

**JEFFERSON COUNTY
BOARD OF COUNTY COMMISSIONERS**

AGENDA REQUEST

TO: Board of Commissioners

FROM: Stacie Prada, Treasurer

DATE: April 1, 2024 *JP*

RE: Investment Custody Services Contract with Principal Bank

STATEMENT OF ISSUE:

The Treasurer's Office uses custody services to be able to purchase and hold investment in treasuries and agencies. The contract satisfies continued use of these services.

ANALYSIS:

Per Jefferson County Investment Policy, Jefferson County will utilize the safekeeping services of the Washington State authorized service contract. Selection and execution of this contract is in compliance with JCC 3.55.080 and Chapter 42.23 RCW.

The State Treasurer conducted a Request for Proposal process and appointed Principal Bank as the Statewide Custody Provider effective April 1, 2024 through March 31, 2028 with an optional four-year extension. Counties may use these services per the statewide contract.

FISCAL IMPACT:

This agreement would require payment from non-departmental of \$1,000 per quarter. This is an increase of \$250 per quarter and \$1,000 per year. Investment income has increased significantly since 2020 due to rising interest rates. As interest rates for longer term investments exceed short term investments, the purchase of agencies and treasuries will be more desirable to maximize investment income.

RECOMMENDATION:

The County Treasurer recommends Commissioners approve the attached contract for Investment Custody Services with Principal Bank.

REVIEWED BY:

Mark McCauley 3/26/24
Mark McCauley, County Administrator Date

CONTRACT REVIEW FORM

(INSTRUCTIONS ARE ON THE NEXT PAGE)

Clear Form

CONTRACT WITH: Principal Bank

Contract No: TR 2024-02

Contract For: Investment Custody Services

Term: Four years with one four-year extension allowed

COUNTY DEPARTMENT: Treasurer

Contact Person: Stacie Prada

Contact Phone: 360-385-9154

Contact email: sprada@co.jefferson.wa.us

AMOUNT: \$4,000 per year

Revenue:

Expenditure: \$4,000

Matching Funds Required:

Sources(s) of Matching Funds

Fund # 001.270.

Munis Org/Obj ND51890/490149

PROCESS:

☐

Exempt from Bid Process

☐

Cooperative Purchase

☐

Competitive Sealed Bid

☐

Small Works Roster

☐

Vendor List Bid

☐

RFP or RFQ

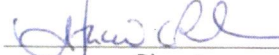
☒

Other: WA State Treasurer RFP and appointment

APPROVAL STEPS:

STEP 1: DEPARTMENT CERTIFIES COMPLIANCE WITH JCC 3.55.080 AND CHAPTER 42.23 RCW.

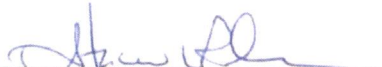
CERTIFIED: ☒ N/A: ☐


Signature

3/15/2024
Date

STEP 2: DEPARTMENT CERTIFIES THE PERSON PROPOSED FOR CONTRACTING WITH THE COUNTY (CONTRACTOR) HAS NOT BEEN DEBARRED BY ANY FEDERAL, STATE, OR LOCAL AGENCY.

CERTIFIED: ☒ N/A: ☐


Signature

3/15/2024
Date

STEP 3: RISK MANAGEMENT REVIEW (will be added electronically through Laserfiche):

Electronically approved by Risk Management on 3/20/2024.
Statewide contract. Cannot change.

STEP 4: PROSECUTING ATTORNEY REVIEW (will be added electronically through Laserfiche):

Electronically approved as to form by PAO on 3/20/2024.
State language - cannot change.

STEP 5: DEPARTMENT MAKES REVISIONS & RESUBMITS TO RISK MANAGEMENT AND PROSECUTING ATTORNEY(IF REQUIRED).

STEP 6: CONTRACTOR SIGNS

STEP 7: SUBMIT TO BOCC FOR APPROVAL

WASHINGTON STATEWIDE CUSTODY PROVIDER PROGRAM

Agreement

for

Custody Services

APRIL 1, 2024

**WASHINGTON STATEWIDE CONTRACT
FOR SECURITY CUSTODY SERVICES**

Table of Contents

1. INTRODUCTION	1
2. DEFINITIONS	1
3. APPOINTMENT OF CUSTODIAN	2
4. GENERAL PROVISIONS.....	2
4.1 ADDITIONAL SERVICES	2
4.2. ENTIRE AGREEMENT; MODIFICATION; AMENDMENT	2
4.3. PERSONAL LIABILITY	2
4.4. LIABILITY AND HOLD HARMLESS	3
4.5. SEVERABILITY	4
4.6. NONDISCRIMINATION AND AFFIRMATIVE ACTION	4
4.7. GIFTS AND GRATUITIES	5
4.8. RIGHTS AND REMEDIES	5
4.9. PERFORMANCE	6
4.10. GOVERNING LAW; JURY TRIAL.....	6
4.11. SUBCONTRACTING/ASSIGNMENT	6
4.12. SCOPE OF SERVICES.....	6
5. AGREEMENT TERM AND TERMINATION	6
5.1. TERM OF AGREEMENT AND SURVIVORSHIP OF TERMS	6
5.2. TERMINATION AND REMEDIES	7
5.3. FORCE MAJEURE.....	10
5.4. CONFLICT OF INTEREST.....	10
6. CONTRACT ADMINISTRATION	10
6.1. INCORPORATED DOCUMENTS	10
6.2. ORDER OF PRECEDENCE.....	11
6.3. ENTIRE AGREEMENT	11
6.4. LIMITATION OF AGENCY'S AUTHORITY	11
6.5. AGENCY CONTRACT ADMINISTRATOR	12
6.6. BANK'S ACCOUNT MANAGER	12
6.7. AMENDMENTS	12
6.8. DISPUTES	12
6.9. CONSENT	13
7. BANK RESPONSIBILITIES	13
7.1. RESPONSIBILITY OF BANK.....	13
7.2. CONFIDENTIALITY OF AGENCY RECORDS	14
7.3. AUDITING	15
7.4. COMMITMENTS, WARRANTIES, AND REPRESENTATIONS.....	15
7.5. FEES	16
7.6. ANCILLARY SERVICES	17
7.7. PROPER INSTRUCTIONS AND EVIDENCE OF AUTHORITY	17
7.8. SECURITY CODES	17
7.9. REGISTRATION WITH THE DEPARTMENT OF REVENUE.....	18
7.10. LICENSING AND ACCREDITATION STANDARDS	18
7.11. WORKERS' COMPENSATION INSURANCE COVERAGE	18

7.12. ADVERTISING	18
8. CUSTODY PROVISIONS	18
8.1. CUSTODY OF SECURITIES	18
8.2. NOTICES	22
9. PAYMENT PROVISIONS	23
9.1. PAYMENTS	23
9.2. TAXES.....	23
9.3 INDEPENDENT CAPACITY.....	23
9.4. ADVANCE PAYMENTS PROHIBITED	24
9.5. AMERICANS WITH DISABILITIES ACT.....	24
9.6. ATTORNEY'S FEES.....	24
9.7. COPYRIGHT PROVISIONS.....	24
9.8. COVENANT AGAINST CONTINGENT FEES.....	25
9.9. DISALLOWED COSTS.....	25
9.10. DUPLICATE PAYMENT.....	25
9.11. TREATMENT OF ASSETS.....	25
9.12. PRIVACY.....	26
9.13. WAIVER.....	27
9.14. SEVERABILITY.....	27
10. MISCELLANEOUS	27
10.1 COUNTERPARTS	27
11. CONTRACT EXECUTION	27
11.1. RELATIONSHIP BETWEEN THE PARTIES.....	27
11.2. SIGNATURE BLOCKS	28

WASHINGTON STATEWIDE AGREEMENT FOR CUSTODY SERVICES

GENERAL PROVISIONS

1. INTRODUCTION

THIS AGREEMENT is entered into by and between Jefferson County, WA ("Agency") and Principal Bank ("Bank").

WHEREAS the State of Washington, acting by and through the Office of the State Treasurer of the State of Washington ("OST"), issued a Request for Proposal ("RFP"), dated October 10, 2023, for the purpose of obtaining proposals for providing statewide custody services.

WHEREAS the State Treasurer has designated the Bank as the provider of statewide custody services ("Statewide Custodian"), and the Bank has agreed to provide Statewide Custody Services ("Services") at certain prices as described in Bank's proposal, attached to this Agreement as Exhibit B, in accordance with the terms of this Agreement.

2. DEFINITIONS

Definitions as used throughout this Agreement have the meanings set forth below:

"Agency Contract Administrator" means the staff person appointed by the Agency to administer this Agreement on behalf of the Agency.

"Bank" means Principal Bank. It also includes any Subcontractor retained by the Bank as permitted under the terms of this Agreement.

"Bank's Account Manager" means an employee of the Bank who is permanently assigned as the primary contact person to work with the Agency Contract Administrator for the duration of this Agreement.

"Book-Entry System" means the Federal Reserve/Treasury book-entry system for receiving and delivering securities, or its successors and nominees.

"Business Day" means any day the Bank, Book-Entry System, and relevant Depositories are open for business.

"Custody Services" may also be referred to as "Services," and is inclusive of all services, including associated support services and maintenance provided pursuant to this Agreement.

"Depository" includes the Book-Entry System, the Depository Trust Company ("DTC"), and any other securities depository, book-entry system, or clearing agency (and their respective successors and nominees) authorized to act as a securities depository, book-entry system, or clearing agency pursuant to applicable law.

"Exhibit A" means the Request for Proposal ("RFP") for Statewide Custody Services issued by the Office of the State Treasurer, dated October 10, 2023.

"Exhibit B" means the Bank's proposal in response to the State RFP for Statewide Custody Services.

"Exhibit C" means the Bank's schedule of fees for all Services provided under this Agreement.

"RCW" means the Revised Code of Washington (Washington State law).

"Subcontractor" means one not in employment of the Bank who is performing all or part of those Services under this Agreement under a separate contract with the Bank. The term "Subcontractor" means Subcontractor(s) of any tier.

3. APPOINTMENT OF CUSTODIAN

The Agency, in accordance with RCW 43.08.015, appoints the Bank as Custodian for certain assets of the Agency and authorizes the Bank to hold those assets in registered form in its name or the name of its nominees. All property delivered to the Bank, its agents, or Subcustodians, are held and dealt with as provided in this Agreement. The Bank accepts this appointment.

4. GENERAL PROVISIONS

4.1. ADDITIONAL SERVICES

The Parties agree that additional services, appropriate to the scope of this Agreement, may be added to this Agreement by written amendment and only with the written consent of both parties. This writing will include a specific description of the additional services, pricing, and additional terms and conditions as relevant. The additional services shall be available under the same terms and conditions established in this Agreement except as specifically amended between the parties.

4.2. ENTIRE AGREEMENT; MODIFICATION; AMENDMENT

The Agency and the Bank agree that this Agreement is the complete and exclusive agreement between the parties which supersedes all proposals or prior agreements, oral or written, and all other communications between the parties relating to the subject matter of this Agreement.

Unless otherwise agreed in writing, all amendments, addenda, and orders signed during the life of this Agreement are governed by the general provisions of this Agreement.

4.3. PERSONAL LIABILITY

It is agreed by and between the parties that no official, officer, employee, or agent of the Agency will be in any way personally liable or responsible for any covenant or agreement contained in this Agreement, whether expressed or implied, nor for any statement or representation made in or in any connection with this Agreement.

4.4. LIABILITY AND HOLD HARMLESS

4.4.1. The Bank is liable to the Agency for any direct money damages caused by the Bank's own negligence, fraud, or failure to exercise Due Care as defined in subsection 7.1, in the Bank's performance of its duties under this Agreement. For the purposes of this Agreement, direct money damages include, but are not limited to, those situations where interest charges are incurred by the Agency or any loss of earnings occurs that would otherwise have been realized by the Agency through an overnight investment of funds, and where these interest charges or loss of earnings are caused by the Bank's own negligence, fraud, or failure to exercise Due Care, as defined in subsection 7.1. The Bank is not liable to the Agency or any third party for special, indirect, or consequential damages, or lost profits or loss of business, arising in connection with this Agreement.

4.4.2. Each party to this Agreement agrees to hold harmless the other party, to the extent authorized by law, from all losses (excluding attorneys' fees and expenses) which relate to or result from lawsuits brought by non-parties to this Agreement from activities covered by this Agreement from:

4.4.2.1. A failure by a party or its subsidiaries, affiliates, agents, Subcontractors, representatives, or employees to comply with any applicable federal, state, or local law, rule, or regulation;

4.4.2.2. A negligent act or omission or the breach of this Agreement (as defined in subsection 5.2.3) by a party, its subsidiaries, affiliates, agents, Subcontractors, representatives, or employees; or a failure to exercise Due Care as defined in subsection 7.1.1 ("Covered Lawsuit").

4.4.3. Nothing in this section means either party is prevented from commencing legal action against the other.

- 4.4.4. Any right to indemnification is contingent on the party claiming indemnification ("Indemnitee") providing the party from whom payment is claimed ("Indemnitor") with timely notice of the Covered Lawsuit and the right to meaningful participation (at Indemnitor's expense) in any defense or settlement proceedings.

4.5. SEVERABILITY

Any provision of this document found to be prohibited by law is ineffective to the extent of this prohibition without invalidating the remainder of the document.

4.6. NONDISCRIMINATION AND AFFIRMATIVE ACTION

During the performance of this Agreement, the Bank shall comply with all federal and state nondiscrimination statutes and regulations, including chapter 49.60 RCW. These requirements include, but are not limited to:

- 4.6.1. **Nondiscrimination in Employment.** The Bank shall not discriminate against any employee or applicant for employment.

- 4.6.2. **Nondiscrimination in Client Services.** The Bank shall not:

- 4.6.2.1. Deny an individual any services or other benefits provided under this Agreement;

- 4.6.2.2. Provide any service(s) or other benefits to an individual which are different, or are provided in a different manner, from those provided to others under this Agreement;

- 4.6.2.3. Subject an individual to segregation or separate treatment in any manner related to the receipt of any service(s) or other benefits provided under this Agreement; or

- 4.6.2.4. Deny any individual an opportunity to participate in any program provided by this Agreement through the provision of services or otherwise, or afford any opportunity which is different from that afforded others under this Agreement.

- 4.6.3. The Bank, in determining (1) the types of services or other benefits to be provided; or (2) the class of individuals to whom, or the situation in which, these services or other benefits will be provided; or (3) the class of individuals to be afforded an opportunity to participate in any services or other benefits, will not utilize criteria or methods of administration which have the effect of subjecting individuals to discrimination.

4.6.4. Written Notice of Nondiscrimination Requirements. The Bank, including any subcontractor, shall give written notice of the nondiscrimination requirements in RCW 49.60.530(3) to any labor organization with which Bank, or subcontractor, has a collective bargaining or other agreement.

4.6.5. Noncompliance with Nondiscrimination Requirements. In the event of the Bank's noncompliance or refusal to comply with the nondiscrimination requirements, this Agreement may be rescinded, canceled, or terminated in whole or in part, and the Bank may be declared ineligible for further contracts with the Agency. The Bank will, however, be given a reasonable time in which to cure the noncompliance. Any dispute may be resolved in accordance with the Disputes section set forth in this Agreement.

4.7. GIFTS AND GRATUITIES

4.7.1. In accordance with chapter 42.52 RCW, Ethics in Public Service Act, it is unlawful for any person to accept, directly or indirectly, any compensation, gratuity, or reward in connection with this Agreement from any person beneficially interested in this Agreement. The Bank is required at all times to comply with all provisions of chapter 42.52 RCW.

4.7.2. The Agency may terminate this Agreement, by written notice to the Bank, if it is found after due notice and examination that there is a violation by the Bank of the Ethics in Public Service Act, chapter 42.52 RCW, or any other similar statute involving the Bank in its performance under this Agreement.

In the event this Agreement is terminated as provided in subsection 4.7.2, the Agency is entitled to pursue the same remedies against the Bank as it could pursue in the event of a breach of this Agreement by the Bank. The rights and remedies of the Agency provided by this clause are not exclusive and are in addition to any other rights and remedies provided by law.

4.8. RIGHTS AND REMEDIES

In the event of any claim for default or breach of contract, no provision in this Agreement nor in the Bank's proposal for services shall be construed, expressly or by implication, as a waiver by the Agency of any right to insist upon the strict performance of any term or condition of this Agreement or to exercise or delay the exercise of any right or remedy provided in this Agreement or by law, or as the acceptance of (or payment for) materials, equipment, or services, or to release the Bank from any responsibilities or obligations imposed by this Agreement or by law.

4.9. PERFORMANCE

Acceptance by the Agency of unsatisfactory performance with or without objection or reservation neither waives the right to claim damage for breach nor constitutes a waiver of requirements for satisfactory performance of any obligation remaining to be performed by the Bank.

4.10. GOVERNING LAW; JURY TRIAL

This Agreement is governed in all respects by, and construed in accordance with, the law and statutes of the state of Washington. The venue of any action is exclusively in the Superior Court for Jefferson County, Washington. The Bank, by execution of this Agreement, acknowledges the jurisdiction of the courts of the State of Washington in this matter.

4.11. SUBCONTRACTING/ASSIGNMENT

The Bank shall not subcontract or assign its obligations under this Agreement without the prior written consent of OST and the Agency Contract Administrator. The Bank is responsible to ensure that all requirements of this Agreement are communicated to all Subcontractors.

Substitution of another financial institution to act as the Bank under this Agreement may occur in the event of a takeover, merger, or acquisition. In this event, the successor bank shall provide an automatic continuation of all terms of this Agreement, provided the successor bank can meet all required terms of this Agreement. However, the Agency reserves the right to terminate this Agreement in the event a successor bank is substituted, after providing 60 calendar days' written termination notice.

4.12. SCOPE OF SERVICES

The Bank agrees to provide custody, record keeping, and cash management, as further described in the Office of the State Treasurer RFP (Exhibit A) and the Bank's Proposal (Exhibit B), under the terms of this Agreement, subject to the provisions of Section 7.5 - Fees.

5. AGREEMENT TERM AND TERMINATION

5.1. TERM OF AGREEMENT AND SURVIVORSHIP OF TERMS

This Agreement commences on April 1, 2024 and continues until March 31, 2028 (or thereafter pursuant to extensions provided for in this paragraph), unless the Bank is no longer serving as Statewide Custodian, in which case this Agreement terminates upon the termination or expiration of the Bank's service as Statewide Custodian. Annually the term of this Agreement will be automatically extended

for a period of one year, with the total contract period including extensions not to exceed eight years.

The Bank is not obliged to offer this contract for a time period of less than one year.

5.2. TERMINATION AND REMEDIES

5.2.1. Termination for Convenience. The Agency may terminate this Agreement, in whole or in part, at any time and for any reason by giving 90 calendar days' written termination notice to the Bank. The Bank may terminate this Agreement, by giving 180 days' written termination notice to the Agency.

5.2.2. Termination for Reduction of Funding or Withdrawal of Authority. In the event that either funding from the Agency or other sources is withdrawn, reduced, or limited, or the authority of the Agency to perform any of its duties is withdrawn, reduced, or limited in any way after the effective date of this Agreement and prior to its normal completion, the Agency may terminate this Agreement, in whole or in part, at any time by giving 60 calendar days' written termination notice to the Bank.

5.2.3. Termination for Breach. Except in the case of delay or failure resulting from circumstances beyond the control of and without the fault or negligence of the Bank or of the Bank's suppliers or Subcontractors, the Agency is entitled, by written or verbal notice, to cancel this Agreement in its entirety or in part, for breach of any of the terms in this Agreement, and to retain all other rights against the Bank by reason of the Bank's breach as provided by law.

A breach means one or more of the following events: (1) the Bank fails to perform the services by the time and date required and the failure is not caused by a force majeure event; (2) the Bank breaches any warranty, or fails to perform or comply with any term in this Agreement; (3) the Bank fails to exercise Due Care as to any aspect of this Agreement, with Due Care being defined in subsection 7.1; or (4) the Bank makes any general assignment of the assets held pursuant to this Agreement for the benefit of creditors. If it is subsequently found that the Bank was not in breach, the rights and obligations of the parties are the same as if a Notice of Termination had been issued pursuant to subsection 5.2.1.

The Agency Contract Administrator shall issue a written notice of breach providing a period not to exceed 30 days in which the Bank has an opportunity to cure. Time allowed for cure does not diminish or eliminate the Bank's liability for damages.

If the breach remains after the Bank was provided the opportunity to cure, the Agency may do one or more of the following:

5.2.3.1. Exercise any remedy provided by law;

5.2.3.2. Terminate this Agreement and any related contracts or portions thereof, by written or verbal notice;

5.2.3.3. Seek damages.

5.2.4. Termination by Mutual Agreement. The Agency and the Bank may terminate this Agreement in whole or in part, at any time, by mutual agreement.

5.2.5. Termination Procedure. Upon termination of this Agreement, the Agency, in addition to any other rights provided in this Agreement, may require the Bank to deliver to the Agency any property specifically produced or acquired for the performance of the part of this Agreement as has been terminated.

The Agency shall pay to the Bank the agreed upon price, if separately stated, for completed work and services accepted by the Agency, and the amount agreed upon by the Bank for (a) completed work and services for which no separate price is stated, (b) partially completed work and services, (c) other property or services which are accepted by the Agency, and (d) the protection and preservation of property, unless the termination is for default, in which case the Agency shall determine the extent of the liability of the Agency. Failure to agree with this determination is a dispute within the meaning of subsection 6.8, "Disputes" of this Agreement. The Agency may withhold from any amounts due to the Bank the sum as the Agency determines to be necessary to protect the Agency against potential loss or liability.

The rights and remedies of the Agency provided in this clause are not exclusive and are in addition to any other rights and remedies provided by law or under this Agreement.

5.2.6. Termination-Related Obligations Antecedent to Date of Termination. Upon nearing the end of the final term of this Agreement, and without respect to either the cause or time of termination, the Bank shall take all reasonable and prudent measures to facilitate the transition to a successor custodian's system.

The Bank shall provide, at any time during the nine months preceding termination, non-proprietary, non-confidential information about the Bank's systems as will be reasonably required by the Agency and/or the

successor for purposes of planning the transition and conversion to the successor's system.

5.2.7. Obligations Upon Termination. After receipt of a notice of termination, and except as otherwise directed by the Agency Contract Administrator, the Bank shall:

- 5.2.7.1.** Stop work under this Agreement on the date, and to the extent, specified in the notice;
- 5.2.7.2.** Place no further orders or subcontracts for materials, services, or facilities except as may be necessary for completion of the portion of the work under this Agreement as is not terminated;
- 5.2.7.3.** Assign to the Agency, in the manner, at the times, and to the extent directed by the Agency Contract Administrator, all of the rights, titles, and interest of the Bank under the orders and subcontracts so terminated, in which case the Agency has the right, at its discretion, to settle or pay any or all claims arising out of the termination of these orders and subcontracts;
- 5.2.7.4.** Settle all outstanding liabilities and all claims arising out of the termination of orders and subcontracts, with the approval or ratification of the Agency Contract Administrator to the extent he or she may require, which approval or ratification shall be final for all the purposes of this clause;
- 5.2.7.5.** Transfer title to the Agency and deliver in the manner, at the times, and to the extent, if any, as directed by the Agency Contract Administrator, any property which, if this Agreement had been completed, would have been required to be furnished to the Agency;
- 5.2.7.6.** Complete performance of the part of the work that was not terminated; and
- 5.2.7.7.** Take action as may be necessary, or as the Agency Contract Administrator may direct, for the protection and preservation of the property related to this Agreement which is in the possession of the Bank and in which the Agency has or may acquire an interest and to transfer that property to the successor Bank.

By termination, neither the Agency nor the Bank may nullify obligations already incurred for performance or failure to perform prior to the date of termination.

5.3. FORCE MAJEURE

5.3.1. Definition. Neither party is liable to the other or deemed in default under this Agreement if and to the extent that the party's performance of this Agreement is prevented by reason of force majeure. The term "force majeure" means an occurrence that is beyond the control of the party affected and could not have been avoided by exercising Due Care. Force majeure shall include acts of God, war, riots, strikes, fire, floods, earthquakes, epidemics, or other similar occurrences.

5.3.2. Allocation of Service. When force majeure affects only part of the Bank's capacity to perform, the Bank may allocate services among its customers, including regular customers not included in this Agreement, in any manner which is fair and reasonable.

5.3.3. Notification. If either party is delayed by force majeure, that party shall provide reasonable notice that there will be delay or non-delivery of reports or services. The notification must provide evidence of the force majeure to the reasonable satisfaction of the other party. A delay ceases as soon as practicable and written notification of the end of the delay must be provided. The time of completion is extended for a period equal to the time that the results or effects of the delay prevented the delayed party from performing in accordance with this Agreement.

5.3.4. Rights Reserved. The Agency reserves the right to cancel this Agreement or purchase services from the best available source during the time of force majeure, or both, and the Bank has no recourse against the Agency.

5.4. CONFLICT OF INTEREST

The Bank warrants that it presently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of services required under this Agreement.

6. CONTRACT ADMINISTRATION

6.1. INCORPORATED DOCUMENTS

This Agreement consists of the terms and conditions as set forth in this Agreement, and the following documents which are incorporated into this Agreement by reference:

6.1.1. "Exhibit A" - The Request for Proposal (RFP) for Statewide Custody Services, dated October 10, 2023.

6.1.2. "Exhibit B" - The Bank's proposal in response to the State RFP for Statewide Custody Services.

6.1.3. "Exhibit C" - The Bank's schedule of fees for all Services provided under this Agreement.

6.2. ORDER OF PRECEDENCE

6.2.1. The headings used in this Agreement are inserted for convenience only and do not control or affect the meaning or construction of any of the provisions.

6.2.2. If any provision of this Agreement is deemed to conflict with state or federal law, those provisions are deemed modified to conform with the law. In the event of any inconsistency in this Agreement, the inconsistency is resolved in the order of precedence stated below:

6.2.2.1. Applicable Federal and State Statutes and Regulations.

6.2.2.2. The Terms and Conditions of this Agreement.

6.2.2.3. Exhibit A - The Request for Proposal (RFP) for Statewide Custody Services issued by the Office of the State Treasurer, dated October 10, 2023.

6.2.2.4. Exhibit B - The Bank's proposal in response to the State RFP for Statewide Custody Services.

6.2.2.5. Exhibit C - The Bank's schedule of fees for all Services provided under this Agreement.

6.3. ENTIRE AGREEMENT

This document, including all addenda and subsequent amendments, comprises the entire agreement between the Agency and the Bank and is governed by the laws of the State of Washington incorporated herein by reference.

6.4. LIMITATION OF AGENCY'S AUTHORITY

Only the Agency Contracting Officer, or delegate by writing, has the express, implied, or apparent authority to alter, amend, modify, or waive any clause or condition of this Agreement. Furthermore, any alteration, amendment, modification, or waiver of any clause or condition of this Agreement is not effective or binding until made in writing and signed by the Agency and the Bank, unless otherwise provided herein.

6.5. AGENCY CONTRACT ADMINISTRATOR

The Agency shall appoint an individual as the Agency Contract Administrator for this Agreement and will provide oversight of the activities conducted under this Agreement. The Agency Contract Administrator will manage this Agreement on behalf of the Agency, and will be the Agency point of contact for the Bank concerning the Bank's performance hereunder. The Agency shall notify the Bank, in writing, when there is a change in staffing and a new Contract Administrator is assigned to this Agreement.

6.6. BANK'S ACCOUNT MANAGER

The Bank shall appoint an individual who will be the Account Manager for the Agency account. The Bank's Account Manager will be the principal point of contact for the Agency concerning the Bank's performance hereunder. The Bank's Account Manager will also serve as the focal point for business matters, support coordination, and administrative activities. The Bank shall notify the Agency in writing if a new Account Manager is assigned.

6.7. AMENDMENTS

No modifications or amendments to this Agreement are effective unless it is in a written amendment signed by an authorized officer of the Bank and an individual duly authorized on behalf of the Agency.

6.8. DISPUTES

6.8.1. Except as otherwise provided in this Agreement, when a bona fide dispute concerning a question of fact arises between the Agency and the Bank and it cannot be resolved, either party may initiate the dispute resolution procedure provided in this Agreement.

6.8.2. Time is of the essence in resolving disputes. The initiating party shall reduce its description of the dispute to writing and deliver it to the responding party. The responding party must respond in writing within two Agency working days. Then, both parties shall have three Agency working days to negotiate in good faith to resolve the dispute.

6.8.3. Both parties agree to exercise good faith in dispute resolution and to avoid arbitration and litigation whenever reasonably possible. Nothing in this Agreement prevents either party, after the expiration of the three day period in subsection 6.8.2, from pursuing other methods of dispute resolution.

6.8.4. The Agency and the Bank agree that, despite the existence of a dispute, they will continue without delay to carry out their respective

responsibilities under this Agreement which are not affected by the dispute.

6.9. CONSENT

Both parties agree that whenever a party's consent is required under the terms of this Agreement, that consent shall not be unreasonably delayed or withheld.

7. BANK RESPONSIBILITIES

7.1. RESPONSIBILITY OF BANK

7.1.1. The Bank shall perform its duties hereunder with "Due Care." For the purposes of this agreement, "Due Care" means the degree of care and skill demonstrated by agents acting in like capacity as a safekeeping custodian. The Bank is not responsible for the title, validity, or genuineness, including good deliverable form, of any property or evidence of title received by it or delivered by it pursuant to this Agreement. The Bank may at its discretion appoint and remove agents or Subcustodians to carry out provisions of this Agreement as the Bank may from time to time direct; provided, however, that an appointment does not relieve the Bank of its responsibilities or liabilities under this Agreement, and provided further that any depository selected with Due Care by the Bank is not, for purposes of this Agreement, deemed an agent or Subcustodian of the Bank.

7.1.2. Provided that the Bank and its agents and Subcustodians act in good faith and with the exercise of Due Care in performance of these duties as would ordinarily be expected of a financial institution in the relevant market and subject to the terms of this Agreement:

7.1.2.1. It is not liable for any loss or damage caused by the delay or failure of any central bank, depository, or commercially prevalent payment or clearing system to deliver to or for the Bank or its Subcustodians securities purchased or sold, or to make or receive and remit, any payment in connection with purchases or sales of securities, for delays or failures in providing corporate action notices, or for delays or inability by the Bank to perform its duties due to acts or omissions of any depository or to disorder in market infrastructure with respect to any particular security, security exchange, central depository, or clearing system; and

7.1.2.2. It is not liable for a delay or failure of a non-party, company, corporation, or other body in charge of registering or transferring securities in the name of the Bank, a customer of the Bank, or

the Subcustodian, its nominee or agent, or for any consequential losses arising out of the delay or failure to transfer the securities including non-receipt of bonus, dividends, and rights and other accretions or benefits.

- 7.1.2.3. The Bank's performance under this Agreement is subject to any relevant regulations, as well as the rules, operating procedures, and practices of any relevant stock exchange, clearing systems or depositories or market where or through which Proper Instructions are to be carried out and to which the Bank is subject and as exist in the market in which any securities or cash are held.
- 7.1.2.4. The Bank is under no obligation to take action to collect any amount payable on securities in default, or if payment is refused after due demand and presentment. The Bank has no duty or responsibility to inquire into, make recommendations, supervise, or determine the suitability of any transactions affecting any of the Agency's accounts ("Account").
- 7.1.2.5. The Bank may debit the Account for fees and expenses payable under this Agreement which remain in arrears for over 60 days.
- 7.1.2.6. The Bank has no duties or responsibilities whatsoever except the duties and responsibilities as are specifically set forth in this Agreement, and no covenant or obligation are implied against the Bank in connection with this Agreement.

7.2. CONFIDENTIALITY OF AGENCY RECORDS

- 7.2.1. The Bank acknowledges that material and information which has or will come into its possession or knowledge in connection with this Agreement or its performance, may consist of confidential and proprietary data, the disclosure of which to, or use by, third parties could be damaging.
- 7.2.2. The Bank, therefore, agrees to hold all this material and information in strictest confidence, not to make use of it other than for the performance of this Agreement, to release it only to authorized employees requiring the information, and not to release or disclose it to any other party.
- 7.2.3. Access to information concerning the Agency or individual recipients of the Agency's services shall not be granted except as authorized by law or in writing by the Agency.
- 7.2.4. Despite the limitation in subsection 7.2.3, the Bank may release the material and information described in this section to authorized bank

examiners and to its internal and external auditors for official use and may also release it pursuant to a subpoena or other order issued by a court of competent jurisdiction, as otherwise required by law or regulation, and to its attorneys, agency or affiliates for purposes of compliance with the subpoena, court order, or other law or regulation, provided that the Bank advises the recipient of the confidential nature of the information being disclosed. The Bank shall promptly notify the Agency of any subpoena or order upon its receipt.

7.3. AUDITING

The Bank shall permit representatives of the Agency, an auditor selected by the Agency, the Auditor of the State of Washington or their authorized assistant, or any combination of the above to examine the records of the Bank relating to the services rendered under this Agreement, including securities transactions. These audits may include, but are not limited to, examination of the securities themselves. If the Bank has contracted for deposit of the securities with another bank, the Bank shall require its Subcontractor to provide similar access to the designated Agency officials or their representatives. Any audits required by this section which do not necessitate the compilation of records in addition to those which are otherwise required by other sections of this Agreement may be conducted without notice. Any audits required by this section which require the compilation of records in addition to those which are otherwise required by this Agreement may be conducted upon reasonable written notice from the Agency to the Bank. The provisions of this subsection shall remain in effect for 18 months after the expiration, or sooner termination, of this Agreement. Records of Agency transactions must be kept and maintained by the Bank for a period of no less than seven years from the date of the transaction.

7.4. COMMITMENTS, WARRANTIES, AND REPRESENTATIONS

- 7.4.1.** Any written commitment by the Bank within the scope of this Agreement is binding upon the Bank. Failure of the Bank to fulfill a commitment may constitute breach and render the Bank liable for damages due to the Agency under the terms of this Agreement.
- 7.4.2.** For purposes of this Agreement, a commitment by the Bank, which must be in writing, includes: (1) prices and options committed to remain in force over a specified period(s) of time; (2) any warranty or representation made by the Bank in a proposal as to Service performance; (3) any warranty or representation made by the Bank concerning the characteristics of items in (2) above, contained in any literature, descriptions, or specifications accompanying or referred to in a proposal; (4) any modification of or affirmation or representation as to the above which is made by the Bank in writing whether or not incorporated into a

formal amendment to the proposal in question; and (5) any representation by the Bank in a proposal, supporting documents or amendments thereto as to services to be performed, prices, and options committed to remain in force over a fixed period of time, or any other similar matter regardless of the fact that the duration of the commitment may exceed the duration of this Agreement.

7.4.3. The Agency represents and warrants, which representations and warranties shall be continuing and shall be deemed to be reaffirmed upon each Proper Instruction given by the Agency, that:

- (a) The Agency is duly organized and existing under the laws of the jurisdiction of its organization, with full power to carry on its business as now conducted, to enter into this Agreement, and to perform its obligations under this Agreement;
- (b) This Agreement has been duly authorized, executed, and delivered by the Agency, constitutes a valid and legally binding obligation of the Agency, enforceable in accordance with its terms, and no statute, regulation, rule, order, judgment, or contract binding on the Agency prohibits the Agency's execution or performance of this Agreement; and
- (c) Either the Agency owns the securities in the Account free and clear of all liens, claims, security interests, and encumbrances (except those granted in this Agreement) or, if the securities are owned beneficially by others, the Agency has the right to pledge the securities to the extent necessary to secure the Agency's obligations under this Agreement, free of any right of redemption or prior claim by the beneficial owner. The Bank's security interest pursuant to subsection 8.1.3.4.1 is a first lien and security interest subject to no setoffs, counterclaims, or other liens prior to or on a parity with it in favor of any other party (other than specific liens granted preferred status by statute), and the Agency shall take any and all additional steps which are required to assure the Bank of the priority and status, including notifying third parties or obtaining their consent to the Bank's security interest.

7.5. FEES

The Bank agrees to provide the Services at the costs, rates, and fees set forth in **Exhibit C**, Custody Fee Schedule. No other costs, rates, or fees are payable to the Bank for services covered under this Agreement.

7.6. ANCILLARY SERVICES

7.6.1. Contingency Plan. The Bank shall have a comprehensive contingency plan for timely disaster recovery in the event systems are rendered inoperative due to fire, flood, or other disaster.

7.6.2. Pricing Services. To the extent that the Bank provides values of, and pricing information with respect to, securities, the Bank is authorized to utilize generally recognized pricing services (including brokers, dealers, and market makers). The Bank is not liable or responsible for or under any duty to inquire into, nor be deemed to make any assurances or warranties with respect to, the accuracy or completeness of these values or information, even if the Bank, in performing services for itself and others, including services similar to those performed for the Agency, receives different valuations of the same or similar securities of the same issuer. The Bank will advise the Agency in the event it provides values and pricing information if the services are unable to provide a value of or pricing information with respect to securities, but has no other obligation or liability with respect to the valuation or pricing information.

7.7. PROPER INSTRUCTIONS AND EVIDENCE OF AUTHORITY

The term "Proper Instructions" means instructions received by the Bank from the Agency or any person duly authorized by the Agency. Instructions may be in writing signed by the authorized person, in a tested communication, in a communication utilizing access codes effected between electro-mechanical or electronic devices, or by other means as are agreed to from time to time by the Bank and the party giving the instructions (including, without limitation, oral instructions if so agreed). The Agency's duly authorized officer shall certify to the Bank in writing the names and specimen signatures of persons authorized to give proper instructions. The Bank is entitled to rely upon the identity and authority of these persons until it receives notice from the Agency to the contrary.

The Bank is protected in acting upon any instructions, notice, request, consent, certificate, instrument, or paper reasonably believed by it to be genuine and to have been properly executed or otherwise given by or on behalf of the Agency. The Bank may receive and accept a certificate from the Agency as conclusive evidence (i) of the authority of any person to act in accordance with the certificate or (ii) of any determination or of any action by the Agency as described in the certificate, and the certificate may be considered as in full force and effect until receipt by the Bank of written notice to the contrary.

7.8. SECURITY CODES

If the Bank has issued security codes or passwords to the Agency in order that the Bank may verify that certain transmissions of information, including proper

instructions, have been originated by the Agency, the Bank is, to the extent authorized by law, without liability to the Agency for any action taken or omitted by it in reliance upon receipt by the Bank of transmissions of information with the proper security code or password, including instructions purporting to be proper instructions, which the Bank reasonably believes to be from the Agency.

7.9. REGISTRATION WITH THE DEPARTMENT OF REVENUE

The Bank shall complete registration with the Department of Revenue, Olympia, Washington 98504, and be responsible for payment of all taxes due on payments made under this Agreement.

7.10. LICENSING AND ACCREDITATION STANDARDS

The Bank shall comply with all applicable federal and state licensing requirements and standards necessary in the performance of this Agreement.

7.11. WORKERS' COMPENSATION INSURANCE COVERAGE

The Bank shall provide or purchase applicable workers' compensation insurance coverage prior to performing work under this Agreement. The Agency will not be responsible for payment of industrial insurance premiums for the Bank or any Subcontractor or employee of the Bank which might arise under the workers' compensation insurance laws during performance of duties and services under this Agreement. Should the Bank fail to secure workers' compensation insurance coverage or fail to pay premiums on behalf of its employees, the Agency may deduct the amount of premiums owing from the amounts payable to the Bank under this Agreement and transmit the same to the appropriate workers' compensation insurance fund.

7.12. ADVERTISING

The Bank shall not advertise or publish information concerning this Agreement in any form or media without prior written consent from the Agency.

8. CUSTODY PROVISIONS

8.1. CUSTODY OF SECURITIES

8.1.1. Custodial Services. The Bank shall take custody of the securities owned by the Agency and tendered for transfer to its custody, provide safekeeping services for them, and accept complete responsibility as an agent for their safekeeping from the moment of delivery to it or its transfer agent until their safe return and delivery to the Agency or its designated agent upon the sooner of expiration or termination of this Agreement.

When ownership of a security is manifested by a certificate, bond, note, or other physical document, the Bank will verify proper registration of the security in the name of the Agency or nominee of Bank; keep the physical specimen in a secure vault, safe from destruction, damage, embezzlement, and/or other loss; readily available to the Agency; and in a condition suitable for sale or transfer.

When ownership is reflected in a book entry on official records only, the Bank shall be shown on the books of the Federal Reserve System, DTC, or other depository agencies, as custodian of the Agency's book-entry security. The Bank shall verify the proper registration, evidenced by an entry in the Bank's books reflecting that the Bank holds those particular securities (or a quantity of securities that are part of a fungible bulk of government book-entry securities) as custodian for the Agency; and obtain and maintain the confirmatory documents in a secure area and unless expressly authorized by the Agency, keep the securities ready for immediate sale or transfer free and clear of all encumbrances.

With respect to securities issued in the United States, the Shareholders Communications Act of 1985 (the "Act") requires the Bank to disclose to the issuers, upon their request, the name, address, and securities position of its customers who are (a) the "beneficial owners" (as defined in the Act) of the issuer's securities, if the beneficial owner does not object to the disclosure, or (b) acting as a "respondent bank" (as defined in the Act) with respect to the securities. (Under the Act, "respondent banks" do not have the option of objecting to the disclosure upon the issuers' request.) The Act defines a "beneficial owner" as any person who has, or shares, the power to vote a security (pursuant to an agreement or otherwise), or who directs the voting of a security. The Act defines a "respondent bank" as any bank, association or other entity that exercises fiduciary powers which holds securities on behalf of beneficial owners and deposits the securities for safekeeping with a bank, such as the Bank. Under the Act, the Agency is either the "beneficial owner" or a "respondent bank."

☒ The Agency is the "beneficial owner," as defined in the Act, of the securities to be held by the Bank hereunder.

☐ The Agency is not the beneficial owner of the securities to be held by the Bank, but is acting as a "respondent bank," as defined in the Act, with respect to the securities to be held by the Bank hereunder.

IF NO BOX IS CHECKED, THE BANK SHALL ASSUME THAT THE AGENCY IS THE BENEFICIAL OWNER OF THE SECURITIES.

For beneficial owners of the securities only:

- ☐ The Agency objects
☒ The Agency does not object

to the disclosure of its name, address, and securities position to any issuer which requests information pursuant to the Act for the specific purpose of direct communications between the issuer and the Agency.

IF NO BOX IS CHECKED, THE BANK SHALL RELEASE THE INFORMATION UNTIL IT RECEIVES A CONTRARY WRITTEN INSTRUCTION FROM THE AGENCY.

To the extent not prohibited by applicable law, the Agency hereby agrees that Bank shall have a continuing lien and security interest in any property then held by the Bank for the benefit of the Agency if Bank or any of its affiliates or agents: (a) advances financial assets to the Agency for any purpose; or (b) incurs expenses, charges, taxes, assessments, claims, liabilities or other indebtedness in connection with the performance of this Agreement.

8.1.2. Inventory; Delivery and Redelivery. The Bank shall keep an accurate, current inventory of all securities held within its custody for the Agency. The inventory will contain precise identification of each security including, when applicable, the date of purchase and maturity date; CUSIP numbers; and other sources of identification.

8.1.3. Transactions. The Bank shall assist the purchase of securities and the sale of securities within its possession, owned by the Agency. When so instructed, the Bank will:

8.1.3.1. Take possession of securities purchased by the Agency, and when authorized, make payment from the clearing accounts as established under this Agreement;

8.1.3.2. Deliver securities sold or transferred by the Agency to the appropriate entity or person versus payment;

8.1.3.3. Register in its name or in its name as the Bank, securities owned by the Agency and held in its physical custody or those securities indicated on the records of the Federal Reserve System, DTC, or another depository, provided that adequate records are maintained to identify the actual ownership of the securities by the Agency and all rights to interest and sale proceeds are vested in the Agency;

8.1.3.4. Credit or debit the appropriate money account of the Agency in connection with the purchase, sale, maturity, redemption, income, dividends, or other disposition of securities and other assets held for the time being on behalf of the Agency in the accounts on a contractual settlement basis. The Bank reserves the right to reverse any crediting at any time before actual receipt of the item associated with the credit when the Bank determines that actual receipt will not be received in due course for the item.

8.1.3.4.1. The Bank, to secure repayment of an advance of funds made in connection with a purchase of securities, has a purchase money security interest in, and a security entitlement with respect to, the Agency's right, title, and interest in and to the securities acquired with the advance (including proceeds from it). The Bank is, with respect to the purchase money security interest, entitled to all the rights and remedies of a pledgee and secured creditor under applicable laws, rules, or regulations as then in effect.

8.1.4. Agency Clearing Account. The Bank shall establish clearing accounts for the Agency, as directed by the Agency. These accounts shall accurately reflect transactions of all kinds, with respect to securities of the Agency. These accounts are not to be construed as Depository Accounts.

The Bank shall, on a contractual basis, credit or debit the Agency account on the contractual settlement date in connection with all trading transactions, income, and principal payments to include, but not be limited to purchases, sales, maturities, redemptions, interest, or any other principal and income event.

At the close of each business day, no "public funds" (as defined in RCW 39.58.010(16) now or as hereafter amended) shall remain in the clearing accounts.

All "public funds" (as defined above) in an account shall be returned to the Agency prior to the close of business.

8.1.4.1. The Agency retains the exclusive authority to manage the assets of the Agency within the Bank's custody. This includes the determination of which investments are made, what and when securities are sold or encumbered, the terms or conditions of any transaction, and the disposition of cash on hand. The Bank shall make no transaction without instructions from the Agency,

except the advance crediting of principal, interest, and other proceeds to the Agency's clearing account.

8.2. NOTICES

Notices and other writings shall be delivered by the most expeditious means available, with due regard given to the time sensitivity of the notice or demand being made:

To the Agency: USPS
Jefferson County Treasurer
PO Box 571
Port Townsend, WA 98368
Attention: Stacie Prada

To the Bank:
Principal Bank
222 South Ninth Street, 13th Floor
Minneapolis, MN 55402
Attention: Jon Cannon

FedEx or UPS
Jefferson County Treasurer
1820 Jefferson St Suite 120
Port Townsend, WA 98368
Attention: Stacie Prada

or to any other address as the Agency or the Bank may specify in writing later. Telephone, facsimile, and e-mail notices are sufficient if communicated to the party entitled to receive the notice at the following numbers:

To the Agency:
Telephone: 360-385-9152
Fax: 360-385-9149
E-mail:

TreasurerAccountant@co.jefferson.wa.us

To the Bank:
Telephone: 515-878-6066
Fax: n/a
E-mail:
cannon.jonathan@principal.com

or to other numbers or e-mails as either party may furnish the other party by written notice under this section.

The Bank agrees to accept and act upon instructions or directions pursuant to this Agreement sent by unsecured e-mail, facsimile transmission, or other similar unsecured electronic methods, provided, however, that, the Bank has received an incumbency certificate listing persons designated to give instructions or directions and containing specimen signatures of the designated persons, which incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the Agency elects to give the Bank e-mail or facsimile instructions (or instructions by a similar electronic method) and the Bank in its discretion elects to act upon the instructions, the Bank's reasonable understanding of the instructions control.

The Bank is not liable for any losses, costs, or expenses arising directly or indirectly from the Bank's reliance upon and compliance with instructions provided by the Agency pursuant to this Agreement. This includes, but is not limited to, Bank's reliance upon instructions that may later conflict or be inconsistent with subsequent written instructions. The Agency agrees to assume all risks arising out of the use of these electronic methods to submit instructions and directions to the Bank, including the risk of the Bank acting on unauthorized instructions by an individual purporting to be a designated person on the incumbency certificate, and the risk of interception and misuse by third parties.

Notwithstanding the foregoing, the Bank will accept transaction requests that it reasonably believes to be from Authorized Signers by telephone, letter, facsimile, or e-mail. However, in order to prevent fraud related activity, public, non-firewall protected e-mail domain names (e.g. aol, hotmail, gmail, yahoo) as a method for submitting transaction requests shall not be accepted.

9. PAYMENT PROVISIONS

9.1. PAYMENTS

Quarterly, after the last business day of each calendar quarter, the Bank shall submit to the Agency an invoice containing an itemized list of all costs and expenses incurred by the Bank in connection with this Agreement. The first payment will be for the calendar quarter ending June 30, 2024.

The Agency will forward payment for service charges to the Bank, after the Agency verifies all activity and charges, within thirty (30) days of receipt of the invoice, provided there are no significant unreconciled differences.

In the event services are rendered for less than a calendar quarter, or this Agreement is terminated prior to the end of a calendar quarter, the Agency shall pay the Bank's fee prorated for the portion of the calendar quarter these services are rendered or this Agreement is in effect, plus any costs and expenses incurred by the Bank for the Accounts up to or subsequent to the date of termination.

If the Bank does not meet its Service obligations, the Bank shall be required to negotiate a settlement with the Agency Contract Administrator for an appropriate reduction in charges. Any settlement is in addition to other rights and remedies available to the Agency under law and this Agreement.

9.2. TAXES

It is mutually agreed and understood that all payments accrued on account of payroll taxes, unemployment contributions, any other taxes, insurance, or other expenses for the Bank's staff are the sole liability of the Bank.

9.3. INDEPENDENT CAPACITY

The parties intend that an independent contractor relationship will be created by this Agreement. The Bank, the Bank's employees, and subcontractors performing under this Agreement are not employees of the Agency. The Bank will not hold itself out as, nor claim to be, an officer or an employee of the Agency, nor will the Bank make any claim of right, privilege, or benefit which would accrue to an Agency employee under law. Conduct and control of the work is solely with the Bank.

9.4. ADVANCE PAYMENTS PROHIBITED

No advance payment shall be made for services furnished by the Bank pursuant to this Agreement.

9.5. AMERICANS WITH DISABILITIES ACT

The Bank must comply with the Americans with Disabilities Act ("ADA") of 1990, Public Law 101-336, also referred to as the ADA 28 CFR Part 35, which provides comprehensive civil rights protection to individuals with disabilities in areas of employment, public accommodations, state and local government services, and telecommunications.

9.6. ATTORNEYS' FEES

In the event of litigation or other action brought to enforce the terms of this Agreement, each party agrees to bear its own attorney fees and costs.

9.7. COPYRIGHT PROVISIONS

Unless otherwise provided, all Materials produced under this Agreement are considered "works for hire" as defined by the U.S. Copyright Act and are owned by the Agency. The Agency is considered the author of the Materials. In the event the Materials are not considered "works for hire" under the U.S. Copyright laws, the Bank hereby irrevocably assigns all right, title, and interest in Materials, including all intellectual property rights, to the Agency effective from the moment of creation of the Materials.

Materials means all items in any format and includes, but is not limited to, data, reports, documents, pamphlets, advertisements, books, magazines, surveys, studies, computer programs, films, tapes, and/or sound reproductions. Ownership includes the right to copyright, patent, register, and transfer these rights.

For Materials that are delivered under this Agreement but that incorporate pre-existing materials not produced under this Agreement, the Bank hereby grants to

the Agency a nonexclusive, royalty-free, irrevocable license (with rights to sublicense others) in these Materials to translate, reproduce, distribute, prepare derivative works, publicly perform, and publicly display. The Bank warrants and represents that it has all rights and permissions, including intellectual property rights, moral rights, and rights of publicity, necessary to grant a license to the Agency.

The Bank shall exert all reasonable effort to advise the Agency, at the time of delivery of Materials furnished under this Agreement, of all known or potential invasions of privacy contained therein and of any portion of the document which was not produced in the performance of this Agreement. The Bank shall promptly provide to the Agency written notice or claim of infringement with respect to any data delivered under this Agreement the Bank receives.

9.8. COVENANT AGAINST CONTINGENT FEES

The Bank warrants that no person or selling agent has been employed or retained to solicit or secure this Agreement upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established agents maintained by the Bank for the purpose of securing business. The Agency has the right, in the event of breach of this clause by the Bank, to annul this Agreement without liability or, in its discretion, to deduct from this Agreement price or consideration or recover by other means the full amount of the commission, percentage, or brokerage or contingent fee.

9.9. DISALLOWED COSTS

The Bank is responsible for any audit exceptions or disallowed costs incurred by its own organization or that of its Subcontractors.

9.10. DUPLICATE PAYMENT

The Agency shall not pay the Bank if the Bank has charged or will charge the Agency or any other party under any other contract or agreement for the same services or expenses.

9.11. TREATMENT OF ASSETS

9.11.1. Title to all property furnished by the Agency remains in the Agency. Title to all property furnished by the Bank, for the cost of which the Bank is entitled to be reimbursed as a direct item of cost under this Agreement, passes to and vests in the Agency upon delivery of the property by the Financial Advisor. Title to other property, the cost of which is reimbursable to the Agency under this Agreement passes to and vests in the Agency upon (i) issuance for use of the property in the

performance of this Agreement or (ii) commencement of use of the property in the performance of this Agreement, or (iii) reimbursement of the costs by the State, in whole or in part, whichever first occurs.

- 9.11.2. Any property of the Agency furnished to the Bank shall, unless otherwise provided herein or approved by the Agency, be used only for the performance of this Agreement.
- 9.11.3. The Bank shall be responsible for any loss or damage to property of the Agency which results from the negligence of the Bank or which results from the failure on the part of the Bank to maintain and administer that property in accordance with sound management practices.
- 9.11.4. If any Agency property is lost, destroyed, or damaged, the Bank shall immediately notify the Agency and shall take all reasonable steps to protect the property from further damage.
- 9.11.5. The Bank shall surrender to the Agency all property of the Agency prior to settlement upon completion, termination, or cancellation of this Agreement.
- 9.11.6. All reference to the Bank under this clause also includes Bank's employees, agents, or Subcontractors.

9.12. PRIVACY

Personal information collected, used or acquired in connection with this Agreement shall be used solely for the purposes of this Agreement. Bank and its Subcontractors agree not to release, divulge, publish, transfer, sell, or otherwise make known to unauthorized persons personal information without the express written consent of the Agency or as provided by law. Bank agrees to implement physical, electronic, and managerial safeguards to prevent unauthorized access to personal information.

The Agency reserves the rights to monitor, audit, or investigate the use of personal information collected, used, or acquired by the Bank through this Agreement. The monitoring, auditing, or investigating may not include "salting" by the Agency. Bank shall certify the return or destruction of all personal information upon expiration of this Agreement. Salting is the act of placing a record containing unique but false information in a database that can be used later to identify inappropriate disclosure of data contained in the database.

Any breach of the provisions may result in termination of this Agreement and the demand for return of all personal information. The Bank agrees to indemnify and hold harmless the Agency for any damages related to Bank's unauthorized use of personal information.

The Agency's right to monitor, audit, or investigate is subject to the Bank's right to limit those activities that are prohibited by its internal policies or that the Bank, in good faith, believes will compromise the security of its systems or the rights of other customers of Bank.

9.13. WAIVER

Waiver of any default or breach shall not be deemed to be a waiver of any subsequent default or breach. Any waiver shall not be construed to be a modification of the terms of this Agreement unless stated to be a modification in writing and signed by authorized representatives of the Agency.

9.14. SEVERABILITY

The provisions of this Agreement are to be severable. If any term or provision is illegal or invalid for any reason whatsoever, the illegality or invalidity shall not affect the validity of the remainder of this Agreement.

10. MISCELLANEOUS

10.1. COUNTERPARTS

This Agreement is to be executed in duplicate originals and each duplicate shall be deemed an original copy of this Agreement signed by each party, for all purposes.

11. CONTRACT EXECUTION

11.1. RELATIONSHIP BETWEEN THE PARTIES

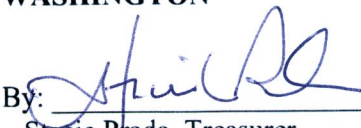
The parties hereto agree that in performing hereunder, the Bank is acting solely on behalf of the Agency and no contractual or service relationship shall be deemed to be established hereby between the Bank and any other person.

[SIGNATURE PAGE FOLLOWS]

11.2. SIGNATURE BLOCKS

IN WITNESS WHEREOF the parties hereto, having read this Agreement in its entirety, including all attachments hereto, do agree in each and every particular.

APPROVED:
**JEFFERSON COUNTY
WASHINGTON**

By:  3/26/2024
Stacie Prada, Treasurer Date

APPROVED:
PRINCIPAL BANK


Jon Cannon

Board of County Commissioners
Jefferson County, Washington

3-25-2024
Date

By: _____
Kate Dean, Chair Date

By: _____
Greg Brotherton, Commissioner Date

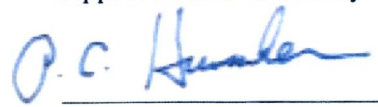
By: _____
Heidi Eisenhour, Commissioner Date

SEAL:

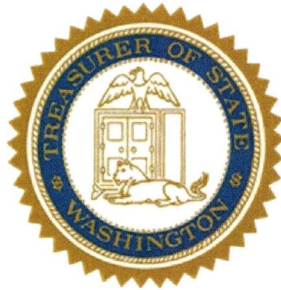
ATTEST:

Carolyn Galloway Date
Clerk of the Board

Approved as to form only:

 March 24, 2024
Philip C. Hunsucker Date
Chief Civil Deputy Prosecuting Attorney

OFFICE OF THE STATE TREASURER



REQUEST FOR PROPOSALS

RFP NO. 2023-04

STATEWIDE SECURITIES CUSTODY SERVICES

October 10, 2023

**Mike Pellicciotti
Washington State Treasurer**

**STATE OF WASHINGTON
OFFICE OF THE STATE TREASURER**

**REQUEST FOR PROPOSALS No. 2023-04
STATEWIDE SECURITIES CUSTODY SERVICES**

All amendments to this RFP prior to the deadline for submitting proposals will be published on the Washington's Electronic Business Solution (WEBS) site at <https://fortress.wa.gov/ga/webs/home.html>. It is the Bidder's responsibility to access the RFP, all attachments, amendments, questions and answers, and any other related documents on WEBS.

PROCUREMENT TITLE:
Statewide Securities Custody Services

DEADLINE FOR SUBMITTING A NOTICE OF INTENT TO PROPOSE:
October 30, 2023

DEADLINE FOR SUBMITTING A PROPOSAL:
November 15, 2023, 4:00 p.m. Pacific Standard Time

EXPECTED TIME PERIOD FOR CONTRACT:
The initial term of the agreement shall be for a period of four years, commencing on April 1, 2024, through March 31, 2028. The state reserves the right to extend the agreement up to four additional years, through March 31, 2032.

AMERICANS WITH DISABILITIES ACT:
OST complies with the Americans with Disabilities Act (ADA). Bidders may contact the RFP Coordinator to receive this Request for Proposals in an alternative format.

OST RFP COORDINATOR:
Jilene Siegel
Telephone: (360) 902-8907
Email: Contracts@tre.wa.gov

TABLE OF CONTENTS

1	PROCUREMENT OVERVIEW.....	5
1.1	PURPOSE.....	5
1.2	INTRODUCTION.....	5
1.3	BACKGROUND	5
1.4	MINIMUM QUALIFICATIONS	6
1.5	PERIOD OF PERFORMANCE	6
1.6	SCOPE OF SERVICES.....	6
2	PROCUREMENT PROCESS	6
2.1	RFP COORDINATOR.....	6
2.2	ESTIMATED SCHEDULE OF PROCUREMENT ACTIVITIES	7
2.3	REVISIONS TO THE RFP	7
2.4	QUESTIONS	7
2.5	COMPLAINT PROCEDURE.....	7
2.6	RESPONSIVENESS REVIEW	8
2.7	REJECTION OF PROPOSALS	8
2.8	CLARIFICATION OF PROPOSAL	8
2.9	EVALUATION PROCEDURE.....	8
2.10	EVALUATION WEIGHTING AND SCORING.....	9
2.11	INTERVIEWS, DEMONSTRATIONS AND SITE VISITS	9
2.12	REFERENCE CHECKS	9
2.13	BEST VALUE	9
2.14	NOTIFICATION TO BIDDERS	10
2.15	DEBRIEFING CONFERENCE.....	10
2.16	PROTEST PROCEDURE	10
3	PROPOSALS	12
3.1	SUBMISSION OF PROPOSALS.....	12
3.2	ACCEPTANCE PERIOD	12
3.3	MOST FAVORABLE TERMS	13
3.4	PROPOSAL CONTENTS	13
3.5	SECTION 1: INTRODUCTION	13
3.6	SECTION 2: QUESTIONNAIRE.....	14
3.7	FEE SCHEDULE.....	14
3.8	CONTRACT EXCEPTIONS	14
3.9	SECTION 3: ATTACHMENTS	14
4	IMPORTANT INFORMATION FOR BIDDERS	15
4.1	BIDDER'S UNDERSTANDING OF THE RFP	15
4.2	GOOD FAITH STATEMENT.....	15

4.3	CONTRACT AND GENERAL TERMS AND CONDITIONS	15
4.4	PROPRIETARY INFORMATION – PUBLIC DISCLOSURE.....	15
4.5	AMERICANS WITH DISABILITIES ACT.....	16
4.6	COSTS TO PROPOSE	16
4.7	NO OBLIGATION TO CONTRACT	16
5	DEFINITIONS.....	16
6	RFP ATTACHMENTS AND EXHIBITS	18
	ATTACHMENT A - STATEMENT OF WORK	19
	ATTACHMENT B – BIDDER'S INFORMATION, DECLARATIONS AND CERTIFICATIONS.....	23
	ATTACHMENT C – QUESTIONNAIRE	28
	ATTACHMENT D – SAMPLE LETTER OF AGREEMENT	39
	ATTACHMENT E – SAMPLE MODEL CONTRACT.....	43
	ATTACHMENT F – FEE SCHEDULE TEMPLATE.....	SEPARATE ATTACHMENT

1 PROCUREMENT OVERVIEW

1.1 PURPOSE

The Washington State Office of the State Treasurer (OST) is seeking a qualified firm to provide Statewide Securities Custody Services for local governments and institutions of higher education that elect to participate in the Statewide Custody Program, pursuant to [RCW 43.08.280](#).

1.2 INTRODUCTION

The Statewide Custody Program is administered by the Office of the State Treasurer (OST) and is available for voluntary participation by local governments and institutions of higher education (hereafter referred to as "Eligible Entities") in Washington State. Following completion of the RFP process, the State Treasurer will appoint the Statewide Custodian and establish a Model Contract. Each participating entity will negotiate final contract terms with the Statewide Custodian, and will execute and manage a separate contract.

1.3 BACKGROUND

The purpose of the Statewide Custody Program is to enable Eligible Entities throughout Washington State to collectively obtain the most advantageous rates and terms from a single financial institution for custodial banking services. This statewide RFP provides efficiency for financial institutions by eliminating the need to respond to separate competitive procurement processes for each participating entity. The "pooling" feature of the program also provides smaller jurisdictions access to the same advantageous terms that are available to larger governmental entities, with services and rates based on the combined value of the portfolios.

OST facilitates the procurement process with cooperation from representative participating entities, and will negotiate the terms of a Model Contract and fee schedule with the Apparent Successful Bidder. The State Treasurer will appoint the Statewide Custodian for an initial term of four years, documented in the form of a Letter of Agreement. Eligible Entities then have the option to negotiate and execute a separate contract with the Statewide Custodian.

OST will not be a party to the contracts between the Statewide Custodian and participating entities. Eligible entities are not required to participate, and nothing precludes them from entering into a contract that is not subject to the terms of the Statewide Custody Program, with either the Statewide Custodian or another financial service provider.

For additional information, including access to the current Letter of Agreement and Model Contract, see the Statewide Custody Program on the OST website, at <https://www.tre.wa.gov/partners/for-local-governments/statewide-custody-program/>.

1.4 MINIMUM QUALIFICATIONS

Bidders must meet the following minimum qualifications:

- The bidder must have adequate capital to clear large volumes of trades.
- The bidder must provide a dedicated customer service person/team available during open Market hours.
- The Bidder must be licensed to conduct business in the State of Washington. If the Bidder is not licensed, the Bidder must state that it will become licensed in Washington within thirty (30) calendar days of being selected as the Apparent Successful Bidder (ASB).

1.5 PERIOD OF PERFORMANCE

The initial period of performance of any Agreement resulting from this RFP will be April 1, 2024, through March 31, 2028. OST reserves the option to extend the period of performance up to four additional years, through March 31, 2032. The total length of the Agreement, with extensions, will not exceed eight years, provided that the OST reserves the right to extend the Agreement beyond the eight-year period for the sole purpose of transitioning the Services provided herein to a new Statewide Custodian and/or unwinding the Agreement and the Model Contract.

1.6 SCOPE OF SERVICES

The selected financial institution will negotiate a Model Contract and Fee Schedule, and will sign a Letter of Agreement with the OST to offer the contract to Eligible Entities. The Financial Institution will be designated as the Statewide Custodian, as authorized in [RCW 43.08.280](#), to provide the services described in *Attachment A – Scope of Services*.

2 PROCUREMENT PROCESS

2.1 RFP COORDINATOR

The RFP Coordinator is the sole point of contact at OST for this procurement. All communication between the Bidder and the State upon release of this RFP shall be with the OST RFP Coordinator, as follows:

Name	Jilene Siegel
Phone Number	360-902-8907
Email Address	Contracts@tre.wa.gov

Any other communication will be considered unofficial and non-binding on OST. Bidders are to rely on written statements issued by the OST RFP Coordinator. Communications concerning this procurement directed to other state employees, RFP evaluators, contractors or officials other than the RFP Coordinator may result in disqualification of the Bidder.

2.2 ESTIMATED SCHEDULE OF PROCUREMENT ACTIVITIES

Issue Request for Proposals	October 10, 2023
Questions due	October 17, 2023
Answers posted	October 23, 2023
Letter of Intent to Respond Due (mandatory)	October 30, 2023
Last day to submit a preproposal complaint	November 7, 2023
Proposals due	November 15, 2023, 4:00 PM Pacific Time
Remote interviews/demos (at OST's option)	December 11-15, 2023
Announce Apparent Successful Bidder	On or before January 12, 2024
Last day to request debriefing conference	Three business days after ASB announcement
Protest period ends	Five business days after debrief
Sign Letter of Agreement	Upon expiration of protest period or resolution of protest(s)

OST reserves the right to revise the above schedule.

2.3 REVISIONS TO THE RFP

In the event it becomes necessary to revise any part of this RFP, amendments and/or addenda will be published on WEBS.

OST also reserves the right to cancel or to reissue the RFP in whole or in part, prior to execution of a contract.

2.4 QUESTIONS

Specific questions regarding this Request for Proposals must be submitted via email to the OST RFP Coordinator by the date shown in Section 2.2 above. Answers to all submitted questions will be posted on WEBS on or before the date shown in Section 2.2.

OST shall be bound only by written answers to questions. An oral response to any question is to be considered unofficial.

2.5 COMPLAINT PROCEDURE

A potential Bidder may file a complaint regarding the proposal process. Grounds for a complaint may include:

- The solicitation unnecessarily restricts competition.
- The solicitation evaluation or scoring process is unfair or flawed.
- The solicitation requirements are inadequate or insufficient to prepare a response.

Interested Bidders should note that, if they choose not to file a complaint, they waive their right to file a protest based on the proposal process that could have been raised in a pre-proposal complaint.

The complaint must be submitted in writing to the RFP Coordinator no later than five business days before the bid response deadline.

The complaint must include:

- The complainant's name, mailing address, telephone number, and email address.
- A clear and specific statement articulating the basis for the complaint.
- A proposed remedy.

OST reserves the right to extend the due date for proposals, to allow for adequate consideration and response to a complaint.

OST will send a written response to the complainant before the deadline for bid submissions. The response will explain OST's decision and any steps it will take in response to the complaint. The complaint and the response, including any changes to the solicitation that may result, will be posted on WEBS.

2.6 RESPONSIVENESS REVIEW

All proposals will be reviewed by the OST RFP Coordinator to determine compliance with administrative requirements and instructions specified in this RFP, as well as to ensure minimum qualifications are met. The Bidder is specifically notified that failure to comply with any part of the RFP may result in rejection of the proposal as non-responsive.

OST reserves the right, at its sole discretion, to waive minor administrative irregularities.

2.7 REJECTION OF PROPOSALS

OST reserves the right, at its sole discretion, to reject any and all proposals received without penalty and not to issue a contract as a result of this RFP.

2.8 CLARIFICATION OF PROPOSAL

The OST RFP Coordinator may contact the Bidder for clarification of any portion of the Bidder's proposal.

2.9 EVALUATION PROCEDURE

Responsive proposals will be evaluated strictly in accordance with the requirements stated in the solicitation and any addenda issued. An evaluation team, designated by OST, will determine the ranking of the proposals.

2.10 EVALUATION WEIGHTING AND SCORING

Proposals not meeting the minimum qualifications in Section 1.4 will not be scored.

The following weighting will be used to score the written proposals.

• Organizational Background (Questions 1-14)	5%
• Custody Services (Questions 15-31)	35%
• Reporting and Reconciliation (Questions 32-36)	15%
• Technology and Systems (Questions 37-46)	10%
• Transition and Conversion (Questions 47-49)	10%
• Fees (Question 50)	25%

Both the written proposal and the interviews/demonstrations, if any, will be considered in the final selection of the Apparent Successful Bidder.

2.11 INTERVIEWS, DEMONSTRATIONS AND SITE VISITS

OST, at its sole discretion, may select the top scoring Bidder(s) for remote interviews and demonstrations. Interviews and demonstrations, if conducted, will be evaluated separately from the written proposals. If requested, these are tentatively planned for December 11-15, 2023. Failure to participate in a requested interview/demonstration may result in removal from further consideration.

All commitments made by a Bidder during interviews and demonstrations will be considered binding if the Bidder is selected as ASB.

2.12 REFERENCE CHECKS

Reference checks will be conducted prior to contract execution. At OST's discretion, reference checks may only be conducted for the top ranked Bidder(s). OST reserves the right to request and consider information from sources other than the references provided in the Bidder's proposal. Information obtained from references and other sources will not be scored, but will be considered as a factor in the Responsible Bidder assessment.

2.13 BEST VALUE

In accordance with [RCW 39.26.160](#), OST will select the lowest responsive and responsible Bidder.

In determining whether a Bidder is responsible, OST will assess:

- The ability, capacity, and skill of the Bidder to provide the services required;
- The character, integrity, reputation, judgment, experience, and efficiency of the Bidder;
- Whether the Bidder can perform the contract services within the time specified;
- The quality of performance of previous contracts or services;
- The previous and existing compliance by the Bidder with laws relating to the services

- described in this RFP; and
- Such other information as may be secured having a bearing on the decision to award the contract.

In determining the lowest responsive and responsible Bidder, OST may consider best value criteria. The evaluation process is designed to award this procurement not necessarily to the Bidder presenting the lowest cost, but rather to the Bidder whose proposal best meets the requirements of this RFP.

2.14 NOTIFICATION TO BIDDERS

The OST RFP Coordinator will attempt to notify the Apparent Successful Bidder of its selection by telephone, prior to posting the notice on WEBS. If telephone contact is unsuccessful, an email sent to the ASB's RFP Coordinator will satisfy this notification requirement. Bidders whose proposals have not been selected for further negotiation or award will also be notified by telephone or email.

2.15 DEBRIEFING CONFERENCE

After OST has published notice of the Apparent Successful Bidder, an unsuccessful Bidder may request a debriefing conference. The OST RFP Coordinator must receive the request no later than three business days after notification of the Apparent Successful Bidder.

OST will hold the debriefing conference within five business days of the request, unless it extends that time period and explains to the requester the reason(s) for the time extension. The debriefing conference will be conducted remotely, and will be scheduled for a maximum of 30 minutes.

The purpose of the debriefing conference is to give the Bidder insight into how its proposal might have been stronger, and might have better met the RFP requirements. The scope of the debriefing conference will be limited to the Bidder's proposal, and how that proposal might be improved in any future procurement process. The debriefing conference will not include a comparison to other Bidders' proposals, scores or evaluations.

Protest provisions allowed under this RFP are only available to those Bidders who have timely requested and participated in a debriefing conference. A Bidder who fails to do so waives its right to protest.

2.16 PROTEST PROCEDURE

No protest may be submitted until after OST has announced the Apparent Successful Bidder. After that announcement, an unsuccessful Bidder who timely requested and participated in a debriefing conference may file a protest.

OST reserves the right to reject, without consideration, any protest that does not comply with any requirement in this section.

The protest must be emailed to the OST RFP Coordinator within five business days after the completion of the protester's debriefing conference.

OST will only consider a protest that is factually and unambiguously based on one or more of the following grounds:

- Errors in the scoring of the protester's bid.
- Failure to follow RFP procedures.
- Failure to follow applicable law or rule.
- Bias, discrimination, or conflict of interest negatively affecting the protester's evaluation or interests.

The protest must be signed by a person authorized to bind the protester to a contractual relationship.

The protest must contain:

- The name, mailing address, telephone number, and email address of the person responsible for submitting the protest.
- A clear and factually specific statement of the ground(s) for the protest.
- A complete and specific statement of the relief or corrective action requested.

Protest resolution process:

- A. The State Treasurer will appoint a protest officer who was not involved in the solicitation process to objectively review the information submitted by the protester, as well as other relevant facts known to OST.
- B. If a protest directly affects another Bidder's interests, that Bidder will be given an opportunity to submit its views and any relevant information to the protest officer.
- C. OST will resolve the protest by making appropriate findings and deciding on an appropriate course of action. OST may find, for example, that:
 - The protest lacks merit, and the procurement process will be upheld.
 - Only technical or harmless errors occurred, which had no significant effect on the fairness or legality of the procurement process, and the procurement process will be upheld.
 - The protest has merit, and OST will take corrective action, such as (but not limited to) reevaluating all bids, cancelling the RFP, or reissuing the RFP.
- D. OST will send its written response to the protester within ten business days after

receiving the protest, unless it extends that time period and explains the reason(s) for that extension to the protester.

3 PROPOSALS

3.1 SUBMISSION OF PROPOSALS

Proposals that do not comply with any of the requirements in this section may be rejected as non-responsive. OST reserves the right, however, at its sole discretion, to waive minor administrative irregularities.

Proposals must be submitted as attachments to an email sent to the OST RFP Coordinator, with the following filename conventions:

- Non-cost proposal: 2023-04 SWC - [Bidder Name] Proposal
- Attachments not included in proposal document: 2023-04 SWC - [Bidder Name] Attachments
- Fee proposal: 2023-04 SWC - [Bidder Name] Fees.xlsx

All proposals must be submitted in English, and must be stated in US Dollars. The non-cost proposal must be formatted to print on eight and one-half by eleven inch (8.5" by 11") paper. The Bidder's name must be clearly stated at the top or bottom (header or footer) of each page of the response.

The email with the entire proposal attached (including both the narrative response and cost proposal) must arrive and be date/time stamped by OST's email network no later than 4:00 PM Pacific Standard Time on November 15, 2023. Late submissions will not be accepted and will be automatically disqualified from further consideration. Allow sufficient time to ensure receipt by the deadline. The OST RFP Coordinator will confirm receipt upon request. OST assumes no responsibility for technical delays caused by email failures. However, OST reserves the option to extend the deadline for receipt of proposals, with or without notice, in the event of broad network issues that impact multiple bidders.

All proposals and accompanying documentation become the property of OST. Bidders must be aware that all proposals will be deemed to be public records as defined in [Chapter 42.56 RCW](#), "Public Records Act," following announcement of the Apparent Successful Bidder. See **Section 4.4 PROPRIETARY INFORMATION – PUBLIC DISCLOSURE** before submitting a proposal in response to this RFP.

3.2 ACCEPTANCE PERIOD

Proposals must provide ninety (90) days for acceptance by OST from the date proposals are due to OST.

3.3 MOST FAVORABLE TERMS

OST reserves the right to make an award without further discussion of the proposal submitted. Therefore, the proposal should be submitted on the most favorable terms the Bidder can propose. There will be no best and final offer procedure. OST does reserve the right to contact a Bidder for clarification of its proposal.

The Letter of Agreement and Model Contract may incorporate some or all of the Bidder's proposal. It is understood that the proposal will become a part of the official procurement file on this matter without obligation to OST.

3.4 PROPOSAL CONTENTS

Proposals must provide information in the same order as presented in this document, with the same headings. This will not only be helpful to the RFP evaluators, but should also assist the Bidder in preparing a thorough response.

Provide a cover page that includes the following information:

- A. Company name
- B. Primary contact for this proposal, including name, title, telephone and email
- C. Procurement Title: RFP 2023-04 – Statewide Securities Custody Services

Provide a Table of Contents.

The major sections of the proposal are to be submitted in the following order:

- Section 1: Introduction
- Section 2: Questionnaire
- Section 3: Fee Schedule
- Section 4: Letter of Agreement and Model Contract Terms and Conditions
- Section 5: Funds Transfer Agreement

3.5 SECTION 1: INTRODUCTION

3.5.1 Table of Contents

3.5.2 Cover letter and Executive Summary (Optional)

A cover letter and/or Executive Summary is optional and will not be scored. If included, your cover letter and/or executive summary should be brief, focusing on key highlights in your proposal that demonstrate your ability to perform the services described in this RFP.

3.5.3 Bidder's Information, Declarations and Certifications (Required)

Complete, sign and insert the contents of *Attachment B – Bidder's Information, Declarations and Certifications*. Failure to properly complete and submit the Bidder's Information,

Declarations and Certifications form, *especially Section 3.3 Wage Theft Prevention*, may result in your entire proposal being deemed non-responsive.

The Bidder's Information, Declarations and Certifications form (provided as Attachment B to this RFP) must be signed by a person authorized to legally bind the Bidder to a contractual relationship, e.g., the president or executive director if a corporation, the managing partner if a partnership, or the proprietor if a sole proprietorship.

3.6 SECTION 2: QUESTIONNAIRE

Provide your responses to the questions in *Attachment C – Questionnaire*. Include the question, followed by your response. Please keep your responses concise, while providing enough information to allow the evaluators to assess your ability to perform the services described in this RFP.

3.7 FEE SCHEDULE

Provide a schedule of all fees associated with the custody and securities lending services you will be providing for OST. Please ensure that all costs associated with services to be provided are included. Any fee not fully documented in your proposal will not be allowed.

The lowest calculated cost will receive the maximum score. Other Bidders' fee scores will be calculated as follows:

$$(\text{Lowest calculated cost} \div \text{Bidder's calculated cost}) \times 25 = \text{Bidder's Fee Score}$$

3.8 CONTRACT EXCEPTIONS

Review *Attachment D – Sample Letter of Agreement*, and *Attachment E – Sample Model Contract*, provided with this RFP. If the Bidder has any issues or concerns with these documents that must be negotiated or revised prior to execution, describe the issues or concerns and the proposed revisions.

3.9 SECTION 3: ATTACHMENTS

Provide a list of all attachments referenced throughout your proposal, including those provided in this section and those sent as separate electronic files. Attachments must include the following:

- Your Funds Transfer Agreement that participation entities will be expected to execute with your organization

4 IMPORTANT INFORMATION FOR BIDDERS

4.1 BIDDER'S UNDERSTANDING OF THE RFP

In responding to this RFP, the Bidder fully accepts the responsibility to understand the RFP in its entirety, and in detail, including submitting questions necessary to gain such understanding. OST reserves the right to disqualify any Bidder who demonstrates less than such understanding. Further, OST reserves the right to determine, at its sole discretion, whether the Bidder has demonstrated such understanding. That right extends to cancellation of award if award has been made. Such disqualification and/or cancellation shall be at no fault, cost, or liability whatsoever to OST.

4.2 GOOD FAITH STATEMENT

All information provided by OST in this RFP is offered in good faith. Individual items are subject to change at any time.

4.3 CONTRACT AND GENERAL TERMS AND CONDITIONS

The Apparent Successful Bidder will be expected to negotiate a Model Contract that is substantially the same as the sample contract and its general terms and conditions attached as Attachment E. In no event is a Bidder to submit its own standard contract terms and conditions in response to this solicitation. The Bidder may submit exceptions as described in Section 3.8 of this RFP and Question 51 of the Questionnaire. OST will review requested exceptions and accept or reject the same at its sole discretion.

4.4 PROPRIETARY INFORMATION – PUBLIC DISCLOSURE

Materials submitted in response to this competitive procurement shall become the property of OST. Following announcement of the ASB, the proposals shall be deemed public records as defined in [Chapter 42.56 RCW](#), "Public Records Act."

Any information in the proposal that the Bidder desires to claim as proprietary and exempt from disclosure under the provisions of [Chapter 42.56 RCW](#) must be clearly designated. The page must be identified as well as the particular exemption from disclosure upon which the Bidder is making the claim. Each page claimed to be exempt from disclosure must be clearly identified by the word "Confidential" printed on the lower right corner of the page.

OST will consider a Bidder's request for exemption from disclosure; however, OST will make a decision predicated upon [Chapter 42.56 RCW](#). Marking the entire proposal exempt from disclosure will not be honored. The Fee proposal will not be exempt from disclosure, even if it is marked as such. The Bidder must be reasonable in designating information as confidential. If any information is marked as proprietary in the proposal, such information will not be made available until the affected Bidder has been given an opportunity to seek a court injunction against the requested disclosure.

The successful Bidder's proposal will be incorporated by reference as an attachment to the Model Contract. As such, the proposal may be deemed to be a public record subject to disclosure by Participating Entities in response to a request submitted to the Participating Entity pursuant to RCW 42.56. OST assumes no responsibility for a Participating Entity's determination concerning the disclosure of proposal materials.

4.5 AMERICANS WITH DISABILITIES ACT

OST complies with the Americans with Disabilities Act (ADA). Bidders may contact the OST RFP Coordinator to receive this Request for Proposals in an alternate format.

4.6 COSTS TO PROPOSE

OST will not be liable for any costs incurred by the Bidder in preparation of a proposal submitted in response to this RFP, in conduct of a presentation, or in any other activities related to responding to this RFP.

4.7 NO OBLIGATION TO CONTRACT

This RFP does not obligate the state of Washington or OST to contract for services specified herein.

5 DEFINITIONS

Definitions for the purpose of this RFP include:

Apparent Successful Bidder (ASB) – The Bidder selected for designation as the Statewide Custodian to perform the anticipated services, subject to completion of negotiations and execution of a written Letter of Agreement.

Bidder – The single Bidder responsible for submitting a Proposal. The Bidder submits the proposal representing the Contractor and all Subcontractors. The term "Bidder" is used in instances referring to the Proposal and negotiation processes.

Bidder's Contracting Officer – The Bidder's officer with signature authority, or the person to whom signature authority has been delegated in writing to legally bind the Bidder to a contractual relationship.

Bidder's RFP Coordinator – The person designated by the Bidder as the Bidder's primary contact throughout the procurement process.

Business Day(s) – Monday through Friday, 8:00 AM to 5:00 PM Pacific Time, except bank holidays and other holidays observed by the State of Washington, as defined in [RCW 1.16.050](#).

Calendar Day(s) – A day reckoned from midnight to midnight.

Custody Services, or Services – All services provided pursuant to this Agreement, including associated support services and maintenance.

Eligible Entity – Any Washington State Local Government or institution of higher education.

Fee Schedule – The Fee Schedule negotiated between the State Treasurer and the Statewide Custodian setting the fees to be charged under the Statewide Custody Contract.

Financial Institution – A bank chartered and supervised under state or federal law.

Laws and Regulations – All applicable laws, codes, ordinances, rules, restrictions, regulations, and orders of the Federal, State, regional, or any Local Government, and any judicial or administrative order or decree in effect as of the commencement date of the Agreement or any time thereafter during the term of the Agreement.

Letter of Agreement, or Agreement – An Agreement entered into between the State Treasurer and the Statewide Custodian setting the term of the appointment, the Fee Schedule, and the Statewide Custody Contract.

Local Government – Any county, city, town, special purpose district, political subdivision, municipal corporation, or quasi-municipal corporation, including any public corporation created by such an entity, which legally possesses and exercises investment authority.

OST – The Washington State Office of the State Treasurer, or the State Treasurer.

OST Contract Manager – The individual designated by the State Treasurer to act as the approval authority for all things related to the Agreement with the Statewide Custodian.

Proposal – A formal written offer submitted in response to this solicitation to perform the Services in accordance with the terms of this RFP.

Proprietary Information – Information owned by the Bidder to which the Bidder claims a protectable interest under law. Proprietary Information includes, but is not limited to, information protected by copyright, patent, trademark, or trade secret laws.

RCW – The Revised Code of Washington, the compilation of all permanent Washington State laws currently in force.

Request for Proposals (RFP) – Formal procurement document in which a service or need is identified.

Services – See Custody Services above.

State – The State of Washington.

State Treasurer, or Treasurer – The Washington State Treasurer

Statewide Custodian – The Financial Institution with whom the State Treasurer has negotiated a Statewide Custody Contract and entered into a Letter of Agreement.

Statewide Custody Contract, or Model Contract – A contract negotiated between the State Treasurer and a Financial Institution that establishes terms and fees for Custody Services that are optional to any Local Government for the term of the contract.

State RFP Coordinator – The sole point of contact at OST for this RFP, as identified in Section 2.1.

Subcontractor – An entity or individual not in the employment of the Bidder, who is performing all or part of the Services under this Agreement.

WAC, or Washington Administrative Code – Regulations of Washington State executive branch agencies that are issued by authority of statutes. In addition to the State Constitution and RCW, these regulations are a source of primary law in Washington State.

6 RFP ATTACHMENTS AND EXHIBITS

Attachment A – Statement of Work

Attachment B – Bidder's Information, Declarations and Certifications

Attachment C – Questionnaire

Attachment D – Sample Letter of Agreement

Attachment E – Sample Model Contract

Attachment F – Fee Schedule Template

RFP ATTACHMENT A – STATEMENT OF WORK

STATEMENT OF WORK

1 SCOPE

The selected financial institution will negotiate a Model Contract, including a Fee Schedule, with the State Treasurer, and sign a Letter of Agreement with OST to offer this contract to local governments and institutions of higher education in Washington State. The financial institution will be designated as the Statewide Custodian, as authorized in RCW 43.08.280, to provide the following:

1.1 Domestic Custody and Record Keeping

The Custodian will provide safekeeping services for investment securities of participating entities.

1.2 Cash Management

The Custodian will provide a daily sweep of net cash flows, by account, into a qualified investment vehicle or return net proceeds to the entity.

2 SERVICES TO BE PROVIDED

The local entities using the statewide custody contract will include a wide range of portfolio sizes and frequency of trades. All participating local entities currently require basic custody services; some entities may request book value reporting.

Participant communication preferences for relaying trade information or receiving reports will vary; online, fax, telephone and hard copy communication options should all be available during times appropriate for Washington State entities. For phone communication, the daily account administrator must be available via a toll-free number starting at 6:00 am Pacific Time.

The custodian will make available for selection, at the option of a participating entity, the following:

2.1 Trade Settlement and Custody

- 2.1.1 On-line security clearing at the DTC, Federal Reserve and other security clearing operations.
- 2.1.2 The ability to settle and safekeep physically held securities.
- 2.1.3 Actual settlement on all trades, income payments and maturities.
- 2.1.4 Daily settlements netted for cash movement resulting in a zero cash balance at custodian.

RFP ATTACHMENT A – STATEMENT OF WORK

- 2.1.5 Settlement on a delivery versus payment basis. Free delivery settlement must receive prior approval by participating entities within established policies and procedures; and,
- 2.1.6 Procedures must allow for same-day client notification, of failed trades and tracking and resolution of those trades.
- 2.1.7 Payable date posting for bond interest and principal, interest on collateralized mortgage obligations, mortgage-backed securities, and mortgage pass-through certificates;
- 2.1.8 Notification of bond calls and other non-scheduled redemptions and corporate actions must be made available online, via email or fax and within one business day of the custodian receiving notification;
- 2.1.9 A pricing system which ensures the accuracy of the prices received. The majority of the participating entities will require month-end pricing of their portfolios within one day of month-end. However, some entities may require more frequent pricing, i.e., daily pricing of repo collateral.

2.2 Cash Management

- 2.2.1 Provide a daily sweep of net cash flows, by account, into a qualified investment vehicle, at the option of the participating entity. Generally, local entities will maintain a zero end of day balance in their account(s). However, there will be occasions where a positive balance does exist, i.e., in the case of a purchase fail or unanticipated income payments. In those cases, cash will either be wired to the local entity or invested as authorized by state statutes, at the option of the local entity. Interest-bearing demand deposit accounts are an option if the custody provider is also a qualified public depository in Washington State. Otherwise, discrete investments, segregated by client, must be purchased. Money market funds or other similar vehicles are not eligible investments.
- 2.2.2 Provide daily cash flow projections and other standard cash management reports.

2.3 Technology/Systems

The systems configurations and capabilities of potential participants in the statewide contract vary greatly. As a result, these requirements are broadly stated. The successful financial institution must be able to:

- 2.3.1 Provide various options for communicating trades to the bank for settlement, i.e., faxing, via the internet, online entry;

RFP ATTACHMENT A – STATEMENT OF WORK

- 2.3.2 Provide a month-end file for upload into investment management systems at participating entities, e.g., SymPro;
- 2.3.3 Provide online or other electronic access to portfolio data. Complete histories of investment activity for current holdings should be maintained indefinitely. In addition, ad hoc query and reporting functions should be available;
- 2.3.4 Provide online or other electronic access to reports;
- 2.3.5 Make documents transmitted via electronic communication available as attachments to emails (for those participating entities with internet email capability, but no Web access);
- 2.3.6 Provide adequate protection against unauthorized access to participant's records;
- 2.3.7 Safeguard records against potential loss or destruction by fire, theft, vandalism, storm, earthquake, or any other hazard, by retaining backup data and systems in a secure location;
- 2.3.8 Re-create records and resume operations in the event of a disaster or other event which results in records being destroyed and/or interrupts normal operation of the offeror's systems – and guarantee such resumption of service – within twenty-four hours;
- 2.3.9 Retain electronic records of all audited investment transactions and month end positions for six years.

2.4 Reporting Requirements

- 2.4.1 Provide accurate electronic reports of all holdings and cash projection on a daily basis, as well as other pertinent investment data;
- 2.4.2 Optional monthly book value reporting so that amortizations and accretions can be reconciled to internal systems.

2.5 Transition

The scope of services and minimum requirements set forth in this RFP define the conditions, provisions, qualifying factors, and prerequisites that are necessary to compete successfully in this process. It is reasonable to assume that more local entities will be interested in participating in the contract as they are made aware of the success and the terms of the statewide custody contract. In other words, the transition for this contract will be unusual in that it will involve a number of different local entities, a number of different custody or safekeeping providers, and differing conversion dates. The firm selected to provide the statewide custody services must be prepared to do the following:

RFP ATTACHMENT A – STATEMENT OF WORK

- 2.5.1 Assign a dedicated point person to manage all transition timelines and activities.
- 2.5.2 If applicable, perform all procedures necessary to convert from the current custodian's system to the new system of record; and,
- 2.5.3 Upon termination of any contract with a local entity under this agreement, the custodian shall cooperate fully with the successor custodian to facilitate the transition from the custodian's system to the successor's system.

2.6 Personnel

Personnel must be available for conducting site visits, if deemed necessary by participating entities, for attendance at local conferences, and to meet with the Local Government Investment Pool Advisory Committee to discuss services related to particular needs of the participating entities and the overall administration of custody services. Additionally, the selected firm must agree to make appropriate personnel available for addressing questions regarding trade settlement, accounting issues, and systems development during Washington State business hours.

RFP ATTACHMENT B – BIDDER'S INFORMATION, DECLARATIONS AND CERTIFICATIONS

1 BIDDER'S INFORMATION

Provide the following required information:

- 1.1 Name and Address: Name, address, principal place of business and telephone number of legal entity with whom contract is to be written

Name: _____
Mailing Address: _____
City, State, ZIP: _____
Telephone Number(s): () _____
Website: _____

- 1.2 Physical Address (if Different)

Address: _____
City, State, ZIP: _____

- 1.3 RFP Contact: Name, title, address, email and telephone number(s) for Bidder's RFP Contact

Name/Title: _____
Address: _____
City, State, ZIP: _____
Telephone Number(s): () _____
Email: _____

RFP ATTACHMENT B – BIDDER’S INFORMATION, DECLARATIONS AND CERTIFICATIONS

2 CERTIFICATIONS AND ASSURANCES

The Bidder makes the following certifications and assurances as a required element of the proposal to which it is attached, understanding that the truthfulness of the facts affirmed here and the continuing compliance with these requirements are conditions precedent to the award or continuation of the related contract(s):

As of the date of the proposal:	Yes/No	Initial
1. The Bidder declares that all answers and statements made in the proposal are true and correct.		
2. The prices and/or cost data have been determined independently, without consultation, communication or agreement with others for the purpose of restricting competition. However, the Bidder may freely join with other persons or organizations for the purpose of presenting a single proposal.		
3. The attached proposal is a firm offer for a period of 90 days following receipt, and it may be accepted by OST without further negotiation (except where obviously required by lack of certainty in key terms) at any time within the 90-day period.		
4. In preparing this proposal, the Bidder has not been assisted by any current or former employee of the State of Washington whose duties relate (or did relate) to this proposal or prospective contract, and who was assisting in other than his or her official, public capacity. (Any exceptions to these assurances are described in full detail on a separate page and attached to this document.)		
5. The Bidder will not be reimbursed for any costs incurred in the preparation of this proposal. All proposals become the property of OST, and the Bidder will claim no proprietary right to the ideas, writings, items or samples, unless so stated in this proposal.		
6. Unless otherwise required by law, the prices and/or cost data that have been submitted have not been knowingly disclosed by the Bidder and will not knowingly be disclosed, directly or indirectly, to any other Bidder or to any competitor prior to the deadline for submitting proposals.		
7. The Bidder agrees that submission of the attached proposal constitutes acceptance of the solicitation contents and the attached Attachment D – Sample Letter of Agreement and Attachment E – Sample Model Contract . If there are any exceptions to these terms, I/we have described those exceptions in detail in response to Section 4, Question 52 of the Questionnaire . Bidder provided exceptions to the sample contract: ☐ Yes / ☐ No		

RFP ATTACHMENT B – BIDDER’S INFORMATION, DECLARATIONS AND CERTIFICATIONS

As of the date of the proposal:	Yes/No	Initial
8. No attempt has been made or will be made by the Bidder to induce any other person or firm to submit or not to submit a proposal for the purpose of restricting competition.		
9. The Bidder grants OST the right to contact references and others who may have pertinent information regarding the Contractor’s prior experience and ability to perform the services requested in this procurement.		
10. The Bidder is licensed to conduct business in the state of Washington, or agrees to obtain the license within 30 days of contract execution.		
11. The Bidder has adequate capital to clear large volumes of trades.		
12. The Bidder can provide a dedicated customer service person/team during open Market hours.		

3 COMPANY DECLARATIONS

The Bidder declares, as a required element of the proposal to which it is attached, understanding that the truthfulness of the facts affirmed here and the continuing compliance with these requirements are conditions precedent to the award or continuation of the related work order(s):

3.1 TERMINATION FOR DEFAULT

Have you had a contract terminated for default in the last five years? For purposes of this declaration, termination for default is defined as notice from your customer to stop performance due to your non-performance or poor performance, and the issue of performance was either not litigated due to inaction on the part of the customer, was settled by the parties, or it was litigated and determined that the vendor was in default.

☐ Yes ☐ No

If you had a contract terminated for default in this five-year period, submit full details in a separate document included with your proposal. Include the other party’s name, address and phone number. Present your position on the matter. OST will evaluate the facts, and may, at its sole discretion, reject the proposal on the basis of the prior default.

RFP ATTACHMENT B – BIDDER'S INFORMATION, DECLARATIONS AND CERTIFICATIONS

3.2 CONFLICT OF INTEREST

- a. Are you, or do you employ or have as a principal officer or member of your governing board, a current employee of the State of Washington?

☐ Yes ☐ No

- b. Are you, or is any individual who will provide services to OST as a result of the prospective contract, receiving retirement benefits from a Washington state public retirement system?

☐ Yes ☐ No

- c. Are you, or do you employ or have as a principal officer or member of your governing board, a former employee of the State of Washington who worked for the state as an employee within the last two years?

☐ Yes ☐ No

- d. In the preparation of this Proposal, did you receive assistance from any current or former employee of the State of Washington whose duties relate (or did relate) to this proposal or the prospective contract, in any way other than his or her official, public capacity?

☐ Yes ☐ No

If you answered yes to any question in Section 3.2, provide the following information in a separate document included with your proposal:

- Current or former state employee's name
- The individual's position with your company
- Current or former state agency where the individual is/was employed
- Date the individual left state employment if applicable
- Name and contact information for an official at the employing state agency

OST will evaluate the facts and circumstances. [Chapter 42.52 RCW](#) may prohibit the person from performing work related to the prospective contract. You may contact the OST RFP Coordinator for more information.

RFP ATTACHMENT B – BIDDER'S INFORMATION, DECLARATIONS AND CERTIFICATIONS

3.3 WAGE THEFT PREVENTION – RESPONSIBLE BIDDER CRITERIA

Prior to awarding a contract, agencies are required to determine that a bidder is a "responsible bidder." Pursuant to [RCW 39.26.160](#) (2) and (4), the responsible bidder criteria require certification that the contractor has not willfully violated Washington's wage laws.

Note: Failure to check one of the boxes below will result in the proposal being deemed non-responsive.

☐ **NO WAGE VIOLATIONS**

This Bidder has NOT been determined by a final and binding citation and notice of assessment issued by the Washington Department of Labor & Industries or through a civil judgment entered by a court of limited or general jurisdiction to have willfully violated, as defined in [RCW 49.48.082](#), any provision of RCW chapters [49.46](#), [49.48](#) or [49.52](#) within three years prior to the date of this Request for Proposals.

OR

☐ **VIOLATIONS OF WAGE LAWS**

This Bidder has been determined by a final and binding citation and notice of assessment issued by the Washington Department of Labor & Industries or through a civil judgment entered by a court of limited or general jurisdiction to have willfully violated, as defined in [RCW 49.48.082](#), a provision of RCW chapters [49.46](#), [49.48](#) or [49.52](#) within three years prior to the date of this Request for Proposals.

4 CERTIFICATION

I hereby certify, under penalty of perjury under the laws of the State of Washington, that the declarations, certifications and assurances herein are true and correct and that I am authorized to make these certifications on behalf of the Bidder listed herein.

COMPANY NAME	
SIGNATURE	
PRINT NAME AND TITLE OF PERSON SIGNING ABOVE	
DATE SIGNED	PLACE SIGNED

RFP ATTACHMENT C – QUESTIONNAIRE

QUESTIONNAIRE

Limit your response to each question to one or two pages. Some questions can be answered with a brief response. Type your responses in the same order as the questionnaire, listing the question first followed by your answer.

SECTION 1: ORGANIZATIONAL BACKGROUND

Organization

1. Provide a brief history of the firm including the following:
 - Year of organization
 - Firm's legal structure. If a subsidiary of a larger institution or holding company, outline the relationship between the subsidiary and the holding company. Indicate the form of guaranty the parent company provides the subsidiary banking institution, if any.
 - Year of initiation of custody business
 - Describe your organization's historical and current commitment to the custody business pertaining to public funds, and give a comparison of changes from three years ago to present.
 - Summarize the business plan and the firm's focus for the next five years.
2. Provide the following information:
 - a. Details of the financial condition of your organization including the firm's short and long-term credit ratings over the past five years.
 - b. Schedule RC from the institution's most recent Consolidated Report of Condition as filed quarterly with the Federal Reserve Bank or other regulatory authority.
 - c. Audited financial statements for the last fiscal year. If the institution is owned by a holding company, submit statements for both entities.
3. Provide a copy of the most recent Independent Service Auditor's Report prepared in accordance with the attestation standards established by the American Institute of Certified Public Accountants for the unit that will provide the services outlined in this RFP.
4. Additional Information:
 - a. Conflict of Interest: It is the expectation of the State that the award of a contract for Fiscal Agency Services and the conduct of business under the Agreement will comply with the State's conflict of interest laws. Provide a letter signed by an officer of your company certifying that no condition exists with respect to the Proposer or any of its employees

RFP ATTACHMENT C – QUESTIONNAIRE

which violates the Ethics in Public Service Act, Chapter 42.52 RCW, or any similar statute in relation to the submittal of its Proposal.

- b. Litigation: Provide a brief explanation and status of any material litigation or regulatory authority action, involving the Proposer or any personnel providing corporate trust services during the past three years.
 - c. List of Exceptions: Provide an explanation for any exceptions to, or deviations from, the requirements of the RFP. If there are no exceptions, include a statement to that effect.
5. With regards to the Washington Statewide Custody Program, what distinguishes your firm from your competitors?
6. How many domestic, municipal, fixed income clients do you currently have? How many did you have 3 years ago? What is the average size of the current clients?

Internal Controls and Risk Management

7. Have there been any negative audit findings, NASD or SEC involvement, or any other sanctions against your firm in the last five years?

☐ Yes ☐ No

If you answered yes to the above question, how many findings and what were the resolutions?

8. Do you have procedures for notifying your clients of any sanctions, findings, or changes in credit rating?

☐ Yes ☐ No

If you answered yes to the above question, please outline those procedures.

9. Do you provide assurances through a third party letter that internal control reviews are being conducted in compliance with the Statements on Auditing Standards?

☐ Yes ☐ No

If you answered yes to the above question, please provide a copy of the most recent report.

RFP ATTACHMENT C – QUESTIONNAIRE

10. Do you have an internal audit staff that consistently evaluates all controls, systems, and risks associated with safekeeping services?

☐ Yes ☐ No

If you answered yes to the above question, please describe the frequency and scope of these audits as they relate to safekeeping services.

11. What would you provide statewide custody clients or their auditors with regards to access to the working papers and reports of the external reviews/audits?
12. Describe the various types of insurance coverage and indemnification provided to protect clients of service(s) proposed, including risk coverage, carriers, insurance levels, limitations, and deductibles.
13. Are investment securities held by your organization, so they are not subject to the claims of creditors against your organization?

☐ Yes ☐ No

If you answered yes to the above question, describe how this is accomplished.

14. Briefly describe your practice of reviewing and updating documented policies and procedures for custody services.

SECTION 2: CUSTODY SERVICES

Administration and Client Relations

15. What is your organization's philosophy on customer service, particularly as it applies to servicing your mid-market client base? How is the philosophy communicated to employees and how is it monitored for customer satisfaction? What forums do you use for client evaluations and how are comments provided by clients acted upon by senior management?
16. Describe in detail how you will manage the relationship with Participating Entities, as follows:
- a. Describe your proposed approach to servicing individual participating entities in the statewide securities custody program.
 - b. How do you propose to encourage local entities to execute the model contract with you if you become the statewide custody provider? Who would do that work? Please include their resume(s).

RFP ATTACHMENT C – QUESTIONNAIRE

- c. List the proposed team that would be responsible for the custody relationships, including the Relationship Manager, the Transition and Implementation Manager, and the Daily Account Administrator(s). The Daily Account Administrator(s) is the person(s) that clients would deal with on a daily basis for trade processing and settlement and cash confirmation purposes. If different Daily Account Administrators handle cash management and trade processing, please answer for both positions. Include for each position:
- Name and title
 - Location
 - Is the person an officer of the bank?
 - The role of the position within the relationship
 - Detailed resume including background, experience, and number of years within your firm
 - Hours of availability
 - Is a toll-free phone number available?
 - Is a toll-free Facsimile number available?
- d. Provide the above information for the individual(s) providing back-up for the Daily Account Administrator.
- e. Has this team worked together before on custody relationships?
- ☐ Yes ☐ No
- If yes, for how long?
- f. List the daily activities and monitoring procedures of the Daily Account Administrator, i.e.: processing of coupon payments, calls, failed trades, settlements and other account activities.
- g. Provide details regarding procedures for any discrepancies in daily processing, i.e., posted coupon is different than actual coupon received. Please include timing of actions taken.
17. Provide an organizational chart, including the areas responsible for: a) client service, b) trade settlement, c) accounting, and d) systems development. **Include enough detail to show the level in your organization where those four areas converge.** Include all members of the day-to-day client service team and highlight these members on the organizational chart.

RFP ATTACHMENT C – QUESTIONNAIRE

Trade Settlement and Custody

18. Is your institution a direct participant of The Depository Trust Company of New York and The Federal Reserve System?

☐ Yes ☐ No

What was your annual number of transactions, for each, processed in 2022?

What was the dollar volume of transactions, for each, processed in 2022?

19. Please give a detailed response to the following questions:

- a. Describe your procedures for processing trade instructions for both a Fed Book- Entry purchase and sale. Provide a detailed flow-chart which begins with receiving trade instructions from a client and follows the flow of information, securities, cash, and the posting of that trade into the accounting system. Be sure to include information as to when the account would be debited or credited for the cash. Demonstrate the extent of your straight-through processing by distinguishing which steps in the process require manual input and which are automated.
- b. Describe your procedures for processing trade instructions for both a DTC (i.e., commercial paper) purchase and sale.

20. What methods are available in the statewide custody program for clients to relay trade instructions to you?

☐ Phone ☐ Fax ☐ Online System ☐ Email
☐ Other (Describe)

21. Will all trades be settled on a delivery-versus-payment (DVP) basis, only upon the receipt of valid trade instructions from the client?

☐ Yes ☐ No

Describe any instances in which you would deviate from this method of settlement.

RFP ATTACHMENT C – QUESTIONNAIRE

22. Will you provide settlement on an actual or contractual basis?
23. Describe your procedures, including timing (for notification), tracking and resolving failed trades, and for reporting failed trades to clients.
24. Describe your procedures and capabilities for settling and accounting for same-day cash trades, including Pacific Standard Time cutoff times for these transactions.
25. Describe your process for settling and unwinding DVP Bilateral repurchase agreements. Include:
 - a. How are repurchase agreements (collateral) trades communicated to you?
 - b. How are substitutions and margin calls handled?
26. Discuss your policy and procedures for ensuring that each client's investment securities and cash are properly held in safekeeping and positions are accurately maintained in your accounting records.
27. Describe your system for registration and custody of assets, including depositories used, level of interface.

Cash Management

Local Governments are not allowed to keep balances in accounts with the statewide custody provider, unless the provider is a qualified public depository for the public entities in Washington State. Clients will maintain a zero dollar overnight balance in their accounts. Settlement activities will be netted and client will transfer/receive funds based on the day's activity.

28. Will you provide daylight overdraft allowing all trades to settle before net cash is transferred?

☐ Yes ☐ No

29. Describe your process for both wire and ACH transfers.
30. What time are funds from coupon payments available to clients?
31. Describe how discrepancies between anticipated and actual payments are handled. What is the expected time frame for resolution?

Reporting and Reconciliation

32. Provide an example of your cash projection reports. By what method(s) could clients receive those reports and by what time are they available?

RFP ATTACHMENT C – QUESTIONNAIRE

33. How will you provide statewide custody clients advance notification of calls and other non-scheduled securities-related payments, e.g. floater and step-up bond interest payments? Will this be made within one business day of the bank receiving notification?

☐ Yes ☐ No

34. Describe access to pricing information as follows:

a. Is daily pricing of securities available?

☐ Yes ☐ No

If no, what frequency of pricing is available?

b. Describe your source(s) for security pricing.

c. By what method(s) could this information be transmitted to the clients?

d. Is there an option to download the pricing file to clients' systems; e.g. SYMPRO?

☐ Yes ☐ No

e. Can you provide book values of securities on a yield to worst basis?

☐ Yes ☐ No

If yes, please provide an example.

35. Describe the availability of reports as follows:

a. What reports are available online - daily, monthly, quarterly, annually and by exception?
Please provide a summary listing of these reports and copies of sample reports.

b. By what method(s) could clients receive those reports and when are they available?

36. Describe the availability of online data as follows:

a. Describe your on-line systems and workstation capabilities for clients with regard to the timing of on-line data available by electronic delivery, for view, manipulation, downloading of standard or customized reports, download of data files, and report writer and ad-hoc query access.

b. Is client information updated via real-time or a batch method?

RFP ATTACHMENT C – QUESTIONNAIRE

SECTION 3: TECHNOLOGY AND SYSTEMS

Hardware and Software

37. Describe your technology systems as follows:
- Provide a brief list of major systems supporting the custody service and how these systems are integrated.
 - For each, identify the source of the original system, the development date, the extent of internal development, and any scheduled plans for updates.
38. Provide information about your hardware/software platforms as follows:
- Describe the hardware/software platform(s) on which the master custody systems operate.
 - What effect on your system's capacity would the addition of the statewide custody contract have on your systems and capacity during the first 12 months?
39. Provide information concerning service interruptions and outages, as follows:
- How many times in the last two years has an outage occurred in either computer systems or communications facilities that caused an interruption or delay of service to one or more of your clients?
 - What was the longest and approximate average duration of such outages?
 - What were the causes and how were the problems corrected?
 - Describe redundancy, if any, built into your computer systems and telecommunications facilities for the purpose of minimizing system outages.
40. Describe your online system that is provided to clients. Include:
- The length of time it has been offered to clients, and
 - The percentage of your custody clients that utilize the on-line service.
41. What are the requirements to access your on-line system?

Security

42. What are your security procedures to protect customer information, especially with respect to unauthorized access to data?

RFP ATTACHMENT C – QUESTIONNAIRE

43. Have you had a data breach in the last 5 years? What was the cause and corrective action taken?
44. Describe your process for file back-up and off-site storage, including the frequency and location of the data and software. If the location is confidential, describe the physical conditions of the storage location and approximate distance from your primary computing facility.
45. Describe your system for prevention of damage by fire.
46. Describe your disaster recovery and disaster preparedness provisions, including the following:
 - a. Describe the procedures and provisions you have implemented to be employed in the event of disaster, equipment failure, or other circumstances which would disable your primary processing site(s).
 - b. Provide the results of your most recent test of each plan and the date of the tests.

Transition and Conversion

47. Please discuss the procedures used to transfer securities and cash from a prior custodian or dealer to control the risk of loss of investment securities and assure that they are received and accounted for properly.
48. Describe your plan for transition and conversion, including (but not limited to) the following:
 - a. Describe the transition and conversion process you would employ for the participating entities in the statewide securities custody contract. In responding to this question, assume that 20 entities would be ready to utilize your service at the inception (April 1, 2024), with other entities beginning at regular intervals thereafter.
 - b. What would you estimate to be a reasonable transition period for participating entities that would be ready to utilize the contract at its inception?
 - c. Please provide a detailed conversion and transition plan identifying all tasks to be completed, with specific target dates and the amount of participating-entity employee involvement in each task.
 - d. Please provide a list of the members and associated roles for your proposed transition and conversion team.

RFP ATTACHMENT C – QUESTIONNAIRE

49. Describe participating entities' responsibilities during the transition process, including the following:

- a. What are your expectations with regard to the roles and responsibilities of participating entities and your organization in identifying and resolving reconciling items between the prior custodian's system and the new system?
- b. What resources will your organization provide in this effort?
- c. Please describe the training you will provide participants.

SECTION 4: FEES

Fee Schedule

50. Currently 29 participants utilize the statewide custodian. Portfolio balances range from \$12 million to \$8.8 billion. Total assets equal \$23.3 billion. Note: it is not guaranteed that all current participants will continue to use the statewide provider.

Please provide a fee schedule that addresses all costs and services. **Please ensure that all costs associated with the services to be provided are included.** Any fee not fully documented in your proposal will not be allowed. Provide sufficient detail so that the total annual costs can be evaluated for portfolios of varying size, activity, and required services. Be sure to denote any minimum or maximum fees, fees for multiple portfolios, or fees that are based on portfolio size, along with an explanation of how those fees would be determined. Also include timing and method of billing clients.

- a) Please organize by the service type.
- b) Please disclose one-time set up fees and monthly recurring fees for services.
- c) Please include a price per unit.
- d) You may add, and briefly describe, recommended services that may be beneficial to participants that are not described in the Statement of Work.
- e) You may include and describe any special pricing considerations in the cost proposal sheet.

Fee Evaluation Template

51. Attachment F is an Excel sheet to help our evaluators compare annual costs for entities of varying size. Please use your proposed fee schedule to populate the spreadsheet for all 4 sample entities.

RFP ATTACHMENT C – QUESTIONNAIRE

SECTION 5: MODEL CONTRACT GENERAL TERMS AND CONDITIONS

52. Attachments D and E provide copies of the Sample Letter of Agreement and Sample Model Contract, respectively, for your review. The negotiated Letter of Agreement and Model Contract are expected to contain substantially the same general terms and conditions.

If you marked "Yes" in response to Attachment B, Section 2, Question 7 of the Bidders Certifications and Assurances, describe your proposed revisions to the Sample Letter of Agreement, the Sample Model Contract, or both, and the reason for each requested exception.

Negotiations with the Apparent Successful Bidder will be limited to exceptions that are identified and described in full in the Bidder's response to this question.

SECTION 6: FUNDS TRANSFER AGREEMENT

53. Please provide a copy of the Funds Transfer Agreement that participating entities would need to execute with your institution.

ATTACHMENT D – SAMPLE LETTER OF AGREEMENT

SAMPLE LETTER OF AGREEMENT

ATTACHMENT D – SAMPLE LETTER OF AGREEMENT

OFFICE OF THE TREASURER
STATE OF WASHINGTON

Mike Pellicciotti



[Month, day, year]

[Name
Bank name
Address
City, State Zip]

RE: Letter of Agreement

Dear [name]:

Pursuant to Section [VI] ("MODEL CONTRACT AND LETTER OF AGREEMENT SPECIFICATIONS") contained in the "Statewide Securities Custody Service Provider—*Request for Proposal* (month day, 2023) ("RFP"), we hereby award this Letter of Agreement to [bank name] ("Bank") for statewide custody services for the state of Washington.

The term of this Letter of Agreement shall be [number] years commencing [date] and terminating on [date], unless the Office of the Treasurer ("OST") and the Bank mutually agree to extend this Letter of Agreement for a [number]-year period, or portions thereof. The total Letter of Agreement term shall not exceed [number] years. OST may terminate this Letter of Agreement for convenience upon 180 calendar days' written notice to the Bank.

By this Letter of Agreement, the Bank agrees to offer custody services to any eligible entity within the State consistent with requirements, terms, and conditions contained in the RFP and the Model Statewide Contract for Custody Services, which are hereby incorporated by reference. The Bank agrees to provide custody services at the costs, rates, and fees set forth in its [date] proposal in response to the RFP ("Proposal"), which Proposal is hereby incorporated by reference. OST and the Bank agree eligible entities contracting for custody services may alter the terms of the Model Contract by mutual agreement with the Bank.

The Bank agrees to offer the Model Statewide Contract for Custody Services terms and conditions to any eligible entity for a term extending at least [number] years from this date. An entity may choose to sign the contract for a shorter term at its sole option. The Bank is not obliged to offer this contract for a period of less than one year, nor is the Bank obliged to offer the contract with a termination date exceeding the termination date of its appointment as the statewide custodian under this Letter of Agreement.

During the performance of this Letter of Agreement, the Bank shall comply with all federal and state nondiscrimination statutes and regulations. These requirements include, but are not limited to, chapter 49.60 Revised Code of Washington ("RCW"). In the event of the Bank's noncompliance or refusal to comply with the nondiscrimination requirements, OST may rescind,

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(360) 902-9000 • TTY USERS: CALL 711 • FAX (360) 902-9037
www.tre.wa.gov

ATTACHMENT D – SAMPLE LETTER OF AGREEMENT

cancel, or terminate this Letter of Agreement in whole or in part, and may also declare the Bank ineligible for further contracts with OST. The Bank shall, however, be given reasonable time in which to cure the noncompliance.

In accordance with chapter 42.52 RCW, Ethics in Public Service Act, it is unlawful for any person to accept, directly or indirectly, any compensation, gratuity, or reward in connection with this Letter of Agreement from any person beneficially interested therein. The Bank is required at all times to comply with all provisions of chapter 42.52 RCW. OST may terminate this Letter of Agreement, by written notice to the Bank, if it is found after due notice and examination that there is a violation by the Banks of the Ethics in Public Service Act, chapter 42.52 RCW, or any other similar statute involving the Bank in its performance under this Letter of Agreement.

In the event this Agreement is terminated as provided above, OST shall be entitled to pursue the same remedies against the Bank as it could pursue in the event of a breach of this Letter of Agreement by the Bank. The rights and remedies of the OST provided by this clause shall not be exclusive and are in addition to any other rights and remedies provided by law.

The Bank shall not subcontract or assign its obligations under this Letter of Agreement without the prior written consent of OST. The Bank shall be responsible for ensuring that all requirements of the Letter of Agreement shall be communicated to all subcontractors.

The substitution of another financial institution to act as the bank under this Letter of Agreement may occur in the event of a takeover, merger, or acquisition. In this event, the successor bank shall provide an automatic continuation of all terms of this Letter of Agreement. However, OST reserves the right to terminate the Letter of Agreement in the event a successor bank is substituted, after providing 60 calendar days' written termination notice.

The Bank shall indemnify, defend, and hold harmless OST, the State of Washington, other agencies of the State, and all officials, agents, and employees of the State, from and against all third-party claims, and any direct damage or loss (including reasonable attorneys' fees) arising from such claims ("Loss"), directly resulting from the Bank's performance under this Letter of Agreement; provided, however, that such indemnity shall not apply to any Loss arising out of an act or omission of the state of Washington, OST, or any of their agents. In no event do the indemnity provisions in this Letter of Agreement permit OST to bring action against the Bank on behalf of an eligible entity. The indemnity provisions contained herein relate solely to the Bank's obligations under this Letter of Agreement. The Bank's agreement to indemnify, defend, and hold harmless hereunder is contingent on its receipt of timely notice of the underlying action and a meaningful opportunity to participate in any defense or settlement proceedings.

This Letter of Agreement shall be governed in all respects by, and construed in accordance with, the law and statutes of the state of Washington. The venue of any action hereunder shall be exclusively in the Superior Court for Thurston County, Washington. The Bank, by execution of this Agreement, acknowledges the jurisdiction of the courts of the State of Washington in this matter.

Please indicate your acceptance of this Letter of Agreement by signing below:

Legislative Building, P.O. Box 40200 Olympia, Washington 98504-0200
(360) 902-9000 • TTY USERS: CALL 711 • FAX (360) 902-9037
www.trea.wa.gov

ATTACHMENT D – SAMPLE LETTER OF AGREEMENT

APPROVED
State of Washington
Office of the State Treasurer

Mike Pellicciotti
State Treasurer

DATE

APPROVED AS TO FORM
State of Washington
Office of the Attorney General

Scott Forbes
Assistant Attorney General

DATE

APPROVED
[BANK], as custodian

[NAME]
[TITLE]

DATE

Legislative Building, P.O. Box 40200 Olympia, Washington 98504-0200
(360) 902-9000 • TTY USERS: CALL 711 • FAX (360) 902-9037
www.tre.wa.gov

ATTACHMENT E – SAMPLE MODEL CONTRACT

SAMPLE MODEL CONTRACT

**WASHINGTON STATEWIDE
CUSTODY PROVIDER PROGRAM**

Agreement

for

Custody Services

[MONTH DAY], 2023

ATTACHMENT E – SAMPLE MODEL CONTRACT

WASHINGTON STATEWIDE CONTRACT FOR SECURITY CUSTODY SERVICES

Table of Contents

1. INTRODUCTION	1
2. DEFINITIONS	1
3. APPOINTMENT OF CUSTODIAN	2
4. GENERAL PROVISIONS	2
4.1. ADDITIONAL SERVICES	2
4.2. ENTIRE AGREEMENT; MODIFICATION; AMENDMENT	2
4.3. PERSONAL LIABILITY	2
4.4. LIABILITY AND HOLD HARMLESS	3
4.5. SEVERABILITY	4
4.6. NONDISCRIMINATION AND AFFIRMATIVE ACTION	4
4.7. GIFTS AND GRATUITIES	5
4.8. RIGHTS AND REMEDIES	5
4.9. PERFORMANCE	6
4.10. GOVERNING LAW; JURY TRIAL	6
4.11. SUBCONTRACTING/ASSIGNMENT	6
4.12. SCOPE OF SERVICES	6
5. AGREEMENT TERM AND TERMINATION	6
5.1. TERM OF AGREEMENT AND SURVIVORSHIP OF TERMS	6
5.2. TERMINATION AND REMEDIES	7
5.3. FORCE MAJEURE	10
5.4. CONFLICT OF INTEREST	10
6. CONTRACT ADMINISTRATION	10
6.1. INCORPORATED DOCUMENTS	10
6.2. ORDER OF PRECEDENCE	11
6.3. ENTIRE AGREEMENT	11
6.4. LIMITATION OF AGENCY'S AUTHORITY	11
6.5. AGENCY CONTRACT ADMINISTRATOR	12
6.6. BANK'S ACCOUNT MANAGER	12
6.7. AMENDMENTS	12
6.8. DISPUTES	12
6.9. CONSENT	13
7. BANK RESPONSIBILITIES	13
7.1. RESPONSIBILITY OF BANK	13
7.2. CONFIDENTIALITY OF AGENCY RECORDS	14
7.3. AUDITING	15
7.4. COMMITMENTS, WARRANTIES, AND REPRESENTATIONS	15
7.5. PRICE INCREASES	16
7.6. ANCILLARY SERVICES	17
7.7. PROPER INSTRUCTIONS AND EVIDENCE OF AUTHORITY	17
7.8. SECURITY CODES	17
7.9. REGISTRATION WITH THE DEPARTMENT OF REVENUE	18
7.10. LICENSING AND ACCREDITATION STANDARDS	18
7.11. WORKERS' COMPENSATION INSURANCE COVERAGE	18

ATTACHMENT E – SAMPLE MODEL CONTRACT

7.12. ADVERTISING	18
8. CUSTODY PROVISIONS	18
8.1. CUSTODY OF SECURITIES	18
8.2. NOTICES	21
9. PAYMENT PROVISIONS	23
9.1. PAYMENTS	23
9.2. TAXES	23
9.3. INDEPENDENT CAPACITY	23
9.4. ADVANCE PAYMENTS PROHIBITED	24
9.5. AMERICANS WITH DISABILITIES ACT	24
9.6. ATTORNEY'S FEES	24
9.7. COPYRIGHT PROVISIONS	24
9.8. COVENANT AGAINST CONTINGENT FEES	25
9.9. DISALLOWED COSTS	25
9.10. DUPLICATE PAYMENT	25
9.11. TREATMENT OF ASSETS	25
9.12. PRIVACY	26
9.13. WAIVER	26
9.14. SEVERABILITY	27
10. MISCELLANEOUS	27
10.1 COUNTERPARTS	27
11. CONTRACT EXECUTION	27
11.1. RELATIONSHIP BETWEEN THE PARTIES	27
11.2. SIGNATURE BLOCKS	27

ATTACHMENT E – SAMPLE MODEL CONTRACT

WASHINGTON STATEWIDE AGREEMENT FOR CUSTODY SERVICES

GENERAL PROVISIONS

1. INTRODUCTION

THIS AGREEMENT is entered into by and between [local agency name] ("Agency") and [name of bank] ("Bank").

WHEREAS the State of Washington, acting by and through the Office of the State Treasurer of the State of Washington, issued a Request for Proposal ("RFP"), dated [MONTH DAY], 2023, for the purpose of obtaining proposals for providing statewide custody services.

WHEREAS the State Treasurer has designated the Bank as the provider of statewide custody services ("Statewide Custodian"), and the Bank has agreed to provide Statewide Custody Services ("Services") at certain prices as described in Bank's proposal, attached to this Agreement as Exhibit B, in accordance with the terms of this Agreement.

2. DEFINITIONS

Definitions as used throughout this Agreement have the meanings set forth below:

"Agency Contract Administrator" means the staff person appointed by the Agency to administer this Agreement on behalf of the Agency.

"Bank" means [BANK NAME]. It also includes any Subcontractor retained by the Bank as permitted under the terms of this Agreement.

"Bank's Account Manager" means an employee of the Bank who is permanently assigned as the primary contact person to work with the Agency Contract Administrator for the duration of this Agreement.

"Book-Entry System" means the Federal Reserve/Treasury book-entry system for receiving and delivering securities, or its successors and nominees.

"Business Day" means any day the Bank, Book-Entry System, and relevant Depositories are open for business.

"Custody Services" may also be referred to as "Services," and is inclusive of all services, including associated support services and maintenance provided pursuant to this Agreement.

ATTACHMENT E – SAMPLE MODEL CONTRACT

"Depository" includes the Book-Entry System, the Depository Trust Company ("DTC"), and any other securities depository, book-entry system, or clearing agency (and their respective successors and nominees) authorized to act as a securities depository, book-entry system, or clearing agency pursuant to applicable law.

"Exhibit A" means the Request for Proposal ("RFP") for Statewide Custody Services issued by the Office of the State Treasurer, dated [MONTH DAY] 2023.

"Exhibit B" means the Bank's proposal in response to the State RFP for Statewide Custody Services.

"Exhibit C" means the Bank's schedule of fees for all Services provided under this Agreement.

"RCW" means the Revised Code of Washington (Washington State law).

"Subcontractor" means those persons or entities the Bank enters into a contractual arrangement with that specifically references this Agreement, pursuant to which the person or entity agrees to perform one or more obligations of the Bank in this Agreement. The term "Subcontractor" means Subcontractor(s) of any tier.

3. APPOINTMENT OF CUSTODIAN

The Agency, in accordance with RCW 43.08.015, appoints the Bank as Custodian for certain assets of the Agency and authorizes the Bank to hold those assets in registered form in its name or the name of its nominees. All property delivered to the Bank, its agents, or Subcustodians, are held and dealt with as provided in this Agreement. The Bank accepts this appointment.

4. GENERAL PROVISIONS

4.1. ADDITIONAL SERVICES

The Parties agree that additional services, appropriate to the scope of this Agreement, may be added to this Agreement by written amendment and only with the written consent of both parties. This writing will include a specific description of the additional services, pricing, and additional terms and conditions as relevant. The additional services shall be available under the same terms and conditions established in this Agreement except as specifically amended between the parties.

4.2. ENTIRE AGREEMENT; MODIFICATION; AMENDMENT

The Agency and the Bank agree that this Agreement is the complete and exclusive agreement between the parties which supersedes all proposals or prior agreements, oral or written, and all other communications between the parties relating to the subject matter of this Agreement.

ATTACHMENT E – SAMPLE MODEL CONTRACT

Unless otherwise agreed in writing, all amendments, addenda, and orders signed during the life of this Agreement are governed by the general provisions of this Agreement.

4.3. PERSONAL LIABILITY

It is agreed by and between the parties that no official, officer, employee, or agent of the Agency will be in any way personally liable or responsible for any covenant or agreement contained in this Agreement, whether expressed or implied, nor for any statement or representation made in or in any connection with this Agreement.

4.4. LIABILITY AND HOLD HARMLESS

4.4.1. The Bank is liable to the Agency for any direct money damages caused by the Bank's own negligence, fraud, or failure to exercise Due Care as defined in subsection 7.1, in the Bank's performance of its duties under this Agreement. For the purposes of this Agreement, direct money damages include, but are not limited to, those situations where interest charges are incurred by the Agency or any loss of earnings occurs that would otherwise have been realized by the Agency through an overnight investment of funds, and where these interest charges or loss of earnings are caused by the Bank's own negligence, fraud, or failure to exercise Due Care, as defined in subsection 7.1. The Bank is not liable to the Agency or any third party for special, indirect, or consequential damages, or lost profits or loss of business, arising in connection with this Agreement.

4.4.2. Each party to this Agreement agrees to hold harmless the other party, to the extent authorized by law, from all losses (excluding attorneys' fees and expenses) which relate to or result from lawsuits brought by non-parties to this Agreement from activities covered by this Agreement from:

4.4.2.1. A failure by a party or its subsidiaries, affiliates, agents, Subcontractors, representatives, or employees to comply with any applicable federal, state, or local law, rule, or regulation;

4.4.2.2. A negligent act or omission or the breach of this Agreement (as defined in subsection 5.2.3) by a party, its subsidiaries, affiliates, agents, Subcontractors, representatives, or employees; or a failure to exercise Due Care as defined in subsection 7.1.1 ("Covered Lawsuit").

4.4.3. Nothing in this section means either party is prevented from commencing legal action against the other. Each party bears its own litigation costs, including attorneys' fees, and any damages on these claims are allocated

ATTACHMENT E – SAMPLE MODEL CONTRACT

between them in accordance with the percentage of negligence attributed by the factfinder to each.

- 4.4.4. Any right to indemnification is contingent on the party claiming indemnification ("Indemnitee") providing the party from whom payment is claimed ("Indemnitor") with timely notice of the Covered Lawsuit and the right to meaningful participation (at Indemnitor's expense) in any defense or settlement proceedings.

4.5. SEVERABILITY

Any provision of this document found to be prohibited by law is ineffective to the extent of this prohibition without invalidating the remainder of the document.

4.6. NONDISCRIMINATION AND AFFIRMATIVE ACTION

During the performance of this Agreement, the Bank shall comply with all federal and state nondiscrimination statutes and regulations, including chapter 49.60 RCW. These requirements include, but are not limited to:

- 4.6.1. **Nondiscrimination in Employment.** The Bank shall not discriminate against any employee or applicant for employment.
- 4.6.2. **Nondiscrimination in Client Services.** The Bank shall not:
- 4.6.2.1. Deny an individual any services or other benefits provided under this Agreement;
 - 4.6.2.2. Provide any service(s) or other benefits to an individual which are different, or are provided in a different manner, from those provided to others under this Agreement;
 - 4.6.2.3. Subject an individual to segregation or separate treatment in any manner related to the receipt of any service(s) or other benefits provided under this Agreement; or
 - 4.6.2.4. Deny any individual an opportunity to participate in any program provided by this Agreement through the provision of services or otherwise, or afford any opportunity which is different from that afforded others under this Agreement.
- 4.6.3. The Bank, in determining (1) the types of services or other benefits to be provided; or (2) the class of individuals to whom, or the situation in which, these services or other benefits will be provided; or (3) the class of individuals to be afforded an opportunity to participate in any services or

ATTACHMENT E – SAMPLE MODEL CONTRACT

other benefits, will not utilize criteria or methods of administration which have the effect of subjecting individuals to discrimination.

- 4.6.4. **Noncompliance with Nondiscrimination Requirements.** In the event of the Bank's noncompliance or refusal to comply with the nondiscrimination requirements, this Agreement may be rescinded, canceled, or terminated in whole or in part, and the Bank may be declared ineligible for further contracts with the Agency. The Bank will, however, be given a reasonable time in which to cure the noncompliance. Any dispute may be resolved in accordance with the Disputes section set forth in this Agreement.

4.7. GIFTS AND GRATUITIES

- 4.7.1. In accordance with chapter 42.52 RCW, Ethics in Public Service Act, it is unlawful for any person to accept, directly or indirectly, any compensation, gratuity, or reward in connection with this Agreement from any person beneficially interested in this Agreement. The Bank is required at all times to comply with all provisions of chapter 42.52 RCW.
- 4.7.2. The Agency may terminate this Agreement, by written notice to the Bank, if it is found after due notice and examination that there is a violation by the Bank of the Ethics in Public Service Act, chapter 42.52 RCW, or any other similar statute involving the Bank in its performance under this Agreement.

In the event this Agreement is terminated as provided in subsection 4.7.2, the Agency is entitled to pursue the same remedies against the Bank as it could pursue in the event of a breach of this Agreement by the Bank. The rights and remedies of the Agency provided by this clause are not exclusive and are in addition to any other rights and remedies provided by law.

4.8. RIGHTS AND REMEDIES

In the event of any claim for default or breach of contract, no provision in this Agreement nor in the Bank's proposal for services shall be construed, expressly or by implication, as a waiver by the Agency of any right to insist upon the strict performance of any term or condition of this Agreement or to exercise or delay the exercise of any right or remedy provided in this Agreement or by law, or as the acceptance of (or payment for) materials, equipment, or services, or to release the Bank from any responsibilities or obligations imposed by this Agreement or by law.

ATTACHMENT E – SAMPLE MODEL CONTRACT

4.9. PERFORMANCE

Acceptance by the Agency of unsatisfactory performance with or without objection or reservation neither waives the right to claim damage for breach nor constitutes a waiver of requirements for satisfactory performance of any obligation remaining to be performed by the Bank.

4.10. GOVERNING LAW; JURY TRIAL

This Agreement is governed in all respects by, and construed in accordance with, the law and statutes of the state of Washington. The venue of any action is exclusively in the Superior Court for [] County, Washington. The Bank, by execution of this Agreement, acknowledges the jurisdiction of the courts of the State of Washington in this matter.

4.11. SUBCONTRACTING/ASSIGNMENT

The Bank shall not subcontract or assign its obligations under this Agreement without the prior written consent of the Agency Contract Administrator. The Bank is responsible to ensure that all requirements of this Agreement are communicated to all Subcontractors.

Substitution of another financial institution to act as the Bank under this Agreement may occur in the event of a takeover, merger, or acquisition. In this event, the successor bank shall provide an automatic continuation of all terms of this Agreement, provided the successor bank can meet all required terms of this Agreement. However, the Agency reserves the right to terminate this Agreement in the event a successor bank is substituted, after providing 60 calendar days' written termination notice.

4.12. SCOPE OF SERVICES

The Bank agrees to provide custody, record keeping, and cash management, as further described in the Office of the State Treasurer RFP (Exhibit A) and the Bank's Proposal (Exhibit B), under the terms of this Agreement, subject to the provisions of Section 7.5 - Fees.

5. AGREEMENT TERM AND TERMINATION

5.1. TERM OF AGREEMENT AND SURVIVORSHIP OF TERMS

This Agreement commences on [date] and continues until March 31, 2028 (or thereafter pursuant to extensions provided for in this paragraph), unless the Bank is no longer serving as Statewide Custodian, in which case this Agreement terminates upon the termination or expiration of the Bank's service as Statewide Custodian. Annually the term of this Agreement will be automatically extended

ATTACHMENT E – SAMPLE MODEL CONTRACT

for a period of one year, with the total contract period including extensions not to exceed eight years.

The Bank is not obliged to offer this contract for a time period of less than one year.

5.2. TERMINATION AND REMEDIES

5.2.1. Termination for Convenience. The Agency may terminate this Agreement, in whole or in part, at any time and for any reason by giving 90 calendar days' written termination notice to the Bank. The Bank may terminate this Agreement, by giving 180 days' written termination notice to the Agency.

5.2.2. Termination for Reduction of Funding or Withdrawal of Authority. In the event that either funding from the Agency or other sources is withdrawn, reduced, or limited, or the authority of the Agency to perform any of its duties is withdrawn, reduced, or limited in any way after the effective date of this Agreement and prior to its normal completion, the Agency may terminate this Agreement, in whole or in part, at any time by giving 60 calendar days' written termination notice to the Bank.

5.2.3. Termination for Breach. Except in the case of delay or failure resulting from circumstances beyond the control of and without the fault or negligence of the Bank or of the Bank's suppliers or Subcontractors, the Agency is entitled, by written or verbal notice, to cancel this Agreement in its entirety or in part, for breach of any of the terms in this Agreement, and to retain all other rights against the Bank by reason of the Bank's breach as provided by law.

A breach means one or more of the following events: (1) the Bank fails to perform the services by the time and date required and the failure is not caused by a force majeure event; (2) the Bank breaches any warranty, or fails to perform or comply with any term in this Agreement; (3) the Bank fails to exercise Due Care as to any aspect of this Agreement, with Due Care being defined in subsection 7.1; or (4) the Bank makes any general assignment of the assets held pursuant to this Agreement for the benefit of creditors. If it is subsequently found that the Bank was not in breach, the rights and obligations of the parties are the same as if a Notice of Termination had been issued pursuant to subsection 5.2.1.

The Agency Contract Administrator shall issue a written notice of breach providing a period not to exceed 30 days in which the Bank has an opportunity to cure. Time allowed for cure does not diminish or eliminate the Bank's liability for damages.

ATTACHMENT E – SAMPLE MODEL CONTRACT

If the breach remains after the Bank was provided the opportunity to cure, the Agency may do one or more of the following:

5.2.3.1. Exercise any remedy provided by law;

5.2.3.2. Terminate this Agreement and any related contracts or portions thereof, by written or verbal notice;

5.2.3.3. Seek damages.

5.2.4. **Termination by Mutual Agreement.** The Agency and the Bank may terminate this Agreement in whole or in part, at any time, by mutual agreement.

5.2.5. **Termination Procedure.** Upon termination of this Agreement, the Agency, in addition to any other rights provided in this Agreement, may require the Bank to deliver to the Agency any property specifically produced or acquired for the performance of the part of this Agreement as has been terminated.

The Agency shall pay to the Bank the agreed upon price, if separately stated, for completed work and services accepted by the Agency, and the amount agreed upon by the Bank for (a) completed work and services for which no separate price is stated, (b) partially completed work and services, (c) other property or services which are accepted by the Agency, and (d) the protection and preservation of property, unless the termination is for default, in which case the Agency shall determine the extent of the liability of the Agency. Failure to agree with this determination is a dispute within the meaning of subsection 6.8, "Disputes" of this Agreement. The Agency may withhold from any amounts due to the Bank the sum as the Agency determines to be necessary to protect the Agency against potential loss or liability.

The rights and remedies of the Agency provided in this clause are not exclusive and are in addition to any other rights and remedies provided by law or under this Agreement.

5.2.6. **Termination-Related Obligations Antecedent to Date of Termination.** Upon nearing the end of the final term of this Agreement, and without respect to either the cause or time of termination, the Bank shall take all reasonable and prudent measures to facilitate the transition to a successor custodian's system.

The Bank shall provide, at any time during the nine months preceding termination, non-proprietary, non-confidential information about the Bank's systems as will be reasonably required by the Agency and/or the

ATTACHMENT E – SAMPLE MODEL CONTRACT

successor for purposes of planning the transition and conversion to the successor's system.

5.2.7. Obligations Upon Termination. After receipt of a notice of termination, and except as otherwise directed by the Agency Contract Administrator, the Bank shall:

5.2.7.1. Stop work under this Agreement on the date, and to the extent, specified in the notice;

5.2.7.2. Place no further orders or subcontracts for materials, services, or facilities except as may be necessary for completion of the portion of the work under this Agreement as is not terminated;

5.2.7.3. Assign to the Agency, in the manner, at the times, and to the extent directed by the Agency Contract Administrator, all of the rights, titles, and interest of the Bank under the orders and subcontracts so terminated, in which case the Agency has the right, at its discretion, to settle or pay any or all claims arising out of the termination of these orders and subcontracts;

5.2.7.4. Settle all outstanding liabilities and all claims arising out of the termination of orders and subcontracts, with the approval or ratification of the Agency Contract Administrator to the extent he or she may require, which approval or ratification shall be final for all the purposes of this clause;

5.2.7.5. Transfer title to the Agency and deliver in the manner, at the times, and to the extent, if any, as directed by the Agency Contract Administrator, any property which, if this Agreement had been completed, would have been required to be furnished to the Agency;

5.2.7.6. Complete performance of the part of the work that was not terminated; and

5.2.7.7. Take action as may be necessary, or as the Agency Contract Administrator may direct, for the protection and preservation of the property related to this Agreement which is in the possession of the Bank and in which the Agency has or may acquire an interest and to transfer that property to the successor Bank.

By termination, neither the Agency nor the Bank may nullify obligations already incurred for performance or failure to perform prior to the date of termination.

ATTACHMENT E – SAMPLE MODEL CONTRACT

5.3. FORCE MAJEURE

- 5.3.1. **Definition.** Neither party is liable to the other or deemed in default under this Agreement if and to the extent that the party's performance of this Agreement is prevented by reason of force majeure. The term "force majeure" means an occurrence that is beyond the control of the party affected and could not have been avoided by exercising Due Care. Force majeure shall include acts of God, war, riots, strikes, fire, floods, earthquakes, epidemics, or other similar occurrences.
- 5.3.2. **Allocation of Service.** When force majeure affects only part of the Bank's capacity to perform, the Bank may allocate services among its customers, including regular customers not included in this Agreement, in any manner which is fair and reasonable.
- 5.3.3. **Notification.** If either party is delayed by force majeure, that party shall provide reasonable notice that there will be delay or non-delivery of reports or services. The notification must provide evidence of the force majeure to the reasonable satisfaction of the other party. A delay ceases as soon as practicable and written notification of the end of the delay must be provided. The time of completion is extended for a period equal to the time that the results or effects of the delay prevented the delayed party from performing in accordance with this Agreement.
- 5.3.4. **Rights Reserved.** The Agency reserves the right to cancel this Agreement or purchase services from the best available source during the time of force majeure, or both, and the Bank has no recourse against the Agency.

5.4. CONFLICT OF INTEREST

The Bank warrants that it presently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of services required under this Agreement.

6. CONTRACT ADMINISTRATION

6.1. INCORPORATED DOCUMENTS

This Agreement consists of the terms and conditions as set forth in this Agreement, and the following documents which are incorporated into this Agreement by reference:

- 6.1.1. "Exhibit A" - The Request for Proposal (RFP) for Statewide Custody Services, dated October 10, 2023.

6.1.2. "Exhibit B" - The Bank's proposal in response to the State RFP for Statewide Custody Services.

6.1.3. "Exhibit C" - The Bank's schedule of fees for all Services provided under this Agreement.

6.2. ORDER OF PRECEDENCE

6.2.1. The headings used in this Agreement are inserted for convenience only and do not control or affect the meaning or construction of any of the provisions.

6.2.2. If any provision of this Agreement is deemed to conflict with state or federal law, those provisions are deemed modified to conform with the law. In the event of any inconsistency in this Agreement, the inconsistency is resolved in the order of precedence stated below:

6.2.2.1. Applicable Federal and State Statutes and Regulations.

6.2.2.2. The Terms and Conditions of this Agreement.

6.2.2.3. Exhibit A - The Request for Proposal (RFP) for Statewide Custody Services issued by the Office of the State Treasurer, dated October 10, 2023.

6.2.2.4. Exhibit B - The Bank's proposal in response to the State RFP for Statewide Custody Services.

6.2.2.5. Exhibit C - The Bank's schedule of fees for all Services provided under this Agreement.

6.3. ENTIRE AGREEMENT

This document, including all addenda and subsequent amendments, comprises the entire agreement between the Agency and the Bank and is governed by the laws of the State of Washington incorporated herein by reference.

6.4. LIMITATION OF AGENCY'S AUTHORITY

Only the Agency Contracting Officer, or delegate by writing, has the express, implied, or apparent authority to alter, amend, modify, or waive any clause or condition of this Agreement. Furthermore, any alteration, amendment, modification, or waiver of any clause or condition of this Agreement is not effective or binding until made in writing and signed by the Agency and the Bank, unless otherwise provided herein.

ATTACHMENT E – SAMPLE MODEL CONTRACT

6.5. AGENCY CONTRACT ADMINISTRATOR

The Agency shall appoint an individual as the Agency Contract Administrator for this Agreement and will provide oversight of the activities conducted under this Agreement. The Agency Contract Administrator will manage this Agreement on behalf of the Agency, and will be the Agency point of contact for the Bank concerning the Bank's performance hereunder. The Agency shall notify the Bank, in writing, when there is a change in staffing and a new Contract Administrator is assigned to this Agreement.

6.6. BANK'S ACCOUNT MANAGER

The Bank shall appoint an individual who will be the Account Manager for the Agency account. The Bank's Account Manager will be the principal point of contact for the Agency concerning the Bank's performance hereunder. The Bank's Account Manager will also serve as the focal point for business matters, support coordination, and administrative activities. The Bank shall notify the Agency in writing if a new Account Manager is assigned.

6.7. AMENDMENTS

No modifications or amendments to this Agreement are effective unless it is in a written amendment signed by an authorized officer of the Bank and an individual duly authorized on behalf of the Agency.

6.8. DISPUTES

6.8.1. Except as otherwise provided in this Agreement, when a bona fide dispute concerning a question of fact arises between the Agency and the Bank and it cannot be resolved, either party may initiate the dispute resolution procedure provided in this Agreement.

6.8.2. Time is of the essence in resolving disputes. The initiating party shall reduce its description of the dispute to writing and deliver it to the responding party. The responding party must respond in writing within two Agency working days. Then, both parties shall have three Agency working days to negotiate in good faith to resolve the dispute.

6.8.3. Both parties agree to exercise good faith in dispute resolution and to avoid arbitration and litigation whenever reasonably possible. Nothing in this Agreement prevents either party, after the expiration of the three day period in subsection 6.8.2, from pursuing other methods of dispute resolution.

6.8.4. The Agency and the Bank agree that, despite the existence of a dispute, they will continue without delay to carry out their respective

ATTACHMENT E – SAMPLE MODEL CONTRACT

responsibilities under this Agreement which are not affected by the dispute.

6.9. CONSENT

Both parties agree that whenever a party's consent is required under the terms of this Agreement, that consent shall not be unreasonably delayed or withheld.

7. BANK RESPONSIBILITIES

7.1. RESPONSIBILITY OF BANK

7.1.1. The Bank shall perform its duties hereunder with "Due Care." For the purposes of this agreement, "Due Care" means the degree of care and skill demonstrated by agents acting in like capacity as a safekeeping custodian. The Bank is not responsible for the title, validity, or genuineness, including good deliverable form, of any property or evidence of title received by it or delivered by it pursuant to this Agreement. The Bank may at its discretion appoint and remove agents or Subcustodians to carry out provisions of this Agreement as the Bank may from time to time direct; provided, however, that an appointment does not relieve the Bank of its responsibilities or liabilities under this Agreement, and provided further that any depository selected with Due Care by the Bank is not, for purposes of this Agreement, deemed an agent or Subcustodian of the Bank.

7.1.2. Provided that the Bank and its agents and Subcustodians act in good faith and with the exercise of Due Care in performance of these duties as would ordinarily be expected of a financial institution in the relevant market and subject to the terms of this Agreement:

7.1.2.1. It is not liable for any loss or damage caused by the delay or failure of any central bank, depository, or commercially prevalent payment or clearing system to deliver to or for the Bank or its Subcustodians securities purchased or sold, or to make or receive and remit, any payment in connection with purchases or sales of securities, for delays or failures in providing corporate action notices, or for delays or inability by the Bank to perform its duties due to acts or omissions of any depository or to disorder in market infrastructure with respect to any particular security, security exchange, central depository, or clearing system; and

7.1.2.2. It is not liable for a delay or failure of a non-party, company, corporation, or other body in charge of registering or transferring securities in the name of the Bank, a customer of the Bank, or

ATTACHMENT E – SAMPLE MODEL CONTRACT

the Subcustodian, its nominee or agent, or for any consequential losses arising out of the delay or failure to transfer the securities including non-receipt of bonus, dividends, and rights and other accretions or benefits.

- 7.1.2.3. The Bank's performance under this Agreement is subject to any relevant regulations, as well as the rules, operating procedures, and practices of any relevant stock exchange, clearing systems or depositories or market where or through which Proper Instructions are to be carried out and to which the Bank is subject and as exist in the market in which any securities or cash are held.
- 7.1.2.4. The Bank is under no obligation to take action to collect any amount payable on securities in default, or if payment is refused after due demand and presentment. The Bank has no duty or responsibility to inquire into, make recommendations, supervise, or determine the suitability of any transactions affecting any of the Agency's accounts ("Account").
- 7.1.2.5. The Bank may debit the Account for fees and expenses payable under this Agreement which remain in arrears for over 60 days.
- 7.1.2.6. The Bank has no duties or responsibilities whatsoever except the duties and responsibilities as are specifically set forth in this Agreement, and no covenant or obligation are implied against the Bank in connection with this Agreement.

7.2. CONFIDENTIALITY OF AGENCY RECORDS

- 7.2.1. The Bank acknowledges that material and information which has or will come into its possession or knowledge in connection with this Agreement or its performance, may consist of confidential and proprietary data, the disclosure of which to, or use by, third parties could be damaging.
- 7.2.2. The Bank, therefore, agrees to hold all this material and information in strictest confidence, not to make use of it other than for the performance of this Agreement, to release it only to authorized employees requiring the information, and not to release or disclose it to any other party.
- 7.2.3. Access to information concerning the Agency or individual recipients of the Agency's services shall not be granted except as authorized by law or in writing by the Agency.
- 7.2.4. Despite the limitation in subsection 7.2.3, the Bank may release the material and information described in this section to authorized bank

ATTACHMENT E – SAMPLE MODEL CONTRACT

examiners and to its internal and external auditors for official use and may also release it pursuant to a subpoena or other order issued by a court of competent jurisdiction, as otherwise required by law or regulation, and to its attorneys, agency or affiliates for purposes of compliance with the subpoena, court order, or other law or regulation, provided that the Bank advises the recipient of the confidential nature of the information being disclosed. The Bank shall promptly notify the Agency of any subpoena or order upon its receipt.

7.3. AUDITING

The Bank shall permit representatives of the Agency, an auditor selected by the Agency, the Auditor of the State of Washington or their authorized assistant, or any combination of the above to examine the records of the Bank relating to the services rendered under this Agreement, including securities transactions. These audits may include, but are not limited to, examination of the securities themselves. If the Bank has contracted for deposit of the securities with another bank, the Bank shall require its Subcontractor to provide similar access to the designated Agency officials or their representatives. Any audits required by this section which do not necessitate the compilation of records in addition to those which are otherwise required by other sections of this Agreement may be conducted without notice. Any audits required by this section which require the compilation of records in addition to those which are otherwise required by this Agreement may be conducted upon reasonable written notice from the Agency to the Bank. The provisions of this subsection shall remain in effect for 18 months after the expiration, or sooner termination, of this Agreement. Records of Agency transactions must be kept and maintained by the Bank for a period of no less than seven years from the date of the transaction.

7.4. COMMITMENTS, WARRANTIES, AND REPRESENTATIONS

- 7.4.1. Any written commitment by the Bank within the scope of this Agreement is binding upon the Bank. Failure of the Bank to fulfill a commitment may constitute breach and render the Bank liable for damages due to the Agency under the terms of this Agreement.
- 7.4.2. For purposes of this Agreement, a commitment by the Bank, which must be in writing, includes: (1) prices and options committed to remain in force over a specified period(s) of time; (2) any warranty or representation made by the Bank in a proposal as to Service performance; (3) any warranty or representation made by the Bank concerning the characteristics of items in (2) above, contained in any literature, descriptions, or specifications accompanying or referred to in a proposal; (4) any modification of or affirmation or representation as to the above which is made by the Bank in writing whether or not incorporated into a

ATTACHMENT E – SAMPLE MODEL CONTRACT

formal amendment to the proposal in question; and (5) any representation by the Bank in a proposal, supporting documents or amendments thereto as to services to be performed, prices, and options committed to remain in force over a fixed period of time, or any other similar matter regardless of the fact that the duration of the commitment may exceed the duration of this Agreement.

7.4.3. The Agency represents and warrants, which representations and warranties shall be continuing and shall be deemed to be reaffirmed upon each Proper Instruction given by the Agency, that:

- (a) The Agency is duly organized and existing under the laws of the jurisdiction of its organization, with full power to carry on its business as now conducted, to enter into this Agreement, and to perform its obligations under this Agreement;
- (b) This Agreement has been duly authorized, executed, and delivered by the Agency, constitutes a valid and legally binding obligation of the Agency, enforceable in accordance with its terms, and no statute, regulation, rule, order, judgment, or contract binding on the Agency prohibits the Agency's execution or performance of this Agreement; and
- (c) Either the Agency owns the securities in the Account free and clear of all liens, claims, security interests, and encumbrances (except those granted in this Agreement) or, if the securities are owned beneficially by others, the Agency has the right to pledge the securities to the extent necessary to secure the Agency's obligations under this Agreement, free of any right of redemption or prior claim by the beneficial owner. The Bank's security interest pursuant to subsection 8.1.3.4.1 is a first lien and security interest subject to no setoffs, counterclaims, or other liens prior to or on a parity with it in favor of any other party (other than specific liens granted preferred status by statute), and the Agency shall take any and all additional steps which are required to assure the Bank of the priority and status, including notifying third parties or obtaining their consent to the Bank's security interest.

7.5. PRICE INCREASES

The Bank agrees to provide the Services at the costs, rates, and fees set forth in Exhibit C, Custody Fee Schedule. No other costs, rates, or fees are payable to the Bank for services covered under this Agreement.

7.6. ANCILLARY SERVICES

7.6.1. **Contingency Plan.** The Bank shall have a comprehensive contingency plan for timely disaster recovery in the event systems are rendered inoperative due to fire, flood, or other disaster.

7.6.2. **Pricing Services.** To the extent that the Bank provides values of, and pricing information with respect to, securities, the Bank is authorized to utilize generally recognized pricing services (including brokers, dealers, and market makers). The Bank is not liable or responsible for or under any duty to inquire into, nor be deemed to make any assurances or warranties with respect to, the accuracy or completeness of these values or information, even if the Bank, in performing services for itself and others, including services similar to those performed for the Agency, receives different valuations of the same or similar securities of the same issuer. The Bank will advise the Agency in the event it provides values and pricing information if the services are unable to provide a value of or pricing information with respect to securities, but has no other obligation or liability with respect to the valuation or pricing information.

7.7. PROPER INSTRUCTIONS AND EVIDENCE OF AUTHORITY

The term "Proper Instructions" means instructions received by the Bank from the Agency or any person duly authorized by the Agency. Instructions may be in writing signed by the authorized person, in a tested communication, in a communication utilizing access codes effected between electro-mechanical or electronic devices, or by other means as are agreed to from time to time by the Bank and the party giving the instructions (including, without limitation, oral instructions if so agreed). The Agency's duly authorized officer shall certify to the Bank in writing the names and specimen signatures of persons authorized to give proper instructions. The Bank is entitled to rely upon the identity and authority of these persons until it receives notice from the Agency to the contrary.

The Bank is protected in acting upon any instructions, notice, request, consent, certificate, instrument, or paper reasonably believed by it to be genuine and to have been properly executed or otherwise given by or on behalf of the Agency. The Bank may receive and accept a certificate from the Agency as conclusive evidence (i) of the authority of any person to act in accordance with the certificate or (ii) of any determination or of any action by the Agency as described in the certificate, and the certificate may be considered as in full force and effect until receipt by the Bank of written notice to the contrary.

7.8. SECURITY CODES

If the Bank has issued security codes or passwords to the Agency in order that the Bank may verify that certain transmissions of information, including proper

ATTACHMENT E – SAMPLE MODEL CONTRACT

instructions, have been originated by the Agency, the Bank is, to the extent authorized by law, without liability to the Agency for any action taken or omitted by it in reliance upon receipt by the Bank of transmissions of information with the proper security code or password, including instructions purporting to be proper instructions, which the Bank reasonably believes to be from the Agency.

7.9. REGISTRATION WITH THE DEPARTMENT OF REVENUE

The Bank shall complete registration with the Department of Revenue, Olympia, Washington 98504, and be responsible for payment of all taxes due on payments made under this Agreement.

7.10. LICENSING AND ACCREDITATION STANDARDS

The Bank shall comply with all applicable federal and state licensing requirements and standards necessary in the performance of this Agreement.

7.11. WORKERS' COMPENSATION INSURANCE COVERAGE

The Bank shall provide or purchase applicable workers' compensation insurance coverage prior to performing work under this Agreement. The Agency will not be responsible for payment of industrial insurance premiums for the Bank or any Subcontractor or employee of the Bank which might arise under the workers' compensation insurance laws during performance of duties and services under this Agreement. Should the Bank fail to secure workers' compensation insurance coverage or fail to pay premiums on behalf of its employees, the Agency may deduct the amount of premiums owing from the amounts payable to the Bank under this Agreement and transmit the same to the appropriate workers' compensation insurance fund.

7.12. ADVERTISING

The Bank shall not advertise or publish information concerning this Agreement in any form or media without prior written consent from the Agency.

8. CUSTODY PROVISIONS

8.1. CUSTODY OF SECURITIES

8.1.1. **Custodial Services.** The Bank shall take custody of the securities owned by the Agency and tendered for transfer to its custody, provide safekeeping services for them, and accept complete responsibility as an agent for their safekeeping from the moment of delivery to it or its transfer agent until their safe return and delivery to the Agency or its designated agent upon the sooner of expiration or termination of this Agreement.

ATTACHMENT E – SAMPLE MODEL CONTRACT

When ownership of a security is manifested by a certificate, bond, note, or other physical document, the Bank will verify proper registration of the security in the name of the Agency or nominee of Bank; keep the physical specimen in a secure vault, safe from destruction, damage, embezzlement, and/or other loss; readily available to the Agency; and in a condition suitable for sale or transfer.

When ownership is reflected in a book entry on official records only, the Bank shall be shown on the books of the Federal Reserve System, DTC, or other depository agencies, as custodian of the Agency's book-entry security. The Bank shall verify the proper registration, evidenced by an entry in the Bank's books reflecting that the Bank holds those particular securities (or a quantity of securities that are part of a fungible bulk of government book-entry securities) as custodian for the Agency; and obtain and maintain the confirmatory documents in a secure area and unless expressly authorized by the Agency, keep the securities ready for immediate sale or transfer free and clear of all encumbrances.

With respect to securities issued in the United States, the Shareholders Communications Act of 1985 (the "Act") requires the Bank to disclose to the issuers, upon their request, the name, address, and securities position of its customers who are (a) the "beneficial owners" (as defined in the Act) of the issuer's securities, if the beneficial owner does not object to the disclosure, or (b) acting as a "respondent bank" (as defined in the Act) with respect to the securities. (Under the Act, "respondent banks" do not have the option of objecting to the disclosure upon the issuers' request.) The Act defines a "beneficial owner" as any person who has, or shares, the power to vote a security (pursuant to an agreement or otherwise), or who directs the voting of a security. The Act defines a "respondent bank" as any bank, association or other entity that exercises fiduciary powers which holds securities on behalf of beneficial owners and deposits the securities for safekeeping with a bank, such as the Bank. Under the Act, the Agency is either the "beneficial owner" or a "respondent bank."

☐ The Agency is the "beneficial owner," as defined in the Act, of the securities to be held by the Bank hereunder.

☐ The Agency is not the beneficial owner of the securities to be held by the Bank, but is acting as a "respondent bank," as defined in the Act, with respect to the securities to be held by the Bank hereunder.

IF NO BOX IS CHECKED, THE BANK SHALL ASSUME THAT THE AGENCY IS THE BENEFICIAL OWNER OF THE SECURITIES.

For beneficial owners of the securities only:

ATTACHMENT E – SAMPLE MODEL CONTRACT

- ☐ The Agency objects
- ☐ The Agency does not object

to the disclosure of its name, address, and securities position to any issuer which requests information pursuant to the Act for the specific purpose of direct communications between the issuer and the Agency.

IF NO BOX IS CHECKED, THE BANK SHALL RELEASE THE INFORMATION UNTIL IT RECEIVES A CONTRARY WRITTEN INSTRUCTION FROM THE AGENCY.

- 8.1.2. **Inventory; Delivery and Redelivery.** The Bank shall keep an accurate, current inventory of all securities held within its custody for the Agency. The inventory will contain precise identification of each security including, when applicable, the date of purchase and maturity date; CUSIP numbers; and other sources of identification.
- 8.1.3. **Transactions.** The Bank shall assist the purchase of securities and the sale of securities within its possession, owned by the Agency. When so instructed, the Bank will:
 - 8.1.3.1. Take possession of securities purchased by the Agency, and when authorized, make payment from the clearing accounts as established under this Agreement;
 - 8.1.3.2. Deliver securities sold or transferred by the Agency to the appropriate entity or person versus payment;
 - 8.1.3.3. Register in its name or in its name as the Bank, securities owned by the Agency and held in its physical custody or those securities indicated on the records of the Federal Reserve System, DTC, or another depository, provided that adequate records are maintained to identify the actual ownership of the securities by the Agency and all rights to interest and sale proceeds are vested in the Agency;
 - 8.1.3.4. Credit or debit the appropriate money account of the Agency in connection with the purchase, sale, maturity, redemption, income, dividends, or other disposition of securities and other assets held for the time being on behalf of the Agency in the accounts on a contractual settlement basis. The Bank reserves the right to reverse any crediting at any time before actual receipt of the item associated with the credit when the Bank determines that actual receipt will not be received in due course for the item. All reversals must be communicated to the Agency before being applied.

ATTACHMENT E – SAMPLE MODEL CONTRACT

8.1.3.4.1. The Bank, to secure repayment of an advance of funds made in connection with a purchase of securities, has a purchase money security interest in, and a security entitlement with respect to, the Agency's right, title, and interest in and to the securities acquired with the advance (including proceeds from it). The Bank is, with respect to the purchase money security interest, entitled to all the rights and remedies of a pledgee and secured creditor under applicable laws, rules, or regulations as then in effect.

8.1.4. **Agency Clearing Account.** The Bank shall establish clearing accounts for the Agency, as directed by the Agency. These accounts shall accurately reflect transactions of all kinds, with respect to securities of the Agency. These accounts are not to be construed as Depository Accounts.

The Bank shall, on a contractual basis, credit or debit the Agency account on the contractual settlement date in connection with all trading transactions, income, and principal payments to include, but not be limited to purchases, sales, maturities, redemptions, interest, or any other principal and income event.

At the close of each business day, no "public funds" (as defined in RCW 39.58.010(16) now or as hereafter amended) shall remain in the clearing accounts.

All "public funds" (as defined above) in an account shall be returned to the Agency prior to the close of business.

8.1.4.1. The Agency retains the exclusive authority to manage the assets of the Agency within the Bank's custody. This includes the determination of which investments are made, what and when securities are sold or encumbered, the terms or conditions of any transaction, and the disposition of cash on hand. The Bank shall make no transaction without instructions from the Agency, except the advance crediting of principal, interest, and other proceeds to the Agency's clearing account.

8.2. NOTICES

Notices and other writings shall be delivered by the most expeditious means available, with due regard given to the time sensitivity of the notice or demand being made:

ATTACHMENT E – SAMPLE MODEL CONTRACT

To the Agency:

[Address
Attention:]

To the Bank:

[Bank Name
Address
Attention:]

or to any other address as the Agency or the Bank may specify in writing later. Telephone, facsimile, and e-mail notices are sufficient if communicated to the party entitled to receive the notice at the following numbers:

To the Agency:

Telephone:
Fax:
E-mail:

To the Bank:

Telephone:
Fax:
E-mail:

or to other numbers or e-mails as either party may furnish the other party by written notice under this section.

The Bank agrees to accept and act upon instructions or directions pursuant to this Agreement sent by unsecured e-mail, facsimile transmission, or other similar unsecured electronic methods, provided, however, that, the Bank has received an incumbency certificate listing persons designated to give instructions or directions and containing specimen signatures of the designated persons, which incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the Agency elects to give the Bank e-mail or facsimile instructions (or instructions by a similar electronic method) and the Bank in its discretion elects to act upon the instructions, the Bank's reasonable understanding of the instructions control.

The Bank is not liable for any losses, costs, or expenses arising directly or indirectly from the Bank's reliance upon and compliance with instructions provided by the Agency pursuant to this Agreement. This includes, but is not limited to, Bank's reliance upon instructions that may later conflict or be inconsistent with subsequent written instructions. The Agency agrees to assume all risks arising out of the use of these electronic methods to submit instructions and directions to the Bank, including the risk of the Bank acting on unauthorized instructions by an individual purporting to be a designated person on the incumbency certificate, and the risk of interception and misuse by third parties.

Notwithstanding the foregoing, the Bank will accept transaction requests that it reasonably believes to be from Authorized Signers by telephone, letter, facsimile, or e-mail. However, in order to prevent fraud related activity, public, non-firewall protected e-mail domain names (e.g. aol, hotmail, gmail, yahoo) as a method for submitting transaction requests shall not be accepted.

9. PAYMENT PROVISIONS

9.1. PAYMENTS

Quarterly, after the last business day of each calendar quarter, the Bank shall submit to the Agency an invoice containing an itemized list of all costs and expenses incurred by the Bank in connection with this Agreement. The first payment will be for the calendar quarter ending [REDACTED].

The Agency will forward payment for service charges to the Bank, after the Agency verifies all activity and charges, within thirty (30) days of receipt of the invoice, provided there are no significant unreconciled differences.

In the event services are rendered for less than a calendar quarter, or this Agreement is terminated prior to the end of a calendar quarter, the Agency shall pay the Bank's fee prorated for the portion of the calendar quarter these services are rendered or this Agreement is in effect, plus any costs and expenses incurred by the Bank for the Accounts up to or subsequent to the date of termination.

If the Bank does not meet its Service obligations, the Bank shall be required to negotiate a settlement with the Agency Contract Administrator for an appropriate reduction in charges. Any settlement is in addition to other rights and remedies available to the Agency under law and this Agreement.

9.2. TAXES

It is mutually agreed and understood that all payments accrued on account of payroll taxes, unemployment contributions, any other taxes, insurance, or other expenses for the Bank's staff are the sole liability of the Bank.

9.3. INDEPENDENT CAPACITY

The parties intend that an independent contractor relationship will be created by this Agreement. The Bank, the Bank's employees, and subcontractors performing under this Agreement are not employees of the Agency. The Bank will not hold itself out as, nor claim to be, an officer or an employee of the Agency, nor will the Bank make any claim of right, privilege, or benefit which would accrue to an Agency employee under law. Conduct and control of the work is solely with the Bank.

9.4. ADVANCE PAYMENTS PROHIBITED

No advance payment shall be made for services furnished by the Bank pursuant to this Agreement.

9.5. AMERICANS WITH DISABILITIES ACT

The Bank must comply with the Americans with Disabilities Act (“ADA”) of 1990, Public Law 101-336, also referred to as the ADA 28 CFR Part 35, which provides comprehensive civil rights protection to individuals with disabilities in areas of employment, public accommodations, state and local government services, and telecommunications.

9.6. ATTORNEYS’ FEES

In the event of litigation or other action brought to enforce the terms of this Agreement, each party agrees to bear its own attorney fees and costs.

9.7. COPYRIGHT PROVISIONS

Unless otherwise provided, all Materials produced under this Agreement are considered “works for hire” as defined by the U.S. Copyright Act and are owned by the Agency. The Agency is considered the author of the Materials. In the event the Materials are not considered “works for hire” under the U.S. Copyright laws, the Bank hereby irrevocably assigns all right, title, and interest in Materials, including all intellectual property rights, to the Agency effective from the moment of creation of the Materials.

Materials means all items in any format and includes, but is not limited to, data, reports, documents, pamphlets, advertisements, books, magazines, surveys, studies, computer programs, films, tapes, and/or sound reproductions. Ownership includes the right to copyright, patent, register, and transfer these rights.

For Materials that are delivered under this Agreement but that incorporate pre-existing materials not produced under this Agreement, the Bank hereby grants to the Agency a nonexclusive, royalty-free, irrevocable license (with rights to sublicense others) in these Materials to translate, reproduce, distribute, prepare derivative works, publicly perform, and publicly display. The Bank warrants and represents that it has all rights and permissions, including intellectual property rights, moral rights, and rights of publicity, necessary to grant a license to the Agency.

The Bank shall exert all reasonable effort to advise the Agency, at the time of delivery of Materials furnished under this Agreement, of all known or potential invasions of privacy contained therein and of any portion of the document which was not produced in the performance of this Agreement. The Bank shall promptly provide to the Agency written notice or claim of infringement with respect to any data delivered under this Agreement the Bank receives.

9.8. COVENANT AGAINST CONTINGENT FEES

The Bank warrants that no person or selling agent has been employed or retained to solicit or secure this Agreement upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established agents maintained by the Bank for the purpose of securing business. The Agency has the right, in the event of breach of this clause by the Bank, to annul this Agreement without liability or, in its discretion, to deduct from this Agreement price or consideration or recover by other means the full amount of the commission, percentage, or brokerage or contingent fee.

9.9. DISALLOWED COSTS

The Bank is responsible for any audit exceptions or disallowed costs incurred by its own organization or that of its Subcontractors.

9.10. DUPLICATE PAYMENT

The Agency shall not pay the Bank if the Bank has charged or will charge the Agency or any other party under any other contract or agreement for the same services or expenses.

9.11. TREATMENT OF ASSETS

9.11.1. Title to all property furnished by the Agency remains in the Agency. Title to all property furnished by the Bank, for the cost of which the Bank is entitled to be reimbursed as a direct item of cost under this Agreement, passes to and vests in the Agency upon delivery of the property by the Financial Advisor. Title to other property, the cost of which is reimbursable to the Agency under this Agreement passes to and vests in the Agency upon (i) issuance for use of the property in the performance of this Agreement or (ii) commencement of use of the property in the performance of this Agreement, or (iii) reimbursement of the costs by the State, in whole or in part, whichever first occurs.

9.11.2. Any property of the Agency furnished to the Bank shall, unless otherwise provided herein or approved by the Agency, be used only for the performance of this Agreement.

9.11.3. The Bank shall be responsible for any loss or damage to property of the Agency which results from the negligence of the Bank or which results from the failure on the part of the Bank to maintain and administer that property in accordance with sound management practices.

ATTACHMENT E – SAMPLE MODEL CONTRACT

- 9.11.4. If any Agency property is lost, destroyed, or damaged, the Bank shall immediately notify the Agency and shall take all reasonable steps to protect the property from further damage.
- 9.11.5. The Bank shall surrender to the Agency all property of the Agency prior to settlement upon completion, termination, or cancellation of this Agreement.
- 9.11.6. All reference to the Bank under this clause also includes Bank's employees, agents, or Subcontractors.

9.12. PRIVACY

Personal information collected, used or acquired in connection with this Agreement shall be used solely for the purposes of this Agreement. Bank and its Subcontractors agree not to release, divulge, publish, transfer, sell, or otherwise make known to unauthorized persons personal information without the express written consent of the Agency or as provided by law. Bank agrees to implement physical, electronic, and managerial safeguards to prevent unauthorized access to personal information.

The Agency reserves the rights to monitor, audit, or investigate the use of personal information collected, used, or acquired by the Bank through this Agreement. The monitoring, auditing, or investigating may not include "salting" by the Agency. Bank shall certify the return or destruction of all personal information upon expiration of this Agreement. Salting is the act of placing a record containing unique but false information in a database that can be used later to identify inappropriate disclosure of data contained in the database.

Any breach of the provisions may result in termination of this Agreement and the demand for return of all personal information. The Bank agrees to indemnify and hold harmless the Agency for any damages related to Bank's unauthorized use of personal information.

The Agency's right to monitor, audit, or investigate is subject to the Bank's right to limit those activities that are prohibited by its internal policies or that the Bank, in good faith, believes will compromise the security of its systems or the rights of other customers of Bank.

9.13. WAIVER

Waiver of any default or breach shall not be deemed to be a waiver of any subsequent default or breach. Any waiver shall not be construed to be a modification of the terms of this Agreement unless stated to be a modification in writing and signed by authorized representatives of the Agency.

ATTACHMENT E – SAMPLE MODEL CONTRACT

9.14. SEVERABILITY

The provisions of this Agreement are to be severable. If any term or provision is illegal or invalid for any reason whatsoever, the illegality or invalidity shall not affect the validity of the remainder of this Agreement.

10. MISCELLANEOUS

10.1. COUNTERPARTS

This Agreement is to be executed in duplicate originals and each duplicate shall be deemed an original copy of this Agreement signed by each party, for all purposes.

11. CONTRACT EXECUTION

11.1. RELATIONSHIP BETWEEN THE PARTIES

The parties hereto agree that in performing hereunder, the Bank is acting solely on behalf of the Agency and no contractual or service relationship shall be deemed to be established hereby between the Bank and any other person.

11.2. SIGNATURE BLOCKS

IN WITNESS WHEREOF the parties hereto, having read this Agreement in its entirety, including all attachments hereto, do agree in each and every particular.

APPROVED:

APPROVED:

Date

Date



Cover Page

Company Name	Principal Custody Solutions® (PCS)
Contact Name	Tony Khan
Contact Title	Retention Consultant
Contact Telephone	(612) 895-5152
Contact Email	Khan.Tony@Principal.com
Procurement Title	RFP 2023-04 – Statewide Securities Custody Services

CONFIDENTIAL

As of: November 13, 2023 Effective Date: April 1, 2024
 Name: Washington Statewide Custody Program
 Proposal Number: 452434 51 Capacity: Custodian for Non-Retirement Assets

Annual Tiered Flat Fee	Market Value	Annual Fee
Tier I	\$0 - \$50 Million	\$4,000.00
Tier II	\$50 - \$100 Million	\$5,000.00
Tier III	\$100 - \$250 Million	\$6,000.00
Tier IV	\$250 - \$750 Million	\$7,500.00
Tier V	\$750 Million - \$1.250 Billion	\$10,000.00
Tier VI	Greater than \$1.250 Billion	\$15,000.00
Web-Based On-line Access		Per Account
Custody Solutions Reports		Included
Custody Solutions Statements		Included
Accounting & Reporting		Per Account
Sub Account Charge (any entity requiring additional sub accounts)		\$750.00
Performance Reporting Fees		Per Account
Performance		\$1,000.00

Important Information

The "Unit Prices" quoted above are valid for 120 days following the "As of" date. If there are any material changes to the proposed structure, asset base or volumes, or should the Prospect/Client fail to transfer any assets scheduled for receipt by Principal Custody Solutions within 60 days of the effective date of the **Fee Summary**, Principal Custody Solutions reserves the right to redefine fees and/or service conditions.

Effective date listed is the estimated date that accounts will be available for funding, unless there is a mutually agreed to change.

Outside held asset service takes reported values and incorporates those values into the asset statement. Principal Custody Solutions is not responsible for values reported or any costs incurred for holding such asset.

There is no charge for the collection of interest income and dividends.

Domestic depository settlements (DTC and FED) include all buys, sells, maturities and free receive/deliver for assets, including EFTs, ADRs, repurchase agreements and reverse repurchase agreements. These settlement charges are also assessed in converting and de-converting situations.

There is no out-of-pocket investment management charge for the mutual fund money market sweep vehicles. The expense ratio, as indicated by the fund prospectus, is net from the gross investment performance. A prospectus is available upon request.

As directed by the Client to systematically invest cash received by or held in the accounts may include Mutual funds as a short term investment vehicle. Mutual funds can pay fees for various services provided to the fund as outlined in the fund's prospectus. Principal Custody Solutions will retain any revenue associated with this investment and will be disclosed on the Sweep Investment Direction form.

Invoices will be generated in the month following each billing period. Fees can be billed or charged to the account. The billing period is Quarterly for this proposal; however can be changed upon mutual agreement.

If applicable asset-based fees are run on the 4th business day following the end of the billing period. Any asset adjustments made post 4th business day may not be reflected in the market value reported for billing purposes.

Trust and Custody Fee Summary
Exhibit C

As of: November 13, 2023 Effective Date: April 1, 2024
Name: Washington Statewide Custody Program
Proposal Number: 452434.51 Capacity: Custodian for Non-Retirement Assets

Footnotes / Disclosures:

Custody and trust services are provided by Principal Bank®, Member FDIC, and/or Principal Trust Company®. These services are provided under the trade name Principal® Custody Solutions, a division of Principal Bank®. Principal Trust Company® is a trade name of Delaware Charter Guarantee & Trust Company. Principal Bank® and Principal Trust Company® are members of the Principal Financial Group®, Des Moines, Iowa 50392.

The figures above are intended as a "good faith estimate". The "Total" column above is an estimate arrived at by applying "Unit Prices" to projections of asset size, number of accounts and transactions. This service level activity was determined from information provided and/or derived from the pricing request. Total fees will vary based on actual volumes.

Global assets are securities settled on a global depository. If global assets are utilized a separate fee schedule will be in effect, that would include an asset based administration and settlement transactions by country.

This Fee Summary is confidential and intended only for the sole use of the Owner named above.

Investment and Insurance products are:

- Not Insured by the FDIC or Any Federal Government Agency
- Not a Deposit or Other Obligation of, or Guaranteed by, Principal Bank or Any Bank Affiliate
- Subject to Investment Risks, Including Possible Loss of the Principal Amount Invested