evaluate your needs and compatibility with SERS technology needs. See Appendix L – Employers/SERS/TPA Data Flow – Future State

*unlimited*

7.4.14 Under your proposal for custodial services, describe which entity(ies) will be responsible for money-out transactions. Please be as detailed as possible in describing which entity(ies) will provide these services, as well as all technical requirements.

*unlimited*

7.4.15 Describe how the conversion to the new custodial model can be coordinated with the transition of recordkeeping services, and how the two are interrelated.

*unlimited*

## **7.5 Communication**

7.5.1 What communications and participant education services are included in your proposal (e.g., standard, customized, and compliance notices)? Itemize the included services and those that are at an additional cost.

*500 words.*

7.5.2 SERS has a specific brand it has developed for its Plans, and it is important to SERS that the specific branding in communications continues. What level of customization/personalization/targeting do you envision for the Plan's communication materials? Describe how your targeting can be defined and if you are able to target various groups within the overall population (e.g., participants who are eligible but not using catch up contributions, participants without beneficiaries, diversification issues, specific groups, etc.). Are you able to measure the effectiveness of your targeting campaigns? Please provide a sample of applicable communication materials with your response.

*500 words.*

7.5.3 How do you consult with clients to determine the optimal communication approaches?

*500 words.*

7.5.4 Please provide the milestone conversion and transition communication pieces and approximate dates for the time period leading up to the conversion and transition (assuming January 1, 2025, conversion and transition).

*500 words.*

7.5.5 Please provide an annual ongoing communications calendar.

*Single, Pull-down list.*

1: Attached,

2: Not provided

7.5.6 Can participant communications be custom branded to the Plan? Please provide detail on what communications/media cannot be custom branded.

*Single, Radio group.*

- 1: Yes, explain: [ 500 words] ,
- 2: No

7.5.7 Is your communications group able to work with the Board and its staff to ensure branding requirements are followed?

*Single, Radio group.*

- 1: Yes,
- 2: No

7.5.8 Please detail the level of communication support that you can provide in Spanish. For example, are any of the following available in Spanish - the website, communication materials, call center, Spanish-speaking representatives, etc.?

*500 words.*

7.5.9 Attach a copy of your standard participant level statement. Please provide an example that shows how fees are shown to participants on the statement (i.e., does it show as a line item under expenses or elsewhere?).

*Single, Pull-down list.*

- 1: Attached,
- 2: Not provided

7.5.10 Please confirm your ability to send quarterly participant statements no later than 15 business days following the last day of each calendar quarter.

*Single, Radio group.*

- 1: Confirmed,
- 2: Not confirmed, explain: [ 500 words ]

7.5.11 A newsletter (minimum of 4 pages) is currently sent with each quarterly statement. Are you able to collaborate with SERS' Communications team to create and distribute a newsletter each quarter? Please provide a sample of a newsletter you have created for another client.

*Single, Pull-down list.*

- 1: Yes, sample attached,
- 2: No

7.5.12 Please explain what your firm has learned regarding the best methods to contact, meet with, and service plan participants, and potential participants, during the past three years of the COVID-19 pandemic. How has your firm adapted to the shift to a more virtual-first environment? What lessons have been learned that your firm plans to leverage in your future service model? What has changed, and what level of online vs. in person interaction does your firm anticipate in the future?

*500 words.*



7.5.13 Can field representatives participate in benefits fairs, provide meetings (both virtual and in-person) and webinars at regional office, and work with Commonwealth Agencies and participating employers to provide employer and employee education and counseling. Is your firm willing to make this same commitment?

*Single, Radio group.*

1: Confirmed, explain: [ 500 words ] ,

2: Not confirmed, explain: [ 500 words ]

7.5.14 For how many clients do you currently provide dedicated field representatives?

*Integer.*

7.5.15 Will the field representatives also be able to communicate/provide outreach to Commonwealth employers, to inform them of the benefits of offering the Deferred Compensation Plan?

*Single, Radio group.*

1: Yes,

2: No

7.5.16 How do you ensure that field representatives, or any other employees, do not cross sell?

*500 words.*

7.5.17 For counseling services where participants separated(ing) from service receive guidance from your firm regarding whether to remain in plan or move to an IRA, what criteria are used to determine whether a participant receives a recommendation to move to an IRA offered by your firm, or a preferred partner of your firm? Explain any and all real or perceived conflicts of interest, and how they are handled.

*500 words*

7.5.18 Describe retention services that your firm provides when participants are nearing or eligible for retirement.

*500 words.*

## **7.6 Compliance**

7.6.1 What compliance services are included in your offer? Please provide a detailed list. Please give additional compliance services available, along with pricing.

*500 words.*

7.6.2 How does your firm ensure that the Plan stays in compliance?

*500 words.*

7.6.3 In the plan audit process, how many hours of auditing support do you include in the proposal?

*Integer.*

7.6.4 How is data supplied for the audit?

*500 words.*

7.6.5 What fiduciary responsibility does your firm assume?

*500 words.*

7.6.6 Please provide a copy of your most recent SSAE 18, SOC II type II, SPARK AUP (if applicable), and SPARK formatted penetration testing report.

*Single, Pull-down list.*

1: Attached,

2: Not provided

## **7.7 VRS**

7.7.1 Attach a copy of the standard voice response menu.

*Single, Pull-down list.*

1: Attached,

2: Not provided

7.7.2 Is the password for the VRS the same password that participants use for the website?

*Single, Radio group.*

1: Yes,

2: No, explain: [ 200 words ]

## **7.8 Call Center**

6.8.1 Please list the location of all other call centers that could be expected to handle the Plans' participant calls for business continuity purposes.

*500 words.*

7.8.2 Please confirm your ability to provide licensed and FINRA registered call center representatives?

*Single, Radio group.*

1: Confirmed,

2: Not confirmed, explain: [ 500 words ]

7.8.3 What are your standard call center hours of operation?

*100 words.*

7.8.4 On average, how long does it take to pull a digital copy of a recorded conversation with a participant?

*200 words.*

7.8.5 Will you allow the Board and its staff to listen to recorded call center calls?

*Single, Radio group.*

1: Yes, explain: [ 200 words ] ,

2: No, explain: [ 200 words ]

7.8.6 Are you able to provide a vanity 800 number for the Plan? Is there an additional fee for this?

*Single, Pull-down list.*

- 1: Yes, with additional fee,
- 2: Yes, with no additional fee,
- 3: No

7.8.8 Are you able to provide TTY for the hearing impaired by telecommunications device for the deaf?

*Single, Radio group.*

- 1: Yes, explain: [ 100 words ] ,
- 2: No, explain: [ 100 words ]

Are you able to provide services for the visually impaired? If so please explain the services and services offered for visually impaired participants>

7.8.9 For the Call Center staff, what is the percentage of turnover over the last five years?

*Percent.*

7.8.10 What incentives are used for retention?

*500 words.*

7.8.11 What specialty service teams (e.g. bereavement/death benefit specialists) does your firm employ within your call center structure, and how would participants gain access to their services?

*500 words.*

## **7.9 Participant Web Site**

6.9.1 Provide a sample login ID and password, enabling us to test a sample participant web site. Please be sure the password provided does not expire for at least 4 months.

*50 words.*

7.9.2 Are you able to provide a vanity web address for the Plans? Is there an additional fee for this?

*Single, Pull-down list.*

- 1: Yes, with additional fee,
- 2: Yes, with no additional fee,
- 3: No

7.9.3 What is the level of customization that the plan sponsor can have over the website? For example, can text be customized by the plan sponsor? Is there ad-hoc text flexibility whereby the plan sponsor could post a message to participants on the website? If there are templates areas for messaging or customization in your standard web design, please provide screenshots overlaid with text indicating what can, and cannot, be customized.

*500 words.*

7.9.4 Are you able to create a customized pre-login page that provides Plan information?

*Single, Radio group.*

- 1: Yes,
- 2: No

7.9.5 Can plan sponsor specific documents (e.g., administrative manual, notices, etc.) be posted on your website?

*Single, Radio group.*

- 1: Yes,
- 2: No

7.9.6 Is your participant web site integrated with your Voice Response System and call center in real time?

*Single, Radio group.*

- 1: Yes, explain: [ 200 words ] ,
- 2: No, explain: [ 200 words ]

7.9.7 Please provide a description of your most recent website upgrade.

*500 words.*

7.9.8 Please outline how often the website is down for periodic maintenance. When is this typically scheduled?

*100 words.*

7.9.9 What types of retirement, investment, and other educational materials would be available on the website?

*500 words.*

7.9.10 Do you expect that your website would result in a loss of tools or functionality from the Plan's current website?

*Single, Radio group.*

- 1: Yes, explain: [ 500 words ] ,
- 2: No

7.9.11 The plans direct traffic to the PA SERS website, or members can go directly to the TPA's website of the current recordkeeper to access their accounts. What challenges, if any, does your firm anticipate in maintaining this structure? *500 words.*

## **7.10 Plan Sponsor Reporting and Website**

6.10.1 Provide a sample username and password enabling us to view a demo of the plan sponsor site. Please be sure the password provided does not expire for at least 4 months.

*50 words.*

7.10.2 Please provide a list and explanation of the reporting capabilities on the site, specifically noting what types of reports come pre-packaged and what types of reports would be considered custom. How much flexibility is there in the reports?

*500 words.*

7.10.3 The Board receives a monthly report that provides a variety of participant data. Based on the attached report, please confirm you can produce a similar monthly report. What content, if any, would be missing or added?

*Single, Radio group.*

1: Confirmed, explain: [ 200 words ] ,  
2: Not confirmed, explain: [ 200 words ]

7.10.4 Please provide a list of administrative functions that can be managed on the site (e.g., updating employee status codes).

*500 words.*

7.10.5 Please provide the standard turnaround time for ad hoc reports, both standard reports and more complex reports.

*500 words.*

7.10.6 Do you provide an administration manual? Please provide a sample. Will you update this annually?

*Single, Radio group.*

1: Yes, sample attached: [ 200 words ] ,  
2: No

7.10.7 Can the plan sponsor make changes to participant accounts? If so, how is this done - through the plan sponsor website or through another mechanism?

*Single, Radio group.*

1: Yes, explain: [ 500 words ] ,  
2: No

7.10.8 Please confirm that your organization will provide the Plan with its annual financial statements prepared in accordance with Generally Accepted Accounting Principles (GAAP) as well as other audit reports the Plan needs to fulfill its fiduciary responsibility.

*Single, Radio group.*

1: Confirmed,  
2: Not confirmed, explain: [ 200 words ]

7.10.9 Describe your procedures for monitoring client and participant satisfaction.

*500 words.*

7.10.10 Can you provide an ongoing report that shows the amount of rollover distributions and which financial institution they were sent to?

*Single, Radio group.*

1: Yes,  
2: No

7.10.11 Will you perform Power of Attorney (POA) services? If so, how do you maintain these, electronically or in hard copy? Is there an additional fee for POAs?

*Single, Radio group.*

1: Yes, explain: [ 500 words ] ,  
2: No

7.10.12 Are you able to survey participants about their satisfaction with Plan services and provide survey results to the Board? If so, please describe your process for doing so.

*Single, Radio group.*

1: Yes, explain: [ 500 words ] ,

2: No

## **7.11 Processing and Administration**

6.11.1 Please confirm your ability to administer the Plan according to the plan documentation included in the supplemental information section of the RFP. In terms of plan provisions, have you identified any aspect of the Board's and Plan's requirements that would cause a deviation from your normal service standards under this Plan? Describe any plan provisions for the Plan that are problematic within your recordkeeping and administration environment as well as a proposed or alternate solution.

*Single, Radio group.*

1: Confirmed, explain: [ 1000 words ] ,

2: Not confirmed, explain: [ 1000 words ]

7.11.2 Given the information provided, please describe any complexities in processing that would be required for the Plan.

*500 words.*

7.11.3 Please confirm that your firm is able to adhere to the requirements under the expected role/requirements descriptions.

*Single, Radio group.*

1: Confirmed,

2: Not confirmed, explain: [ 200 words ]

7.11.4 What is your standard timing to post payroll once the payroll file has been received by your firm?

*500 words.*

7.11.5 Please confirm your ability to accept the Plan's payroll in the current layout. Are you able to accept this on both an automated and manual basis? In the cases of manual payroll files (typically in excel format), will you hand enter the data or take another approach?

*Single, Radio group.*

1: Confirmed, explain: [ 200 words ] ,

2: Not confirmed, explain: [ 200 words ]

7.11.6 What is your process for collecting participants' beneficiaries on an ongoing basis? Is this done online, via form, or both? If online is available, please describe your capabilities and how this would work for the Plan.

*Single, Radio group.*

1: Online, describe: [ 200 words ] ,

2: Form,

3: Both, describe: [ 200 words ]

7.11.7 As a part of the death process, how do you ensure that beneficiaries have been informed that there has been a transfer of assets into their account?

*500 words.*

7.11.8 For unforeseeable emergency withdrawals, is your firm willing to determine eligibility? If so, please describe how your firm determines eligibility and administers unforeseeable emergency withdrawal applications.

*500 words.*

7.11.10 In rolling out system wide updates to your system, are clients able to opt out of certain updates, or postpone them to a later time?

*Single, Radio group.*

1: Yes, explain: [ 200 words ] ,

2: No

7.11.11 What challenges did your firm encounter with administration of RMD's during the recent changes brought about by legislation, and the emergency measures associated with the CARES Act? What lessons did your organization learn from any such challenges? What steps have been taken to correct any errors identified in this process?

*1000 words.*

## **7.12 Investments, Self-Directed Windows, and Retirement Income**

7.12.1 The Proposal should not contain any proprietary fund expectations. Please confirm that your Proposal does not have any proprietary fund expectations.

*Single, Radio group.*

1: Confirmed,

2: Not confirmed, explain: [ 200 words ]

7.12.2 Please confirm that your firm can support the Plan's current investment lineup.

*Single, Radio group.*

1: Confirmed,

2: Not confirmed, explain: [ 200 words ]

7.12.3 Please provide any revenue sharing agreements/amounts your firm has for any of the funds in the Plan.

*500 words.*

7.12.4 Please confirm that your firm will offer the current brokerage window, without any changes to the services offered or fees.

*Single, Radio group.*

1: Confirmed,

2: Not confirmed, explain: [ 200 words ]

7.12.5 Is your firm able to provide the fund fact sheets for the Plan, for all the mutual fund investment options? Which provider do you use for fact sheets?

*Single, Radio group.*

1: Yes, explain: [ 200 words ] ,

2: No

7.12.6 Please provide the calculation used for personalized rate of return. Include whether or not the calculation includes participant cash flows. Is the ROR calculated over a 12 month rolling period or some other period?

*500 words.*

## **7.13 Third Party Interfacing and Other Services**

7.13.1 The plans are in the process of moving from a model in which contributions and distributions were routed through the Treasury, to an industry-standard structure with an external custodian and trustee. It is anticipated that this conversion will occur at the same time as any possible transition. Please provide a complete list of trustees and custodians with whom your firm does business today.

*500 words*

7.13.2 For which custodians does your firm currently have a full electronic interface for both asset servicing and payment services?

*Single, Pull-down list.*

- 1: Yes,
- 2: No

7.13.3 What is your firm's standard pricing for distributions and check cutting for each custodian bank and trustee partner?

*500 words*

7.13.4 Does your firm currently work with any state defined contribution plans that direct all contributions and distributions through the state Treasury? If yes, please list all such examples.

*Single, Radio group.*

- 1: Yes, explain: [ 200 words ] ,
- 2: No

7.13.5 How will 1099R forms be processed under your proposed structure? What support does your firm require from the Plans to accomplish this?

*500 words.*

7.13.7 Please describe the process for how your firm works with the external custodian for contributions/distributions, and for settling and placing trades.

*500 words.*

7.13.8 What are the mutually agreed materiality threshold and error resolution policies between your firm and your proposed custodian and trustee partners? Please describe.

*Unlimited*



7.13.9 Please identify your firm’s proposed trust and custody solution. In this response, include the following, at a minimum:

1. The firm or firms proposed
2. A draft contract and/or adoption agreement for any proposed firm
3. A list of all fees that are anticipated to be charged within the scope of services proposed. This is to exclude fees associated with trading or providing custody to individual securities, except those of the funds offered by the plan.
4. Your proxy voting policy
5. A process flow diagram regarding how you anticipate money flows to function going forward for all required money-in, and money-out transactions for the plans

*unlimited*

7.13.10 Apart from the above questions, will all processing or administrative services be performed in-house? If any services will be outsourced, please list these services and the provider who will be performing the services.

*Single, Radio group.*

1: Yes, in-house,

2: No, outsourced. Explain: [ 200 words ]

## **7.14 Contracting, Service Level Agreements, and Other Terms**

7.14.1 Please confirm your ability to assume a 5-year contract with one option to renew each contract for a three (3) year period and a subsequent option to renew for an additional two (2) year period for pricing purposes.

*Single, Radio group.*

1: Confirmed,

2: Not confirmed, explain: [ 200 words ]

7.14.2 The Plans are requesting that up to 15% of fees be at risk. Please confirm what level of fees you would be willing to put at risk, and please detail the amount of fees you would be willing to put at risk for each standard. See Appendix J – Service Level Standards and Fees at Risk. Please confirm that this is acceptable to your firm.

*Single, Radio group.*

1: Confirmed,

2: Not confirmed, explain: [ 1000 words ]

7.14.3 Appendix J contains the Plans’ desired Performance Criteria. As a part of your RFP response, please indicate how you plan to measure each of these criteria and the proposed fees at risk. For example, one criterion may be that phone calls need to be answered within a certain amount of time. In this case, please fill in your proposed service level, e.g., 90% of calls in 30 seconds, in the second column. Additionally, please fill in your proposed fees at risk for each criterion in the column provided.

If there are certain criteria you will not include, please specify which criteria and why you feel your firm should not be measured by these criteria.

*Single, Radio group.*

1: Completed and attached,

2: Not provided

7.14.4 In measuring the Performance Criteria, the Plans are requesting that your firm review the full scope of plan data as opposed to selecting a sample set of data. Please confirm that your firm can adhere to this.

*Single, Radio group.*

1: Confirmed,

2: Not confirmed, explain: [ 200 words ]

7.14.5 Please confirm that the Plans and its auditors have the ability to audit Plan data at your firm at any time.

*Single, Radio group.*

1: Confirmed,

2: Not confirmed, explain: [ 200 words ]

7.14.6 Please acknowledge and agree that the contract(s) or procurement(s) will be governed by the laws of the Commonwealth of Pennsylvania, without reference to choice of law principles.

*Single, Radio group.*

1: Confirmed,

2: Not confirmed, explain: [ 200 words ]

7.14.7 Please provide information on your insurance coverage and bonding with respect to fiduciary liability, errors and omissions, and any other areas.

*500 words.*

7.14.8 Is your firm willing to act as a fiduciary with respect to the Plan and participants for services which are under your control in accordance with the Board's Rules and Regulations?

*Single, Pull-down list.*

1: Yes,

2: No

7.14.9 The Board owns certain intellectual property related to the Plan (e.g., the 800 phone number, the web address, certain logos, etc.). Is your firm able to work with the Plans to continue to use this intellectual property while maintaining the Board's ownership?

*Single, Pull-down list.*

1: Yes,

2: No

## **7.15 Fees**

7.15.1 Describe your billing practices for services, including the frequency of invoices for each service, payment terms, and the level of detail provided to support the charges.

*500 words.*

7.15.2 Currently, the Plan assesses participant fees as a combination of a hard dollar fee and an asset-based fee. Is your firm able to assess fees to participants under a similar arrangement?

*Single, Pull-down list.*

1: Yes,

2: No

7.15.3 Beyond the recordkeeping fees, how would additional project or service expenses be estimated and billed? Please provide an estimated amount as a percent of the total quoted fee, if applicable.

*200 words.*

7.15.4 Please outline any cross selling arrangements (e.g., rollover IRAs) that your firm requires should it be selected as the TPA for the Plan.

*500 words.*

7.15.5 Please outline any indirect revenue (e.g., revenue sharing, rollover IRAs) you expect to receive from administering the Plan.

*500 words.*

7.15.6 Please describe any variables that can affect your fees (i.e., inflation, significant increase in population size, recordkeeping one plan vs. multiple plans, use of proprietary funds, etc.).

*500 words.*

7.15.7 At what frequency is the fee typically charged to the Plan (i.e., monthly, quarterly, etc.)? Are you able to charge fees on a semi-annual basis as they are currently charged?

*500 words.*

7.15.8 Please outline your capabilities for rebating revenue sharing (i.e., mutual fund reimbursements) back to plan participants. Are you able to rebate the revenue sharing directly back to the fund that generated it?

*500 words.*

7.15.9 We are requesting you provide us with the revenue your firm requires to run the Plan as a per participant hard dollar fee. Please assume a 5-year contract with the option to renew each contract for a three (3)-year period and a subsequent option to renew for an additional two (2)-year period. Please outline all fees as specified in the attached fee matrix.

*Single, Pull-down list.*

1: Completed and attached,

2: Not provided

Attached Document(s):

**Part IV**  
**COST PROPOSAL**

*See Appendix I*

## **PART V**

### **TERMS AND CONDITIONS**

In addition to other contractual terms to be included in the contract(s) or procurement(s) entered into by the awarded Offeror, including but not limited to the SERS Data and Information Security Addendum and the Pennsylvania Treasury Department Information Security Addendum, the following terms will be included in the contract(s) or procurement(s). *See* Appendices O and P respectfully for the Information Security Addenda. If you are unwilling to agree to the specific contractual provisions as drafted below, you must identify that in your Proposal and object to the provision, either in whole or in part. If you do not so object, the following terms will be deemed accepted and will become a part of the contract(s) or procurements(s).

#### **1. TERM OF CONTRACT**

The term of the Contract shall commence on the Effective Date (as described below) and shall end five years after the Effective Date, subject to the other provisions of the Contract. The Effective Date shall be fixed by the Contracting Officer after the Contract has been fully executed by the Contractor and by the Commonwealth and all approvals required by Commonwealth contracting procedures have been obtained. The Contract shall not be a legally binding contract until after the Effective Date is affixed and the fully-executed Contract has been sent to the Contractor. The Contracting Officer shall issue a written Notice to Proceed to the Contractor directing the Contractor to start performance on a date which is on or after the Effective Date. The Contractor shall not start the performance of any work prior to the date set forth in the Notice to Proceed and the Commonwealth shall not be liable to pay the Contractor for any service or work performed or expenses incurred before the date set forth in the Notice to Proceed. No Commonwealth employee has the authority to verbally direct the commencement of any work under this Contract.

#### **2. RENEWAL OF CONTRACT TERM**

The Commonwealth has the option to renew each for a three (3) year contract renewal period. The Commonwealth then has an additional option to further renew each contract for a subsequent two (2) year contract renewal period, so long as the Commonwealth provides written notice to Contractor of its intention to renew the Contract by letter dated no less than 90 days prior to the expiration of the term of the Contract, or any extension thereof. Any renewal will be under the same terms, covenants and conditions. No further documentation is required to be executed to renew the term of the Contract.

#### **3. EXTENSION OF CONTRACT TERM**

In addition to any optional contract extensions, the Commonwealth reserves the right, upon notice to the Contractor, to extend the term of the Contract for up to three (3) months upon the same terms and conditions.

#### **4. DEFINITIONS**

As used in this Contract, these words shall have the following meanings:

- a. Board: The Pennsylvania State Employees' Retirement Board and its professional staff, which is the Purchasing Agency and may also be referred to as the "Agency."
- b. Commonwealth: The Commonwealth of Pennsylvania and the Board.
- c. Contract: The contract entered into between the Commonwealth and the Contractor.
- d. Contracting Officer: The person authorized to administer this Contract for the Commonwealth and to make written determinations with respect to the Contract.
- e. Contractor: The vendor selected to provide services to the Commonwealth, as more particularly set forth in the Contract.
- f. Days: Unless specifically indicated otherwise, days mean calendar days.
- g. Developed Works or Developed Materials: All documents, sketches, drawings, designs, works, papers, files, reports, computer programs, computer documentation, data, records, software, samples or any other tangible material without limitation authored or prepared by Contractor as the work product covered in the scope of work for the Project.
- h. Documentation: All materials required to support and convey information about the services required by this Contract. It includes, but is not necessarily restricted to, written reports and analyses, diagrams, maps, logical and physical designs, system designs, computer programs, flow charts, disks, and/or other machine-readable storage media.
- i. SERS: State Employees' Retirement System
- j. Services: All Contractor activity necessary to satisfy the Contract.

#### **5. INDEPENDENT PRIME CONTRACTOR**

In performing its obligations under the Contract, the Contractor will act as an independent contractor and not as an employee or agent of the Commonwealth. The Contractor will be responsible for all services in this Contract whether or not Contractor provides them directly. Further, the Contractor is the sole point of contact with regard to all contractual matters, including payment of any and all charges resulting from the Contract.

#### **6. DELIVERY**

**Delivery of Services:** The Contractor shall proceed with all due diligence in the performance of the services with qualified personnel, in accordance with the completion criteria set forth in the Contract.

## **7. WARRANTY**

The Contractor warrants that all items furnished and all services performed by the Contractor, its agents and subcontractors shall be free and clear of any defects in workmanship or materials.

## **8. PATENT, COPYRIGHT, AND TRADEMARK INDEMNITY**

The Contractor warrants that it is the sole owner or author of, or has entered into a suitable legal agreement concerning either: a) the design of any product or process provided or used in the performance of the Contract which is covered by a patent, copyright, or trademark registration or other right duly authorized by state or federal law or b) any copyrighted matter in any report document or other material provided to the Commonwealth under the contract. The Contractor shall defend any suit or proceeding brought against the Board and the Commonwealth on account of any alleged patent, copyright or trademark infringement in the United States of any of the products provided or used in the performance of the Contract. This is upon condition that the Board shall provide prompt notification in writing of such suit or proceeding; full right, authorization and opportunity to conduct the defense thereof; and full information and all reasonable cooperation for the defense of same. As principles of governmental or public law are involved, the Commonwealth may participate in or choose to conduct, in its sole discretion, the defense of any such action. If information and assistance are furnished by the Commonwealth at the Contractor's written request, it shall be at the Contractor's expense, but the responsibility for such expense shall be only that within the Contractor's written authorization. The Contractor shall indemnify and hold the Commonwealth harmless from all damages, costs, and expenses, including attorney's fees that the Contractor, Board or the Commonwealth may pay or incur by reason of any infringement or violation of the rights occurring to any holder of copyright, trademark, or patent interests and rights in any products provided or used in the performance of the Contract. If any of the products provided by the Contractor in such suit or proceeding are held to constitute infringement and the use is enjoined, the Contractor shall, at its own expense and at its option, either procure the right to continue use of such infringement products, replace them with non-infringement equal performance products or modify them so that they are no longer infringing. If the Contractor is unable to do any of the preceding, the Contractor agrees to remove all the equipment or software which are obtained contemporaneously with the infringing product, or, at the option of the Commonwealth, only those items of equipment or software which are held to be infringing, and to pay the Commonwealth: 1) any amounts paid by the Commonwealth towards the purchase of the product, less straight line depreciation; 2) any license fee paid by the Commonwealth for the use of any software, less an amount for the period of usage; and 3) the pro rata portion of any maintenance fee representing the time remaining in any period of maintenance paid for. The obligations of the Contractor under this paragraph continue without time limit. No costs or expenses shall be incurred for the account of the Contractor without its written consent.

## **9. OWNERSHIP RIGHTS**

The Commonwealth shall have unrestricted authority to reproduce, distribute, and use any submitted report, data, or material, and any software or modifications and any associated documentation that is designed or developed and delivered to the Board as part of the performance of the Contract.

## **10. COMPLIANCE WITH LAW**

The Contractor shall comply with all applicable federal and state laws and regulations and local ordinances in the performance of the Contract.

## **11. ENVIRONMENTAL PROVISIONS**

In the performance of the Contract, the Contractor shall minimize pollution and shall strictly comply with all applicable environmental laws and regulations, including, but not limited to, the Clean Streams Law Act of June 22, 1937 (P.L. 1987, No. 394), as amended 35 P.S. § 691.601 *et seq.*; the Pennsylvania Solid Waste Management Act, Act of July 7, 1980 (P.L. 380, No. 97), as amended, 35 P.S. § 6018.101 *et seq.*; and the Dam Safety and Encroachment Act, Act of November 26, 1978 (P.L. 1375, No. 325), as amended, 32 P.S. § 693.1.

## **12. POST-CONSUMER RECYCLED CONTENT**

The Board has determined that the recycled content products provision is not applicable to this Contract for the type of service being provided by this Contractor. This determination was based on the fact that no material type products included on the Department of General Services "List of Products and Procurement Guidelines" are being requested under this Contract.

## **13. COMPENSATION**

The Contractor shall be required to perform the specified services at the price(s) quoted in the Contract. All services shall be performed within the time period(s) specified in the Contract. The Contractor shall be compensated only for work performed to the satisfaction of the Commonwealth. The Contractor shall not be allowed or paid travel or per diem expenses except as specifically set forth in the Contract.

## **14. ADDITIONAL REQUIREMENTS**

The Contractor shall ensure completion of and compliance with following:

- a. Sub-custodian financial statements to be annually provided to SERS and the Pennsylvania Treasury Department ("Treasury").
- b. Authorized access for Treasury to all financial reports within sub-custodian systems, including balances and fund activities / transfers.
- c. SOC reports provided annually to SERS and Treasury.
- d. Timely notice and reporting of material changes in financial health, legal status, regulatory compliance, or adverse legal action against / of sub-custodian.
- e. Account maintenance fee reduction.
- f. No additional fees or costs to account participants as a consequence of new sub-custodial relationship.



- g. Including, but not limited to, all Reports and Financial documents contained on the attached Appendix of Reporting Requirements Table. *See Appendix M – Reporting Requirements Table.*

## **15. TRANSACTION CAPABILITIES**

Changes to investment allocations must be made to the member's or participant's record on the date they are requested. Investment transfers received before the closing of the financial markets must be made on the next business day using the previous day's NAV or value.

An error committed by the Contractor through the Voice Response System ('VRS'), the Internet, or in regular processing must be corrected and processed as of the effective date of the original transaction.

Any errors made regarding services provided by the Contractor must be corrected at the Contractor's sole cost and expense so that the value of the member's or participant's account is not less than it would have been had the error not occurred.

The Contractor must respond to participant questions and complaints. SERS will work closely with the Contractor on the proper response to these issues. The Contractor will develop a process to identify and track any issues, errors or complaints and ensure they are brought to SERS' attention immediately.

## **16. CORRECTION OF CONTRIBUTIONS**

The Contractor shall provide for a process for reversing or correcting erroneous transactions, the correcting activity is generally a full account back out and reposting. The Contractor shall identify the type of error and whether the error is a result of the Employer or the Contractor and will work closely with SERS when such an event occurs. Incorrect postings due to the Contractor's error are corrected and funded by the Contractor.

## **17. CORRECTION OF INVESTMENT EARNINGS**

If an operational error occurs in the administration of the Plans, the Contractor shall have the ability to correct and shall cooperate with SERS and its directions in the correction of such errors in a manner that SERS determines is required to maintain the "qualified" status of the Plans and compliance with all other applicable law.

## **18. ASSIGNMENT OF ANTITRUST CLAIMS**

The Contractor and the Commonwealth recognize that in actual economic practice, overcharges by the Contractor's suppliers resulting from violations of state or federal antitrust laws are in fact borne by the Commonwealth. As part of the consideration for the award of the Contract, and intending to be legally bound, the Contractor assigns to the Commonwealth all right, title and interest in and to any claims the Contractor now has, or may acquire, under state or federal antitrust laws relating to the products and services which are the subject of this Contract.

**19. COMMONWEALTH HELD HARMLESS AND INDEMNIFIED**

- a. The Contractor shall hold the Commonwealth harmless from and indemnify the Commonwealth against any and all third-party claims, demands and actions based upon or arising out of any activities performed by the Contractor and its employees and agents under this Contract, provided the Commonwealth gives Contractor prompt notice of any such claim of which it learns. Pursuant to the Commonwealth Attorneys Act (71 P.S. §732-101, et seq.), the Office of Attorney General (OAG) has the sole authority to represent the Commonwealth in actions brought against the Commonwealth. The OAG may, however, in its sole discretion and under such terms as it deems appropriate, delegate its right of defense. If OAG delegates the defense to the Contractor, the Commonwealth will cooperate with all reasonable requests of Contractor made in the defense of such suits.
- b. Notwithstanding the above, neither party shall enter into any settlement without the other party's written consent, which shall not be unreasonably withheld. The Commonwealth may, in its sole discretion, allow the Contractor to control the defense and any related settlement negotiations.

**20. AUDIT PROVISIONS**

The Commonwealth shall have the right, at reasonable times and at a site designated by the Commonwealth, to audit the books, documents and records of the Contractor to the extent that the books, documents and records relate to costs or pricing data for the Contract. The Contractor agrees to maintain records which will support the prices charged and costs incurred for the Contract. The Contractor shall preserve books, documents, and records that relate to costs or pricing data for the Contract for a period of three (3) years from date of final payment. The Contractor shall give full and free access to all records to the Commonwealth and/or their authorized representatives.

**21. AUTOMATED CLEARING HOUSE**

- a. The Commonwealth will make contract payments through Automated Clearing House (ACH). Within 10 days of award of the contract or procurement, the contractor must submit or must have already submitted their ACH information within their user profile in the Commonwealth's procurement system (SRM).
- b. The contractor must submit a unique invoice number with each invoice submitted. The unique invoice number will be listed on the Commonwealth of Pennsylvania's ACH remittance advice to enable the contractor to properly apply the state agency's payment to the invoice submitted.
- c. It is the responsibility of the contractor to ensure that the ACH information contained in SRM is accurate and complete. Failure to maintain accurate and complete information may result in delays in payments.

## 22. DEFAULT

- a. The Commonwealth may, subject to the Force Majeure provisions of this Contract, and in addition to its other rights under the Contract, declare the Contractor in default by written notice thereof to the Contractor, and terminate (as provided in the Termination Provisions of this Contract) the whole or any part of this Contract or any Procurement for any of the following reasons:
- 1) Failure to begin work within the time specified in the Contract or Procurement or as otherwise specified;
  - 2) Failure to perform the work with sufficient labor, equipment, or material to insure the completion of the specified work in accordance with the Contract or Procurement terms;
  - 3) Unsatisfactory performance of the work;
  - 4) Failure to deliver the awarded item(s) within the time specified in the Contract or Procurement or as otherwise specified;
  - 5) Improper delivery;
  - 6) Failure to provide an item(s) which is in conformance with the specifications referenced in the Contract or Procurement;
  - 7) Delivery of a defective item;
  - 8) Failure or refusal to remove material, or remove and replace any work rejected as defective or unsatisfactory;
  - 9) Discontinuance of work without approval;
  - 10) Failure to resume work, which has been discontinued, within a reasonable time after notice to do so;
  - 11) Insolvency or bankruptcy;
  - 12) Assignment made for the benefit of creditors;
  - 13) Failure or refusal within ten (10) days after written notice by the Contracting Officer, to make payment or show cause why payment should not be made, of any amounts due for materials furnished, labor supplied or performed, for equipment rentals, or for utility services rendered;
  - 14) Failure to protect, to repair, or to make good any damage or injury to property;
  - 15) Breach of any provision of the Contract;
  - 16) Failure to comply with representations made in the Contractor's bid/proposal; or

- 17) Failure to comply with applicable industry standards, customs, and practice.
- b. In the event that the Commonwealth terminates this Contract or any Procurement in whole or in part as provided in Subparagraph a. above, the Commonwealth may procure, upon such terms and in such manner as it determines, items similar or identical to those so terminated, and the Contractor shall be liable to the 457(b) Plan participants and the Commonwealth for any reasonable excess costs for such similar or identical items included within the terminated part of the Contract or Procurement.
- c. If the Contract or a Procurement is terminated as provided in Subparagraph a. above, the Commonwealth, in addition to any other rights provided in this paragraph, may require the Contractor to transfer title and deliver immediately to the Commonwealth for the benefit of the 457(b) Plan participants in the manner and to the extent directed by the Contracting Officer, such partially completed items, including, where applicable, reports, working papers and other documentation, as the Contractor has specifically produced or specifically acquired for the performance of such part of the Contract or Procurement as has been terminated. Except as provided below, payment for completed work accepted by the Commonwealth shall be at the Contract price paid for by the 457(b) Plan participants. Except as provided below, payment for partially completed items including, where applicable, reports and working papers, delivered to and accepted by the Commonwealth on behalf of the 457(b) Plan participants shall be in an amount agreed upon by the Contractor and Contracting Officer and deemed to be a 457(b) Plan participant cost. The Commonwealth on behalf of the 457(b) Plan participants may withhold from amounts otherwise due the Contractor for such completed or partially completed works, such sum as the Contracting Officer determines to be necessary to protect the Commonwealth and the 457(b) Plan participants against loss.
- d. The rights and remedies of the Commonwealth provided in this paragraph shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract.
- e. The Commonwealth's failure to exercise any rights or remedies provided in this paragraph shall not be construed to be a waiver by the Commonwealth of its rights and remedies in regard to the event of default or any succeeding event of default.
- f. Following exhaustion of the Contractor's administrative remedies as set forth in the Contract Controversies Provision of the Contract, the Contractor's exclusive remedy shall be to seek damages in the Board of Claims.

### **23. FORCE MAJEURE**

Neither party will incur any liability to the other if its performance of any obligation under this Contract is prevented or delayed by causes beyond its control and without the fault or negligence

of either party. Causes beyond a party's control may include, but aren't limited to, acts of God or war, changes in controlling law, regulations, orders or the requirements of any governmental entity, severe weather conditions, civil disorders, natural disasters, fire, epidemics and quarantines, general strikes throughout the trade, and freight embargoes.

The Contractor shall notify the Commonwealth orally within one (1) day and in writing within five (5) days of the date on which the Contractor becomes aware, or should have reasonably become aware, that such cause would prevent or delay its performance. Such notification shall (i) describe fully such cause(s) and its effect on performance, (ii) state whether performance under the contract is prevented or delayed and (iii) if performance is delayed, state a reasonable estimate of the duration of the delay. The Contractor shall have the burden of proving that such cause(s) delayed or prevented its performance despite its diligent efforts to perform and shall produce such supporting documentation as the Commonwealth may reasonably request. After receipt of such notification, the Commonwealth may elect to cancel the Contract, cancel the Procurement, or to extend the time for performance as reasonably necessary to compensate for the Contractor's delay.

In the event of a declared emergency by competent governmental authorities, the Commonwealth by notice to the Contractor, may suspend all or a portion of the Contract or Procurement.

#### **24. TERMINATION PROVISIONS**

The Commonwealth has the right to terminate this Contract or any Procurement for any of the following reasons. Termination shall be effective upon written notice to the Contractor.

- a. **TERMINATION FOR CONVENIENCE:** The Commonwealth shall have the right to terminate the Contract or a Procurement for its convenience if the Commonwealth determines termination to be in its best interest. The Contractor shall be paid for work satisfactorily completed prior to the effective date of the termination, but in no event shall the Contractor be entitled to recover loss of profits.
- b. **TERMINATION FOR CAUSE:** The Commonwealth shall have the right to terminate the Contract or a Procurement for Contractor default under the Default Clause upon written notice to the Contractor. The Commonwealth shall also have the right, upon written notice to the Contractor, to terminate the Contract or a Procurement for other cause as specified in the Contract or by law. If it is later determined that the Commonwealth erred in terminating the Contract or a Procurement for cause, then, at the Commonwealth's discretion, the Contract or Procurement shall be deemed to have been terminated for convenience under Subparagraph a.

#### **25. TRANSITION ASSISTANCE**

Upon any termination or expiration of the Contract, the Contractor shall cooperate with the Commonwealth in effecting an orderly transition and shall be paid for all services rendered through the date of termination and for those costs, as agreed upon in advance by both parties, in writing, that are reasonably incurred in anticipation of performance of the services to the extent

they cannot reasonably be eliminated or mitigated. Contractor shall also be obligated to continue to provide transition assistance services until the transition is complete. Fees and costs associated with transition assistance that are incurred after the date of termination or expiration of the Contract will be allocated in accordance with the fee structure detailed in the Contract.

## **26. CONTRACT CONTROVERSIES**

- a. In the event of a controversy or claim arising from the Contract, the Contractor must, within six months after the cause of action accrues, file a written claim with the contracting officer for a determination. The claim shall state all grounds upon which the Contractor asserts a controversy exists. If the Contractor fails to file a claim or files an untimely claim, the Contractor is deemed to have waived its right to assert a claim in any forum. At the time the claim is filed, or within sixty (60) days thereafter, either party may request mediation through the Commonwealth Office of General Counsel Dispute Resolution Program.
- b. If the Contractor or the contracting officer requests mediation and the other party agrees, the contracting officer shall promptly make arrangements for mediation. Mediation shall be scheduled so as to not delay the issuance of the final determination beyond the required 120 days after receipt of the claim if mediation is unsuccessful. If mediation is not agreed to or if resolution is not reached through mediation, the contracting officer shall review timely-filed claims and issue a final determination, in writing, regarding the claim. The final determination shall be issued within 120 days of the receipt of the claim, unless extended by consent of the contracting officer and the Contractor. The contracting officer shall send his/her written determination to the Contractor. If the contracting officer fails to issue a final determination within the 120 days (unless extended by consent of the parties), the claim shall be deemed denied. The contracting officer's determination shall be the final order of the purchasing agency.
- c. Within fifteen (15) days of the mailing date of the determination denying a claim or within 135 days of filing a claim if, no extension is agreed to by the parties, whichever occurs first, the Contractor may file a statement of claim with the Commonwealth Board of Claims. Pending a final judicial resolution of a controversy or claim, the Contractor shall proceed diligently with the performance of the Contract in a manner consistent with the determination of the contracting officer and the Commonwealth shall compensate the Contractor pursuant to the terms of the Contract.

## **27. ASSIGNABILITY AND SUBCONTRACTING**

- a. Subject to the terms and conditions of this Paragraph, this Contract shall be binding upon the parties and their respective successors and assigns.
- b. No subcontracting of account representatives will be permitted. The Contractor shall not subcontract with any other person or entity to perform all or any part of the work to be performed under this Contract without the prior written consent of

the Contracting Officer, which consent may be withheld at the sole and absolute discretion of the Contracting Officer.

- c. The Contractor may not assign, in whole or in part, this Contract or its rights, duties, obligations, or responsibilities hereunder without the prior written consent of the Contracting Officer, which consent may be withheld at the sole and absolute discretion of the Contracting Officer.
- d. Notwithstanding the foregoing, the Contractor may, without the consent of the Contracting Officer, assign its rights to payment to be received under the Contract, provided that the Contractor provides written notice of such assignment to the Contracting Officer together with a written acknowledgement from the assignee that any such payments are subject to all of the terms and conditions of this Contract.
- e. For the purposes of this Contract, the term “assign” shall include, but shall not be limited to, the sale, gift, assignment, pledge, or other transfer of any ownership interest in the Contractor provided, however, that the term shall not apply to the sale or other transfer of stock of a publicly traded company.
- f. Any assignment consented to by the Contracting Officer shall be evidenced by a written assignment agreement executed by the Contractor and its assignee in which the assignee agrees to be legally bound by all of the terms and conditions of the Contract and to assume the duties, obligations, and responsibilities being assigned.
- g. A change of name by the Contractor, following which the Contractor’s federal identification number remains unchanged, shall not be considered to be an assignment hereunder. The Contractor shall give the Contracting Officer written notice of any such change of name.

## **28. OTHER CONTRACTORS**

The Commonwealth may undertake or award other contracts for additional or related work, and the Contractor shall fully cooperate with other contractors and Commonwealth employees, and coordinate its work with such additional work as may be required. The Contractor shall not commit or permit any act that will interfere with the performance of work by any other contractor or by Commonwealth employees. This paragraph shall be included in the Contracts of all contractors with which this Contractor will be required to cooperate. The Commonwealth shall equitably enforce this paragraph as to all contractors to prevent the imposition of unreasonable burdens on any contractor.

## **29. NONDISCRIMINATION/SEXUAL HARASSMENT CLAUSE**

The Contractor agrees:

- a. In the hiring of any employee(s) for the manufacture of supplies, performance of work, or any other activity required under the contract or any subcontract, the Contractor, each subcontractor, or any person acting on behalf of the Contractor

or subcontractor shall not discriminate by reason of race, gender, creed, color, sexual orientation, gender identity or expression, or in violation of the *Pennsylvania Human Relations Act* (PHRA) and applicable federal laws, against any citizen of this Commonwealth who is qualified and available to perform the work to which the employment relates.

- b. Neither the Contractor nor any subcontractor nor any person on their behalf shall in any manner discriminate by reason of race, gender, creed, color, sexual orientation, gender identity or expression, or in violation of the PHRA and applicable federal laws, against or intimidate any employee involved in the manufacture of supplies, the performance of work, or any other activity required under the contract.
- c. The Contractor and each subcontractor shall establish and maintain a written nondiscrimination and sexual harassment policy and shall inform their employees in writing of the policy. The policy must contain a provision that sexual harassment will not be tolerated and employees who practice it will be disciplined. Posting this Nondiscrimination/Sexual Harassment Clause conspicuously in easily-accessible and well-lighted places customarily frequented by employees and at or near where the contracted services are performed shall satisfy this requirement for employees with an established work site.
- d. The Contractor and each subcontractor shall not discriminate by reason of race, gender, creed, color, sexual orientation, gender identity or expression, or in violation of PHRA and applicable federal laws, against any subcontractor or supplier who is qualified to perform the work to which the contract relates.
- e. The Contractor and each subcontractor represents that it is presently in compliance with and will maintain compliance with all applicable federal, state, and local laws, regulations and policies relating to nondiscrimination and sexual harassment. The Contractor and each subcontractor further represents that it has filed a Standard Form 100 Employer Information Report (“EEO-1”) with the U.S. Equal Employment Opportunity Commission (“EEOC”) and shall file an annual EEO-1 report with the EEOC as required for employers’ subject to *Title VII* of the *Civil Rights Act of 1964*, as amended, that have 100 or more employees and employers that have federal government contracts or first-tier subcontracts and have 50 or more employees. The Contractor and each subcontractor shall, upon request and within the time periods requested by the Commonwealth, furnish all necessary employment documents and records, including EEO-1 reports, and permit access to their books, records, and accounts by the contracting agency and the Bureau of Diversity, Inclusion and Small Business Opportunities for purpose of ascertaining compliance with provisions of this Nondiscrimination/Sexual Harassment Clause.
- f. The Contractor shall include the provisions of this Nondiscrimination/Sexual Harassment Clause in every subcontract so that those provisions applicable to subcontractors will be binding upon each subcontractor.



- g. The Contractor's and each subcontractor's obligations pursuant to these provisions are ongoing from and after the effective date of the contract through the termination date thereof. Accordingly, the Contractor and each subcontractor shall have an obligation to inform the Commonwealth if, at any time during the term of the contract, it becomes aware of any actions or occurrences that would result in violation of these provisions.
- h. The Commonwealth may cancel or terminate the contract and all money due or to become due under the contract may be forfeited for a violation of the terms and conditions of this Nondiscrimination/Sexual Harassment Clause. In addition, the agency may proceed with debarment or suspension and may place the Contractor in the Contractor Responsibility File.

### 30. CONTRACTOR INTEGRITY PROVISIONS

It is essential that those who seek to contract with the Commonwealth observe high standards of honesty and integrity. They must conduct themselves in a manner that fosters public confidence in the integrity of the Commonwealth contracting and procurement process.

- a. **DEFINITIONS.** For purposes of these Contractor Integrity Provisions, the following terms shall have the meanings found in this Section:
  - 1) **“Affiliate”** means two or more entities where (a) a parent entity owns more than fifty percent of the voting stock of each of the entities; or (b) a common shareholder or group of shareholders owns more than fifty percent of the voting stock of each of the entities; or (c) the entities have a common proprietor or general partner.
  - 2) **“Consent”** means written permission signed by a duly authorized officer or employee of the Commonwealth, provided that where the material facts have been disclosed, in writing, by prequalification, bid, proposal, or contractual terms, the Commonwealth shall be deemed to have consented by virtue of the execution of this contract.
  - 3) **“Contractor”** means the individual or entity, that has entered into this contract with the Commonwealth.
  - 4) **“Contractor Related Parties”** means any affiliates of the Contractor and the Contractor's executive officers, Pennsylvania officers and directors, or owners of 5 percent or more interest in the Contractor.
  - 5) **“Financial Interest”** means either:
    - a. Ownership of more than a five percent interest in any business; or
    - b. Holding a position as an officer, director, trustee, partner, employee, or holding any position of management.
  - 6) **“Gratuity”** means tendering, giving, or providing anything of more than nominal monetary value including, but not limited to, cash, travel,

entertainment, gifts, meals, lodging, loans, subscriptions, advances, deposits of money, services, employment, or contracts of any kind. The exceptions set forth in the *Governor's Code of Conduct, Executive Order 1980-18*, the *4 Pa. Code §7.153(b)*, shall apply.

- 7) **“Non-bid Basis”** means a contract awarded or executed by the Commonwealth with Contractor without seeking bids or proposals from any other potential bidder or offeror.

b. In furtherance of this policy, Contractor agrees to the following:

- 1) Contractor shall maintain the highest standards of honesty and integrity during the performance of this contract and shall take no action in violation of state or federal laws or regulations or any other applicable laws or regulations, or other requirements applicable to Contractor or that govern contracting or procurement with the Commonwealth.
- 2) Contractor shall establish and implement a written business integrity policy, which includes, at a minimum, the requirements of these provisions as they relate to the Contractor activity with the Commonwealth and Commonwealth employees and which is made known to all Contractor employees. Posting these Contractor Integrity Provisions conspicuously in easily-accessible and well-lighted places customarily frequented by employees and at or near where the contract services are performed shall satisfy this requirement.
- 3) Contractor, its affiliates, agents, employees and anyone in privity with Contractor shall not accept, agree to give, offer, confer, or agree to confer or promise to confer, directly or indirectly, any gratuity or pecuniary benefit to any person, or to influence or attempt to influence any person in violation of any federal or state law, regulation, executive order of the Governor of Pennsylvania, statement of policy, management directive or any other published standard of the Commonwealth in connection with performance of work under this contract, except as provided in this contract.
- 4) Contractor shall not have a financial interest in any other contractor, subcontractor, or supplier providing services, labor, or material under this contract, unless the financial interest is disclosed to the Commonwealth in writing and the Commonwealth consents to Contractor's financial interest prior to Commonwealth execution of the contract. Contractor shall disclose the financial interest to the Commonwealth at the time of bid or proposal submission, or if no bids or proposals are solicited, no later than Contractor's submission of the contract signed by Contractor.

- 5) Contractor certifies to the best of its knowledge and belief that within the last five (5) years Contractor or Contractor Related Parties have not:
  - a. been indicted or convicted of a crime involving moral turpitude or business honesty or integrity in any jurisdiction;
  - b. been suspended, debarred or otherwise disqualified from entering into any contract with any governmental agency;
  - c. had any business license or professional license suspended or revoked;
  - d. had any sanction or finding of fact imposed as a result of a judicial or administrative proceeding related to fraud, extortion, bribery, bid rigging, embezzlement, misrepresentation or anti-trust; and
  - e. been, and is not currently, the subject of a criminal investigation by any federal, state or local prosecuting or investigative agency and/or civil anti-trust investigation by any federal, state or local prosecuting or investigative agency.

If Contractor cannot so certify to the above, then it must submit along with its bid, proposal or contract a written explanation of why such certification cannot be made and the Commonwealth will determine whether a contract may be entered into with the Contractor. The Contractor's obligation pursuant to this certification is ongoing from and after the effective date of the contract through the termination date thereof. Accordingly, the Contractor shall have an obligation to immediately notify the Commonwealth in writing if at any time during the term of the contract it becomes aware of any event which would cause the Contractor's certification or explanation to change. Contractor acknowledges that the Commonwealth may, in its sole discretion, terminate the contract for cause if it learns that any of the certifications made herein are currently false due to intervening factual circumstances or were false or should have been known to be false when entering into the contract.

- 1) Contractor shall comply with the requirements of the *Lobbying Disclosure Act (65 Pa.C.S. §13A01 et seq.)* regardless of the method of award. If this contract was awarded on a Non-bid Basis, Contractor must also comply with the requirements of the *Section 1641 of the Pennsylvania Election Code (25 P.S. §3260a)*.
- 2) When Contractor has reason to believe that any breach of ethical standards as set forth in law, the Governor's Code of Conduct, or these Contractor Integrity Provisions has occurred or may occur, including but not limited to contact by a Commonwealth officer or employee which, if acted upon, would violate such ethical standards, Contractor shall immediately notify the Commonwealth contracting officer or the Office of the State Inspector General in writing.
- 3) Contractor, by submission of its bid or proposal and/or execution of this contract and by the submission of any bills, invoices or requests for payment pursuant to the contract, certifies and represents that it has not violated any of these Contractor Integrity Provisions in connection with the submission of the bid or proposal, during any contract negotiations or during the term of the contract, to include any extensions thereof. Contractor shall immediately notify the Commonwealth in writing of any actions for occurrences that would result in a violation of these Contractor Integrity Provisions.

Contractor agrees to reimburse the Commonwealth for the reasonable costs of investigation incurred by the Office of the State Inspector General for investigations of the Contractor's compliance with the terms of this or any other agreement between the Contractor and the Commonwealth that results in the suspension or debarment of the Contractor. Contractor shall not be responsible for investigative costs for investigations that do not result in the Contractor's suspension or debarment.

- 4) Contractor shall cooperate with the Office of the State Inspector General in its investigation of any alleged Commonwealth agency or employee breach of ethical standards and any alleged Contractor non-compliance with these Contractor Integrity Provisions. Contractor agrees to make identified Contractor employees available for interviews at reasonable times and places. Contractor, upon the inquiry or request of an Inspector General, shall provide, or if appropriate, make promptly available for inspection or copying, any information of any type or form deemed relevant by the Office of the State Inspector General to Contractor's integrity and compliance with these provisions. Such information may include, but shall not be limited to, Contractor's business or financial records, documents or files of any type or form that refer to or concern this contract. Contractor shall incorporate this paragraph in any agreement, contract or subcontract it enters into in the course of the performance of this contract/agreement solely for the purpose of obtaining subcontractor compliance with this provision. The incorporation of this provision in a subcontract shall not create privity of contract between the Commonwealth and any such subcontractor, and no third-party beneficiaries shall be created thereby.
- 5) For violation of any of these Contractor Integrity Provisions, the Commonwealth may terminate this and any other contract with Contractor, claim liquidated damages in an amount equal to the value of anything received in breach of these Provisions, claim damages for all additional costs and expenses incurred in obtaining another contractor to complete performance under this contract, and debar and suspend Contractor from doing business with the Commonwealth. These rights and remedies are cumulative, and the use or non-use of any one shall not preclude the use of all or any other. These rights and remedies are in addition to those the Commonwealth may have under law, statute, regulation, or otherwise.

### **31. CONTRACTOR RESPONSIBILITY PROVISIONS**

For the purpose of these provisions, the term contractor is defined as any person, including, but not limited to, a bidder, offeror, loan recipient, grantee or lessor, who has furnished or performed or seeks to furnish or perform, goods, supplies, services, leased space, construction or other activity, under a contract, grant, lease, procurement or reimbursement agreement with the Commonwealth. The term contractor includes a permittee, licensee, or any agency, political subdivision, instrumentality, public authority, or other public entity in the Commonwealth.

- a. The Contractor certifies, in writing, for itself and its subcontractors required to be disclosed or approved by the Commonwealth, that as of the date of its execution of this Bid/Contract, that neither the Contractor, nor any such subcontractors, are under suspension or debarment by the Commonwealth or any governmental

entity, instrumentality, or authority and, if the Contractor cannot so certify, then it agrees to submit, along with its Bid/Contract, a written explanation of why such certification cannot be made.

- b. The Contractor also certifies, in writing, that as of the date of its execution of this Bid/Contract it has no tax liabilities or other Commonwealth obligations, or has filed a timely administrative or judicial appeal if such liabilities or obligations exist, or is subject to a duly approved deferred payment plan if such liabilities exist.
- c. The Contractor's obligations pursuant to these provisions are ongoing from and after the effective date of the Contract through the termination date thereof. Accordingly, the Contractor shall have an obligation to inform the Commonwealth if, at any time during the term of the Contract, it becomes delinquent in the payment of taxes, or other Commonwealth obligations, or if it or, to the best knowledge of the Contractor, any of its subcontractors are suspended or debarred by the Commonwealth, the federal government, or any other state or governmental entity. Such notification shall be made within 15 days of the date of suspension or debarment.
- d. The failure of the Contractor to notify the Commonwealth of its suspension or debarment by the Commonwealth, any other state, or the federal government shall constitute an event of default of the Contract with the Commonwealth.
- e. The Contractor agrees to reimburse the Commonwealth for the reasonable costs of investigation incurred by the Office of State Inspector General for investigations of the Contractor's compliance with the terms of this or any other agreement between the Contractor and the Commonwealth that results in the suspension or debarment of the contractor. Such costs shall include, but shall not be limited to, salaries of investigators, including overtime; travel and lodging expenses; and expert witness and documentary fees. The Contractor shall not be responsible for investigative costs for investigations that do not result in the Contractor's suspension or debarment.
- f. The Contractor may obtain a current list of suspended and debarred Commonwealth contractors by either searching the Internet at <http://www.dgs.state.pa.us/> or contacting the:

Department of General Services  
Office of Chief Counsel  
603 North Office Building  
Harrisburg, PA 17125  
Telephone No: (717) 783-6472  
FAX No: (717) 787-9138

### **32. AMERICANS WITH DISABILITIES ACT**

- a. Pursuant to federal regulations promulgated under the authority of The Americans With Disabilities Act, 28 C.F.R. § 35.101 et seq., the Contractor understands and agrees that it shall not cause any individual with a disability to be excluded from participation in this Contract or from activities provided for under this Contract on the basis of the disability. As a condition of accepting this contract, the Contractor agrees to comply with the “General Prohibitions Against Discrimination,” 28 C.F.R. § 35.130, and all other regulations promulgated under Title II of The Americans With Disabilities Act which are applicable to all benefits, services, programs, and activities provided by the Commonwealth of Pennsylvania through contracts with outside contractors.
- b. The Contractor shall be responsible for and agrees to indemnify and hold harmless the Commonwealth of Pennsylvania from all losses, damages, expenses, claims, demands, suits, and actions brought by any party against the Commonwealth of Pennsylvania as a result of the Contractor’s failure to comply with the provisions of subparagraph a above.

### **33. COVENANT AGAINST CONTINGENT FEES**

The Contractor warrants that no person or selling agency has been employed or retained to solicit or secure the Contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, except bona fide employees or bona fide established commercial or selling agencies maintained by the Contractor for the purpose of securing business. For breach or violation of this warranty, the Commonwealth shall have the right to terminate the Contract without liability or in its discretion to deduct from the Contract price or consideration, or otherwise recover the full amount of such commission, percentage, brokerage, or contingent fee.

### **34. APPLICABLE LAW**

This Contract shall be governed by and interpreted and enforced in accordance with the laws of the Commonwealth of Pennsylvania (without regard to any conflict of laws provisions) and the decisions of the Pennsylvania courts. The Contractor consents to the jurisdiction of any court of the Commonwealth of Pennsylvania and any federal courts in Pennsylvania, waiving any claim or defense that such forum is not convenient or proper. The Contractor agrees that any such court shall have in personam jurisdiction over it, and consents to service of process in any manner authorized by Pennsylvania law.

### **35. INTEGRATION**

This Contract, including all referenced documents, constitutes the entire agreement between the parties. No agent, representative, employee or officer of either the Commonwealth or the Contractor has authority to make, or has made, any statement, agreement or representation, oral or written, in connection with the Contract, which in any way can be deemed to modify, add to or detract from, or otherwise change or alter its terms and conditions. No negotiations between the parties, nor any custom or usage, shall be permitted to modify or contradict any of the terms and conditions of the Contract. No modifications, alterations, changes, or waiver to the Contract

or any of its terms shall be valid or binding unless accomplished by a written amendment signed by both parties.

### **36. ORDER OF PRECEDENCE**

In the event there is a conflict among the documents comprising this Contract, the Commonwealth and the Contractor agree on the following order of precedence: the Contract; the solicitation; and the Contractor's response to the solicitation.

### **37. CONTROLLING TERMS AND CONDITIONS**

The terms and conditions of this Contract shall be the exclusive terms of agreement between the Contractor and the Commonwealth. All quotations requested and received from the Contractor are for obtaining firm pricing only. Other terms and conditions or additional terms and conditions included or referenced in the Contractor's quotations, invoices, business forms, or other documentation shall not become part of the parties' agreement and shall be disregarded by the parties, unenforceable by the Contractor and not binding on the Commonwealth.

### **38. CHANGES**

The Commonwealth reserves the right to make changes at any time during the term of the Contract or any renewals or extensions thereof: 1) to increase or decrease the quantities resulting from variations between any estimated quantities in the Contract and actual quantities; 2) to make changes to the services within the scope of the Contract; 3) to notify the Contractor that the Commonwealth is exercising any Contract renewal or extension option; or 4) to modify the time of performance that does not alter the scope of the Contract to extend the completion date beyond the Expiration Date of the Contract or any renewals or extensions thereof. Any such change shall be made by the Contracting Officer by notifying the Contractor in writing. The change shall be effective as of the date of the change, unless the notification of change specifies a later effective date. Such increases, decreases, changes, or modifications will not invalidate the Contract, nor, if performance security is being furnished in conjunction with the Contract, release the security obligation. The Contractor agrees to provide the service in accordance with the change order. Any dispute by the Contractor in regard to the performance required by any notification of change shall be handled through the Contract Controversies Provision.

### **39. BACKGROUND CHECKS**

- a. The Contractor must, at its expense, arrange for a background check for each of its employees, as well as the employees of any of its subcontractors, who will have access to Commonwealth facilities, either through on-site access or through remote access. Background checks are to be conducted via the Request for Criminal Record Check form and procedure found at <http://www.psp.state.pa.us/psp/lib/psp/sp4-164.pdf>. The background check must be conducted prior to initial access and on an annual basis thereafter.
- b. Before the Commonwealth will permit access to the Contractor, the Contractor must provide written confirmation that the background checks have been conducted. If, at any time, it is discovered that a Contractor employee has a criminal record that includes a felony or misdemeanor involving terroristic

behavior, violence, use of a lethal weapon, or breach of trust/fiduciary responsibility or which raises concerns about building, system or personal security or is otherwise job-related, the Contractor shall not assign that employee to any Commonwealth facilities, shall remove any access privileges already given to the employee and shall not permit that employee remote access unless the Commonwealth consents to the access, in writing, prior to the access. The Commonwealth may withhold its consent in its sole discretion. Failure of the Contractor to comply with the terms of this Section on more than one occasion or Contractor's failure to appropriately address any single failure to the satisfaction of the Commonwealth may result in the Contractor being deemed to be in default of its Contract.

- c. The Commonwealth specifically reserves the right of the Commonwealth to conduct background checks over and above that described herein.
- d. Access to certain Capitol Complex buildings and other state office buildings is controlled by means of card readers and secured visitors' entrances. Commonwealth contracted personnel who have regular and routine business in Commonwealth worksites may be issued a photo identification or access badge subject to the requirements of the contracting agency and DGS set forth in Enclosure 3 of Commonwealth Management Directive 625.10 (Amended) Card Reader and Emergency Response Access to Certain Capitol Complex Buildings and Other State Office Buildings. The requirements, policy and procedures include a processing fee payable by the Contractor for contracted personnel photo identification or access badges.

#### **40. CONFIDENTIALITY**

- a. The Contractor agrees to guard the confidentiality of the Commonwealth's and the 457(b) Plan participant's confidential information with the same diligence with which it guards its own proprietary information. If the Contractor needs to disclose all or part of project materials to third parties to assist in the work or service performed for the Commonwealth, it may do so only if such third parties sign agreements containing substantially the same provisions as contained in this Section. The Commonwealth agrees to protect the confidentiality of Contractor's confidential information. In order for information to be deemed to be confidential, the party claiming confidentiality must designate the information as "confidential" in such a way as to give notice to the other party. The parties agree that such confidential information shall not be copied, in whole or in part, except when essential for authorized use under this Contract. Each copy of such confidential information shall be marked by the party making the copy with all confidentiality notices appearing in the original. Upon termination or cancellation of this Contract or any license granted hereunder, the receiving party will return to the disclosing party all copies of the confidential information in the receiving party's possession, other than one copy, which may be maintained for archival purposes only. Both parties agree that a material breach of these requirements may, after failure to cure within the time frame specified in this Contract, and at the discretion of the non-breaching party, result in termination for default.



- b. The obligations stated in this Section do not apply to information that is:
  - 1) already known to the recipient at the time of disclosure other than through the contractual relationship;
  - 2) independently generated by the recipient and not derived from the information supplied by the disclosing party;
  - 3) known or available to the public, except where such knowledge or availability is the result of unauthorized disclosure by the recipient of the proprietary information;
  - 4) disclosed to the recipient without a similar restriction by a third party who has the right to make such disclosure; or
  - 5) required to be disclosed by the recipient by law, regulation, court order, or other legal process.
- c. There shall be no restriction with respect to the use or disclosure of any ideas, concepts, know-how, or data processing techniques developed alone or jointly with the Commonwealth in connection with services provided to the Commonwealth under this Contract.

#### **41. NOTICE**

Any written notice to any party under this Contract shall be deemed sufficient if delivered personally, or by facsimile, telecopy, electronic or digital transmission (provided such delivery is confirmed), or by a recognized overnight courier service (e.g., DHL, Federal Express, etc.) with confirmed receipt, or by certified or registered United States mail, postage prepaid, return receipt requested, and sent to following:

- a. If to the Contractor: the Contractor's address as recorded in the Commonwealth's Supplier Registration system.
- b. If to the Commonwealth: the address of the Issuing Office as set forth on the Contract.

#### **42. RIGHT-TO-KNOW LAW**

- a. The Pennsylvania Right-to-Know Law, 65 P.S. §§ 67.101-67.3104, (“RTKL”) applies to this Contract. For the purpose of these provisions, the term “the Commonwealth” shall refer to the contracting Commonwealth agency.
- b. If the Commonwealth needs the Contractor’s assistance in any matter arising out of the RTKL related to this Contract, it shall notify the Contractor using the legal contact information provided in this Contract. The Contractor, at any time, may designate a different contact for such purpose upon reasonable prior written notice to the Commonwealth.

- c. Upon written notification from the Commonwealth that it requires the Contractor's assistance in responding to a request under the RTKL for information related to this Contract that may be in the Contractor's possession, constituting, or alleged to constitute, a public record in accordance with the RTKL ("Requested Information"), the Contractor shall:
  - 1) Provide the Commonwealth, within ten (10) calendar days after receipt of written notification, access to, and copies of, any document or information in the Contractor's possession arising out of this Contract that the Commonwealth reasonably believes is Requested Information and may be a public record under the RTKL; and
  - 2) Provide such other assistance as the Commonwealth may reasonably request, in order to comply with the RTKL with respect to this Contract.
- d. If the Contractor considers the Requested Information to include a request for a Trade Secret or Confidential Proprietary Information, as those terms are defined by the RTKL, or other information that the Contractor considers exempt from production under the RTKL, the Contractor must notify the Commonwealth and provide, within seven (7) calendar days of receiving the written notification, a written statement signed by a representative of the Contractor explaining why the requested material is exempt from public disclosure under the RTKL.
- e. The Commonwealth will rely upon the written statement from the Contractor in denying a RTKL request for the Requested Information unless the Commonwealth determines that the Requested Information is clearly not protected from disclosure under the RTKL. Should the Commonwealth determine that the Requested Information is clearly not exempt from disclosure, the Contractor shall provide the Requested Information within five (5) business days of receipt of written notification of the Commonwealth's determination.
- f. If the Contractor fails to provide the Requested Information within the time period required by these provisions, the Contractor shall indemnify and hold the Commonwealth harmless for any damages, penalties, costs, detriment or harm that the Commonwealth may incur as a result of the Contractor's failure, including any statutory damages assessed against the Commonwealth.
- g. The Commonwealth will reimburse the Contractor for any costs associated with complying with these provisions only to the extent allowed under the fee schedule established by the Office of Open Records, the SERS RTKL policy, or as otherwise provided by the RTKL if the fee schedule is inapplicable.
- h. The Contractor may file a legal challenge to any Commonwealth decision to release a record to the public with the Office of Open Records, or in the Pennsylvania Courts, however, the Contractor shall indemnify the Commonwealth for any legal expenses incurred by the Commonwealth as a result of such a challenge and shall hold the Commonwealth harmless for any damages, penalties, costs, detriment or harm that the Commonwealth may incur as a result

of the Contractor's failure, including any statutory damages assessed against the Commonwealth, regardless of the outcome of such legal challenge. As between the parties, the Contractor agrees to waive all rights or remedies that may be available to it as a result of the Commonwealth's disclosure of Requested Information pursuant to the RTKL.

- i. The Contractor's duties relating to the RTKL are continuing duties that survive the expiration of this Contract and shall continue as long as the Contractor has Requested Information in its possession.

**43. Enhanced Minimum Wage Provisions (July 2022)**

- a. **Enhanced Minimum Wage.** Contractor/Lessor agrees to pay no less than \$15.00 per hour to its employees for all hours worked directly performing the services called for in this Contract/Lease, and for an employee's hours performing ancillary services necessary for the performance of the contracted services or lease when such employee spends at least twenty per cent (20%) of their time performing ancillary services in a given work week.
- b. **Adjustment.** Beginning July 1, 2023, and annually thereafter, the minimum wage rate shall be increased by an annual cost-of-living adjustment using the percentage change in the Consumer Price Index for All Urban Consumers (CPI-U) for Pennsylvania, New Jersey, Delaware, and Maryland. The applicable adjusted amount shall be published in the Pennsylvania Bulletin by March 1 of each year to be effective the following July 1.
- c. **Exceptions.** These Enhanced Minimum Wage Provisions shall not apply to employees:
  - 1) exempt from the minimum wage under the Minimum Wage Act of 1968;
  - 2) covered by a collective bargaining agreement;
  - 3) required to be paid a higher wage under another state or federal law governing the services, including the Prevailing Wage Act and Davis-Bacon Act; or
  - 4) required to be paid a higher wage under any state or local policy or ordinance.
- d. **Notice.** Contractor/Lessor shall post these Enhanced Minimum Wage Provisions for the entire period of the contract conspicuously in easily-accessible and well-lighted places customarily frequented by employees at or near where the contracted services are performed.
- e. **Records.** Contractor/Lessor must maintain and, upon request and within the time periods requested by the Commonwealth, furnish all employment and wage

records necessary to document compliance with these Enhanced Minimum Wage Provisions.

- f. Sanctions. Failure to comply with these Enhanced Minimum Wage Provisions may result in the imposition of sanctions, which may include, but shall not be limited to, termination of the contract or lease, nonpayment, debarment or referral to the Office of General Counsel for appropriate civil or criminal referral.

Subcontractors. Contractor/Lessor shall include the provisions of these Enhanced Minimum Wage Provisions in every subcontract so that these provisions will be binding upon each subcontractor.

#### **44. OFFSET PROVISION**

The Contractor agrees that the Commonwealth of Pennsylvania (Commonwealth) may set off the amount of any state tax liability or other obligation of the Contractor or its subsidiaries to the Commonwealth against any payments due the Contractor under any contract with the Commonwealth.