



FIONA MA, CPA
TREASURER
STATE OF CALIFORNIA

CALIFORNIA STATE TREASURER'S OFFICE

REQUEST FOR PROPOSALS NO. SA000004-23

CALACCOUNT MARKET STUDY AND FEASIBILITY REPORT

NOTICE TO PROSPECTIVE PROPOSERS

April 14, 2023

You are invited to review and respond to this Request for Proposals No. SA000004-23 (RFP) entitled CalAccount Market Study and Feasibility Report. The California State Treasurer's Office (STO), on behalf of the CalAccount Blue Ribbon Commission, is seeking specific, detailed proposals from qualified consultants or companies experienced in financial services analysis and program assessment to perform a market study and feasibility analysis of a potential State government program to provide low-cost financial transaction services to the public in response to AB-1177 (Chapter 451, 2021, Title 21.1; Government Code §§ 100100 – 100108.

Proposals for these services must comply with all instructions included in the RFP. The RFP includes the Sample Standard Agreement that the selected contractor will be expected to execute. The Agreement that will be entered into with the STO will include by reference the General Terms and Conditions and Contractor Certification Clauses which may be viewed and downloaded online at <https://www.dgs.ca.gov/OLS/Resources/Page-Content/Office-of-Legal-Services-Resources-List-Folder/Standard-Contract-Language>. The General Terms and Conditions and all Exhibits that are a part of the Sample Standard Agreement are not negotiable. By submitting a proposal, your company agrees to the terms and conditions stated in this RFP. Any proposal submitted with proposed changes to the General Terms and Conditions and/or Exhibits that are a part of the Sample Standard Agreement will be considered non-responsive and will be rejected by the STO.

All responses to this RFP must be submitted in hard copy and received by the STO no later than Friday, May 26, 2023, at 5:00pm PT. Emailed or faxed submissions will not be accepted. The STO does not accept responsibility for proposals that are not received by the indicated deadline.

All proposals must be mailed or delivered to the contact provided below:

California State Treasurer's Office
ATTN: Mr. Andre Rivera
901 P Street, Suite 213B
Sacramento, CA 95814

In the opinion of the STO, this RFP is complete and without need of explanation. However, if you have questions, or should you require any clarifying information, please email Mr. Andre Rivera at Andre.Rivera@treasurer.ca.gov. Questions regarding this RFP must be submitted in writing no later than Monday, May 1, 2023, at 5:00pm PT. Responses to questions are anticipated to be provided on Thursday, May 4, 2023, and will be made available in the California State Contracts Register located at <https://caleprocure.ca.gov/>.

Please note that no verbal information provided will be binding upon the STO unless such information is issued in writing as an official addendum to this RFP.

In compliance with the nondiscrimination requirements of the Americans with Disabilities Act (ADA), it is the policy of the State to make every effort to ensure that its programs, activities, and services are available to all persons, including persons with disabilities.

For persons with a disability needing a reasonable accommodation to participate in this RFP's procurement process, or for persons having questions regarding reasonable accommodations of the procurement process, you may email the contact provided above. The California Relay Service may also be used by dialing 7-1-1, or you prefer having your calls immediately answered in your mode of communication, dial one of the toll-free modality-specific and language-specific numbers below.

| TYPE OF CALL | LANGUAGE | TOLL-FREE 800 NUMBER | STO NUMBER |
|-----------------------------|-----------------|-----------------------------|-------------------|
| TTY/VCO/HCO to Voice | English | 1-800-735-2929 | 1-916-653-3100 |
| | Spanish | 1-800-855-3000 | 1-916-653-3100 |
| From or to Speech-to-Speech | English | 1-800-854-7784 | 1-916-653-3100 |
| | Spanish | 1-800-854-7784 | 1-916-653-3100 |

Important: To give the State the highest possibility of providing a reasonable accommodation, please provide your request as soon as possible before a scheduled event, e.g., meeting, conference, etc.

PLEASE CAREFULLY READ THE RFP AND FOLLOW THE INSTRUCTIONS.

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2. Exhibit A, Attachment 1 – Resumes of Key Personnel
3. Exhibit B – Budget Detail and Payment Provisions
4. Exhibit C – General Terms and Conditions (GTC 04/2017)
5. Exhibit D – Special Terms and Conditions
6. Exhibit E – Additional Provisions

A. PURPOSE AND DESCRIPTION OF SERVICES

1. Background

The California Public Banking Option Act, Title 21.1 (commencing with Section 100100) of the Government Code (Assembly Bill 1177 (Chapter 451, Statutes of 2021)), established the CalAccount Blue Ribbon Commission (the Commission), and requires the Commission to, on or before July 1, 2024, conduct, by contracting with one or more entities with appropriate expertise, and deliver, as prescribed, a market analysis to determine if it is feasible to implement a "CalAccount Program," which, if implemented, would have certain characteristics, including that it would be a program established by the state for the purpose of protecting consumers who lack access to traditional banking services from predatory, discriminatory, and costly alternatives, which offers Californians access to a voluntary, zero-fee, zero-penalty, federally insured transaction account, known as a CalAccount, and related payment services at no cost to accountholders, including robust and geographically diverse mechanisms for accessing account funds and account management tools that facilitate the automation of basic financial transactions designed to serve the needs of individuals with low or fluctuating income. The bill requires the Commission to hold a public hearing to review the market analysis and, after holding that hearing, authorizes the Commission to issue a report to accompany the market analysis.

Section 2 of the California Public Banking Option Act, states, "*The Legislature finds and declares all of the following:*

(a) With high unemployment rates, homelessness rising, and an unprecedented wave of evictions looming as a result of the COVID-19 pandemic, the financial stability of the state's most vulnerable residents has become a matter of particularly urgent concern, not only to those individuals themselves but to the economic health of the state as a whole.

(b) Access to basic financial services, including demand deposit (checking) and savings accounts, is a critical component of financial stability. One in four California households is unbanked or underbanked. Underbanked households are defined as those that have a bank account but have used alternative financial services (AFS) for transactions, including check cashing and money orders, and for credit, including payday loans. Among underbanked households, AFS transaction use is three times more prevalent than the use of AFS for credit. Around 17 percent of United States households use AFS transactions. These transaction services can be a significant expense for low-income Californians. For example, check cashers charge as much as 10 percent of the cost of the check being cashed. In 2018, AFS costs for unbanked and underbanked Americans totaled \$189,000,000,000 in fees and interest, which means the average annual cost per person for using AFS was \$3,000.

(c) Predatory banking practices, including expensive overdraft fees, create a vicious cycle leading to the lasting exclusion of Californians from traditional and affordable financial services and disproportionately harm low-income people and people of color. Banking options that target the poor generate significant revenue through these exploitative practices. In 2019, 84 percent of those fees were paid by 9 percent of accountholders, and those customers typically carried low balances averaging less than \$350. According to the San Francisco Office of Financial Empowerment, rates of involuntary account closures were higher in counties with high African American populations as well as non-white "Other" populations. Involuntary account closures that are reported to reporting agencies like ChexSystems, which keeps records of customers' deposit account histories, can then lead to further exclusion from affordable financial services. The Consumer Financial Protection Bureau has found that, based on the most recent data from 2005, up to 19 million people had ChexSystems records. Although the majority of ChexSystems records result from repeated overdrafts, situations where the customer was a victim of fraud, or bank errors, a ChexSystems record can prevent a person from opening a new bank account, resulting in the unbanking of customers.

(d) Unbanked households pay proportionally more for their financial services, lack secure means of saving, have fewer opportunities to build credit, and are rejected for loans at far higher rates. Basic financial transactions, including the payment of rent, utilities, and other recurring bills or charitable contributions, are a particularly formidable challenge for households lacking access to important tools, including automated bill pay, or whose monthly income fluctuates too much to make automated processes viable. Because they have fewer options when their money runs short, unbanked households face a far more destructive cycle of punitive action when they default on their recurring bills, which leads to compounding interest and further debt. For all these reasons, exclusion from traditional financial services significantly increases the risk of poverty and homelessness and places an unnecessary burden on the entire economy.

(e) Limited access to affordable financial services is a problem that disproportionately impacts low-income communities and communities of color. In 2017, Californians earning less than \$15 per hour made up 80.7 percent of the unbanked in the state, and Black and Hispanic Californians made up 78.3 percent. Nearly half, 45.9 percent, of all Black-identifying households in California and 41.1 percent of all Hispanic-identifying households were unbanked or underbanked in 2017 compared to 15.5 percent of white-identifying households. Forty-four percent of disabled Californians in 2017 were also unbanked or underbanked.

(f) Providing Californians with a zero-fee, zero-penalty, zero-minimum-balance requirement public option for basic financial services would empower Californians by providing a stable, affordable financial platform for all Californians, especially the unbanked and underbanked who currently rely on expensive AFS transactions. The CalAccount Program would mitigate the demand for exploitative alternatives to

banking services with respect to which upselling and cross-selling into expensive accounts and products is the norm. A market analysis of the proposed CalAccount Program and any modifications that may be necessary for its successful and cost-effective implementation will enhance the state's ability to serve the financial services needs of unbanked and underbanked Californians.

(g) To the extent the state, to successfully implement the CalAccount Program, contracts with entities to provide administrative and financial services, the state has a proprietary interest in ensuring that the entities with which it contracts have not engaged in conduct that would undermine the goals, efficiency, and reputation of the CalAccount Program, including, but not limited to, by violating banking, consumer protection, fair lending, or fair housing laws.”

2. Purpose

The purpose of this solicitation is to obtain a qualified Contractor to conduct and deliver a market analysis to the Commission on the feasibility of implementing the CalAccount Program per the requirements set forth in this RFP.

The STO recognizes that the Contractor awarded the Agreement as a result of this RFP will face challenges that are inherent in the goals and scope of the work. For example, existing applicable census data from the FDIC may not adequately confirm or address some of the issues, questions, or statements posed in the RFP's Scope of Work or in pertinent reports. The STO therefore seeks a Contractor that will conduct original market research and analysis, not only using extant data, but also as necessary to fill in the gaps of information germane to the Scope of Work. The STO is seeking a Contractor with a robust set of expertise and experience responsive to the RFP's Scope of Work, and who may propose creative solutions to achieve a fully informed study, analysis, and report, as time and budget allow. The STO understands that each company may regard or discover that different social, economic, financial industry, and legal factors affect the possible solutions to achieving the goals of AB 1177, and therefore the STO appreciates that each company may approach the work of this study uniquely.

3. Resources

There are significant existing resources that companies can access. Just a few of them are listed here. It is the responsibility of the proposing company to discover other resources that it believes will be germane and useful in understanding the scope and depth of the problem to be studied.

The STO and Commission do not verify for accuracy any of the information contained within such resources. The information, recommendations, conclusions, and opinions are solely those of the authors and do not necessarily represent those of the STO and Commission. Therefore, neither the STO and Commission can be responsible for any

inaccurate information, appearance of any inaccurate information, or for your use of the information.

At a minimum, companies are advised to understand these resources prior to developing their proposals.

- AB-1177, chaptered, available at https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB1177.
- The FDIC's report, *2021 National Survey of Unbanked and Underbanked Households*, and the survey instrument and data sets, are available at <https://www.fdic.gov/analysis/household-survey/index.html>. Note that data sets can be filtered by state.
- FDIC October 2022 press release of its 2021 survey, available at <https://www.fdic.gov/news/press-releases/2022/pr22075.html>.
- Information about financial technologies (fintech), including from:
 - The Federal Trade Commission, available at <https://www.ftc.gov/news-events/topics/consumer-finance/financial-technology>.
 - The U.S. Department of the Treasury, available at <https://home.treasury.gov/news/press-releases/jy1105>.
 - The U.S. Consumer Financial Protection Bureau, available at <https://www.consumerfinance.gov/about-us/newsroom/cfpb-invokes-dormant-authority-to-examine-nonbank-companies-posing-risks-to-consumers/>.
 - The National Consumer Law Center's 2019 overview report, *Fintech and Consumer Protection*, available at <https://www.nclc.org/resources/fintech-and-consumer-protection-a-snapshot/>.
- The BankOn program for low-cost/no-cost banking, available at <https://joinbankon.org/>.
- Information on bank fees and services:
 - The U.S. Consumer Financial Protection Bureau (CFPB), December 2021, available at <https://www.consumerfinance.gov/about-us/newsroom/cfpb-research-shows-banks-deep-dependence-on-overdraft-fees/>.
 - CFPB October 2022, available at <https://www.consumerfinance.gov/about-us/newsroom/cfpb-issues-guidance-to-help-banks-avoid-charging-illegal-junk-fees-on-deposit-accounts/>.

- The Federal Reserve Bank of Boston, 2022, available at <https://doi.org/10.29412/res.wp.2022.18>.
- Federal Reserve, May 2022, available at <https://www.federalreserve.gov/publications/2022-economic-well-being-of-us-households-in-2021-banking-and-credit.htm>.
- Center for Responsible Lending, June 2020, available at <https://www.responsiblelending.org/research-publication/banks-must-stop-gouging-consumers-during-covid-19-crisis>.
- [The Roosevelt Institute, September 2022, available at https://rooseveltinstitute.org/publications/banking-for-the-people/](https://rooseveltinstitute.org/publications/banking-for-the-people/).
- CFPB information on student loan fees, October 2022, available at <https://www.consumerfinance.gov/about-us/newsroom/cfpb-report-finds-high-fees-on-student-banking-products-endorsed-by-colleges/>.

4. Scope of Work

The scope of the work to be performed by the selected Contractor shall be in support of AB-1177.

a) Market Analysis

All text and numbering in this section that is shown in *italic* are from AB-1177, except that referenced section headings and titles are also in italics. The selected Contractor shall fulfill the requirements of all italic text. In addition, the selected Contractor shall fulfill the requirements of any additional text within RFP section A.4.a), *Market Analysis*, et seq., which is displayed in normal font, as described therein. Note that any text following the italic AB-1177 language is only additional to the requirement for the selected Contractor to fully and comprehensively perform the analysis indicated by the bill's language. The additional language is not intended to limit the selected Contractor's market analysis to only the additional text offered.

Throughout this section, where the text of AB-1177 states, "*The market analysis required by this subdivision shall also include...*", the selected Contractor is required to include the identified work in its study, analysis, and report, and "*this subdivision*" refers to the AB-1177 subdivision (a) italic text of RFP section A.4.a)i., *Feasibility of the CalAccount Program*.

The terms "unbanked" and "underbanked" used in this SOW are as defined in the FDIC's *National Survey of Unbanked and Underbanked Households*, where "unbanked" means "no one in the household had a checking or savings account at a bank or credit union," and "underbanked" means "the household was banked and in

the past 12 months used at least one of the following nonbank transactions or credit products or services: money orders, check cashing, or international remittances (i.e., nonbank transactions) or rent-to-own services or payday, pawn shop, tax refund application, or auto title loans (i.e., nonbank credit).”

i. Feasibility of the CalAccount Program

Government Code 100104(a)(1)...[T]he [Contractor] shall conduct... and deliver a market analysis to determine if it is feasible to implement a “CalAccount Program,” which, if implemented, would have all of the following characteristics:

(A) Would be a program established by the state for the purpose of protecting consumers who lack access to traditional banking services from predatory, discriminatory, and costly alternatives, which offers Californians access to a voluntary, zero-fee, zero-penalty, federally insured transaction account, known as a CalAccount, and related payment services at no cost to accountholders, including robust and geographically diverse mechanisms for accessing account funds and account management tools that facilitate the automation of basic financial transactions designed to serve the needs of individuals with low or fluctuating income.

(B) Would be administered by a board consisting of all of the following members:

(i) The Treasurer or the Treasurer’s designee.

(ii) The Commissioner of the Department of Financial Protection and Innovation or that person’s designee.

(iii) An individual with banking expertise, particularly expertise in transaction accounts and debit cards, appointed by the Senate Committee on Rules.

(iv) An individual with expertise in economic and racial justice and cultural competence appointed by the Speaker of the Assembly.

(v) An employee representative appointed by the Governor.

(vi) An individual with expertise in banking or consumer financial services affiliated with an academic institution appointed by the Governor.

(vii) An individual with banking expertise appointed by the Governor.

(viii) A public banking advocate appointed by the Senate Committee on Rules.

(ix) A consumer representative or advocate with expertise in banking access and financial empowerment, including within historically unbanked and underbanked communities, appointed by the Speaker of the Assembly.

(C) Would require the board to establish a process by which an individual may open a CalAccount, which process shall be designed to maximize program participation.

(D) Would require the board to establish the mechanisms by which an accountholder may deposit funds into a CalAccount for no fee, which mechanisms shall include, but not be limited to, electronic fund transfers arranged through an employer's or hiring entity's payroll direct deposit arrangement and cash loading through in-network partners.

(E) Would require the board to establish the process through which an accountholder may elect to have a portion, up to the entirety, of the accountholder's paycheck or earnings due for labor or services performed directly deposited by electronic fund transfer into the accountholder's CalAccount.

(F) Would require the board to establish the process through which employers and hiring entities shall be required to remit through a payroll direct deposit arrangement each worker's elected payroll contribution to the worker's CalAccount in accordance with the worker's election.

(G) Would require the board to establish mechanisms by which an accountholder can withdraw funds from a CalAccount using a CalAccount debit card for no fee, which mechanisms shall include, but not be limited to, withdrawals through point-of-sale purchases using a CalAccount debit card and through cash withdrawals at a robust and geographically expansive network of participating ATMs, bank or credit union branches, and other in-network partners of designated financial institution partners.

(H) Would require the board to establish a process, available to all accountholders for no fee, through which an accountholder may arrange for payment to a registered payee using a preauthorized electronic fund transfer from a CalAccount.

(I) Would require the board to establish the process and terms and conditions for becoming a registered payee, which shall at a minimum require the payee's agreement to specified terms and conditions to be established by

the board in exchange for the benefits of transparency and accountability afforded by participation in an automated payment system and which shall be designed to incentivize accountholders' preauthorized electronic fund transfers to registered payees and application of voluntary automatic disbursement rules by limiting the late payment fees and penalties that registered payees can impose on accountholders who pay them using preauthorized electronic fund transfers from their CalAccounts.

(J) Would require the board to establish voluntary automatic disbursement rules to assist an accountholder in managing automated payments to registered payees based on the availability of funds in the accountholder's account, which an accountholder may voluntarily elect to apply or to stop applying to the accountholder's CalAccount at any time, and which shall be designed to maximize consumer protection and may include, but not be limited to, rules governing the prioritization and timing of payments, rules limiting payments to a percentage of funds available in the CalAccount, and rules limiting disbursement to designated registered payees only upon satisfaction of specified conditions of the CalAccount.

(K) Would provide that the board, in establishing processes for enrollment in the CalAccount Program:

(i) Shall facilitate the opening of a CalAccount by individuals who may not have federal or state government-issued photo identification while taking all reasonable steps to maintain the confidentiality of personal information consistent with all applicable law.

(ii) Shall design and establish rules governing the enrollment and participation in the program of individuals who do not have permanent housing.

(iii) May design and establish rules governing the enrollment and participation in the program of individuals who are under 18 years of age, including rules governing the opening of a CalAccount by a person who is at least 14 years of age without a cosigner or guarantor on the account consistent with all applicable law.

(L) Would require the board to select a program administrator, which may consist of one or more contractors or program staff or a combination thereof, whose duties shall include, but not be limited to, all of the following:

(i) Provide a secure internet web-based portal and mobile application through which individuals can enroll in the program and entities can become registered payees and through which accountholders can access and manage their CalAccounts, including their direct deposits,

preauthorized electronic fund transfers to registered payees, and automatic disbursement rule elections.

(ii) Provide a method that enables employers and hiring entities to remit each worker participant's elected direct deposit payroll contribution to the worker's CalAccount in accordance with the worker's election.

(iii) Facilitate enrollment of accountholders in the program through coordination with government, employers and hiring entities, and nonprofit partners.

(iv) Facilitate and manage connectivity with other state and local government programs providing individuals with financial accounts to enable program accountholders to transfer funds between their CalAccounts and their other state-managed or locally managed accounts, as authorized by the board and in accordance with all applicable laws and regulations.

(v) Facilitate and manage connectivity with other state and local government agencies and entities to enable and streamline remittance of local, state, and federal benefit and public assistance payments and other disbursements to accountholders who are entitled to those payments and who authorize those payments to be directly deposited by electronic fund transfer into a CalAccount, as authorized by the board and in accordance with all applicable laws and regulations.

(M) Would require the board to contract with a financial services network administrator whose duties may include, but not be limited to, all of the following:

(i) Contract with, manage, and coordinate the financial services vendors for the program, which shall provide accountholders access to their CalAccounts and services provided in concert with at least one qualifying participating depository financial institution that meets the requirements established by the board.

(ii) Add additional participating depository financial institutions meeting the requirements established by the board, especially including qualifying credit unions and other local financial institutions, as program scope and scale permits, in accordance with the board's specifications as set forth in the contract between the board and the financial services network administrator.

(iii) Issue to each accountholder a secure debit card, or other secure means of access to the accountholder's CalAccount, which shall utilize current security and antifraud technology consistent with industry standards.

(iv) Provide a robust and geographically expansive financial services network of partners through which an accountholder can load or withdraw funds from a CalAccount using a CalAccount debit card, or other secure means of access to a CalAccount, for no fee, including ATMs, bank or credit union branches, and other in-network partners, minimize or eliminate out-of-network fees for accountholders, and ensure that accountholders are not charged out-of-network fees that are not reasonable and actually incurred by the program vendor.

(N) Would require the board to develop and negotiate a fair and equitable program fee and program revenue sharing structure between the state and the financial services network administrator in furtherance of attaining a financially self-sustaining program, which agreement shall be reevaluated annually and renegotiated as appropriate based on program scope and scale.

(O) Would require an employer with more than 25 employees and a hiring entity with more than 25 independent contractors performing the same or similar labor or service, excluding the federal government, to do all of the following:

(i) Have and maintain a payroll direct deposit arrangement that enables voluntary worker participation in the program.

(ii) Deposit all wages and other payments due a worker that the worker has authorized to be directly deposited by electronic fund transfer into the worker's CalAccount in accordance with the worker's authorization.

(iii) Coordinate its payroll process with the program administrator's application program interface to facilitate accurate and seamless payment by direct deposit in accordance with the authorization of each worker participant.

(iv) Cooperate with the program administrator in providing all requested information available to the employer or hiring entity necessary for the opening and administration of a worker's CalAccount.

(v) Upon request of the administrator, provide additional forms or notifications to a worker.

(vi) Refrain from discharging, disciplining, threatening to discharge or discipline, or in any other manner retaliating or taking an adverse action against a worker or applicant because of the individual's participation or manner of participation in the CalAccount Program.

(P) Would require a landlord or a landlord's agent to allow a tenant to pay rent and deposit of security by an electronic funds transfer from a CalAccount, except as provided in paragraph (2) of subdivision (a) of Section 1947.3 of the Civil Code, and would provide that a landlord's, or a landlord's agent's, receipt of payment from a CalAccount pursuant to the requirements of the CalAccount Program shall not be considered a waiver of any right the landlord or landlord's agent may otherwise have to establish the base rent on, or to raise rent for, the rental unit.

ii. Potential Modifications to the CalAccount Program

(2) In considering the feasibility of implementing the CalAccount Program, as described in paragraph (1) [RFP section A.4.a)i.], the market analysis required by this subdivision shall also include whether there are modifications to the CalAccount Program that can ease the implementation burdens.

iii. CalAccount Program Costs

(3) (A) The market analysis required by this subdivision shall also include whether or not CalAccount Program revenue is more likely than not to be sufficient to pay for CalAccount Program costs within six years of the CalAccount Program's implementation.

(B) The analysis required by this paragraph shall include detailed financial projections and key assumptions upon which the determination required by this paragraph relies.

iv. California's Unbanked Population

(4) The market analysis required by this subdivision shall also include an analysis of the population of California residents who are unbanked and the reasons they are unbanked.

This analysis shall include the following:

- The impact of historical redlining on the unbanked and underbanked.
- Analysis of gender and racial disparities for the unbanked and underbanked populations.

- Impact on rural communities from the lack of access to financial institutions.
- Analysis of banking services and products offered in unbanked and underbanked communities, compared to those offered in bank-rich areas.
- Analysis of the geographic locations of the underbanked and unbanked.
- ChexSystems and its impact on the unbanked and underbanked.
- Current banks and prevalence of overdraft fees, minimum balance requirements, monthly fees.
- Prevalence of check cashing companies and the cost to workers.
- Survey the unbanked households and underbanked households to assess the range of obstacles to opening accounts faced by each community.

The *2021 FDIC National Survey of Unbanked and Underbanked Households* (FDIC Survey) available at <https://www.fdic.gov/analysis/household-survey/index.html>, has been referred to in significant part to define the status and challenges of the unbanked and underbanked populations, and to cause the potential solutions proposed in AB-1177 to be studied and considered for possible further legislative actions. A new FDIC survey with associated data may be released in 2023. The selected Contractor shall not rely exclusively on FDIC survey data and findings, but shall conduct its own survey. The selected Contractor's survey methodology shall be tailored to the California communities anticipated to be served by the CalAccount program, and the survey methodology is expected to include more discrete survey elements, including but not limited to:

- California migrant communities in temporary housing, e.g., farmworkers; or households where all adults were working at a place of business other than home.
- Surveys in English and Spanish, and possibly other languages.
- Detailed reasons that a household is unbanked or underbanked. For example, household members who: are undocumented and are fearful of government or banking involvement; owe past child support, overdraft debts, or owe back taxes or unfiled taxes; are concerned about potential loss of public benefits; have income based on the underground economy.

The selected Contractor's survey shall capture detailed data related to the use of alternative means of financial transactions, including the rapid adoption of new financial technologies available to consumers via internet and mobile platforms,

i.e., “fintech” alternatives to traditional banking. The selected Contractor shall identify the potential costs to consumers of using these fintech alternatives compared to traditional banking and compared to the potential use of the CalAccount program at the anticipated levels of program engagement by low-income California communities (per RFP section A.4.a)xi.11), *Impact of CalAccount on Existing Institutions*).

The selected Contractor shall significantly address these issues with appropriate research, so that any recommendations made in the selected Contractor's report can focus on the actual degree of costs, risks, and benefits offered to California's unbanked population by any solution studied.

v. Low-Cost or No-Cost Options

(5) The market analysis required by this subdivision shall also include an analysis of the low-cost or no-cost options of federally insured transaction accounts that are available or marketed to unbanked California residents.

- This analysis of options, such as the BankOn program, shall include their risks, costs, effectiveness and scalability.

vi. Program Alternatives

(6) The market analysis required by this subdivision shall also include an evaluation of all of the following:

(A) Alternatives to the CalAccount Program that the state could implement or enact that would accomplish the essential policy objectives, as described in subparagraph (A) of paragraph (1), of the CalAccount Program.

(B) The estimated risks and costs of alternatives evaluated pursuant to subparagraph (A).

(C) The expected effectiveness and scalability of alternatives evaluated pursuant to subparagraph (A).

The market analysis shall also consider whether alternative programs already exist that, if similarly adopted by the State, could allow the State to accomplish the same or similar goals. For example, a statewide or State-sponsored BankOn program, or partnerships with a fintech company, (for example one similar to the City of Los Angeles's partnership with a fintech company to offer the Angeleno Connect bank account and debit Mastercard).

vii. Recommendations

(7) The market analysis required by this subdivision shall also include recommendations for how the state can maximize the number of unbanked California residents who become banked at the lowest cost and risk to the state.

viii. Outreach Alternatives

(8) The market analysis required by this subdivision shall also include an analysis of relative advantages and disadvantages, compared to private sector alternatives, that the state may have in identifying, reaching, or persuading unbanked California residents to enroll in a state-administered banking program.

ix. Public-Private Partnership Governance

(9) The market analysis required by this subdivision shall also include recommendations related to the appropriate governance structure for a public-private partnership such as the CalAccount Program.

The market analysis shall include:

- Recommendations for collaborating with public, labor and NGO partners.

x. Costs, Benefits, and Impacts

(10) The market analysis required by this subdivision shall also include an analysis of costs, benefits, and impacts on all affected parties, including, but not limited to, landlords, employers, state government, low-wage workers, and consumers.

The analysis shall include:

- The impact of CalAccount program on low-income families, including:
 - Quantify savings through elimination of fees and penalties.
 - Quantify financial impacts of banking for unbanked Californians.
 - Accessibility of public benefits (Such as unemployment, GATE cards, etc.)
 - Timely and reliable access to paychecks (including electronic payment, ease of cashing paper checks.)
 - Longer term impacts tied to stable banking arrangements.

- Low-income families have a need for automated banking services that are different from higher income households. In order to automate bill-pay or contributions when account balances fluctuate, electronic payments may need to be tied to income received rather than simply a regular recurring bill payment. For example, an account holder might want to donate to a religious organization when they get their paycheck, rather than on a set day of every month.
- The benefits to the state's economy (economic multiplier effect).
- An estimation of the reduction of the gender and racial disparities faced by the unbanked population if the CalAccount Program were created as provided for in AB-1177.
- The impact on rural communities
- Public safety e.g., not using cash
- Potential positive impact for banks:
 - Increase future customers
 - Increase opportunities for partnership with community banks, BankOn institutions, public banks
- Benefit disbursement: infrastructure benefits for government and residents, e.g., EDD, stimulus payments, etc.
- The market analysis shall look at the expected benefits to the accountholders of this program. The market analysis shall estimate the savings available to consumers, including those receiving public benefits or wages through paper warrants, who open a CalAccount as opposed to the use of check cashers. As another example, the market analysis shall look at how this program could help build credit for accountholders.

xi. Important Considerations

(c) The market analysis required by subdivision (a) shall consider all of the following:

1) Number of Potential Accountholders

(1) The number of potential accountholders.

There may be a significant difference between the number of potential account holders and those that actually sign up for the service and retain active accounts over time. In its market analysis, the selected Contractor shall forecast the actual number of users that will likely open and maintain an active CalAccount account each year during the first six years. The selected Contractor shall take into consideration the size and demographics of the California unbanked population, the actual reasons why this population is not banked, the trends of this population's use of nonbanking alternatives (including fintech), the effect of changes in the California economy (including by segment), and the degree that this population would sign up and use CalAccount services in lieu of other services.

2) Availability of Financial Institutions

(2) The availability of qualified participating depository financial institutions.

To better understand what characteristics a depository financial institution should have in order to participate in the CalAccount Program, the market analysis shall consider the following:

- Do current state and federal laws provide sufficient authority for respective credit unions to admit members for purposes of establishing a CalAccount?
- Would participating depository financial institutions already need to have a "robust and geographically expansive financial services network of partners"? (See Gov. Code, § 100104, subd.(a)(1)(M)(iv).)
- Based on discussions with financial institutions, discuss the willingness of such institutions to participate in the CalAccount Program.

3) Acceptability of Banking Products

(3) Potential accountholders' comfort with various banking products.

4) Participation without a Photo ID

(4) How individuals without federal or state photo identification can participate.

The market analysis shall consider the federal Anti-Money Laundering (AML) requirements to which banks and credit unions are subject. For example, banks and credit unions are required to have an AML compliance program, which includes implementing a written Customer Identification Program (CIP) appropriate for the institution's size and complexity. (See 31

C.F.R. § 1020.220) It is likely that most participating depository financial institutions' CIP require some type of government-issued photo identification. Because the CalAccount Program requires participating depository financial institutions to allow individuals to open accounts without federal or state government-issued photo identification, based on discussions with financial institutions, the market analysis shall address if and how an institution could change their CIP in a manner that would satisfy the requirements of not only the CalAccount Program, but also federal AML requirements, and also in a way that would minimize its risk of regulatory enforcement, fines, or legal action (e.g. whether the participating depository financial institutions can accept photo identification issued by municipalities).

5) Potential Sources of Revenue

(5) Potential CalAccount Program revenue streams.

The selected Contractor's analysis of potential revenue streams shall respond to paragraph (N) of Government code § 100104(1a)(1), in RFP section A.4.a)i., *Feasibility of the CalAccount Program*. The analysis could include consideration of revenue sharing arrangements.

6) Competitors to the CalAccount Program

(6) The presence and effectiveness of private sector or nonprofit competitors to the CalAccount Program.

The selected Contractor shall identify the extent to which all program functions defined in RFP section A.4.a)i., *Feasibility of the CalAccount Program*, subsection (a)(1)(C) through (M), plus (P), are presently functions of existing California banks, credit unions, or commercial payroll services.

7) State Fiscal Risk

(7) State fiscal risk from the CalAccount Program during economic downturns or economic shocks.

8) Other Feasibility Considerations

(8) Any other factor the commission deems relevant to making the feasibility determination pursuant to paragraph (1) of subdivision (a).

In determining the feasibility of implementing a CalAccount Program, the market analysis could consider factors similar to those considered when the Department of Financial Protection and Innovation reviews an application for a new bank or trust company. For example, based on the requirements of

Financial Code sections 1022 and 1023, the analysis could evaluate the following factors:

- The program has a reasonable promise of success.
- The program capital structure or revenue streams are adequate.
- Those implementing the program have reasonable experience and ability to afford reasonable promise of successful operation (i.e., they will be able to successfully execute the business plan).
- Appropriate market analysis indicates there is a need for this particular program (or are existing programs adequate).

9) Risks and Costs

(9) The risks and costs of the CalAccount Program.

In considering the risks and costs of the program, the selected Contractor shall also look at whether any of the administrative costs associated with this program could be shared by the State. For example, the market analysis could look at loan programs for businesses administered by California state entities to see if some costs are shared by the State.

10) Effectiveness and Scalability

(10) The expected effectiveness and scalability of the CalAccount Program.

The market analysis shall look to other similar programs to evaluate the expected effectiveness of the CalAccount Program. The selected Contractor shall document what criteria the ABA and BankOn use to define “accessible” and shall independently assess BankOn accessibility to California’s unbanked population.

The market analysis shall also consider whether the effectiveness of the CalAccount Program depends on certain characteristics of the participating financial institutions. For example, should the financial institutions have branches or ATMs in specific parts of the state? Do they offer a way for a CalAccount customer to access funds if the customer does not have access to a computer? Could those with a poor deposit account history still open an account at the financial institution?

Finally, the market analysis shall address who would be regulating the various aspects of the CalAccount Program, if implemented. For example, if the participating depository financial institution is state-chartered, would the

Department of Financial Protection and Innovation have additional responsibilities in examining the institution's activity as it specifically relates to its CalAccounts? If it is a federally chartered financial institution, or an out-of-state financial institution, who performs those duties? Also, which entity would be responsible for determining whether the Program is no longer feasible?

Determine whether the CalAccount program can be scaled up to effectively incorporate payment transactions from other State programs that disburse funds through paper checks or through other means.

11) Impact of CalAccount on Existing Institutions

(11) The likely impact of the CalAccount Program on existing California depository institutions.

The market analysis shall look at:

- Whether deposits can be used by the participating depository financial institutions in the same manner as the institution's current customer's deposits (e.g., for loans to others, etc.). (See Fin. Code, § 100104, subd. (a)(1)(N), (a)(3)(A), and (c)(5).)
- What, if any, fraud and abuse controls, or other requirements, would be expected from the participating depository financial institutions.
- Who would bear the financial burden for mitigating fraud and abuse.
- Whether the participating depository financial institutions would be required to maintain a certain number of ATMs or branches, or if these would need to be in specific geographic areas.
- Ways to minimize the risk of overdrafts on an account if the institution cannot impose overdraft fees.

As currently contemplated, the CalAccount does not appear to have any criteria of who can become a CalAccount holder. The market analysis shall estimate the number of customers who currently have an account with a financial institution that may choose to instead open a CalAccount per year over a six-year period.

12) CalAccount Network Administrators

(12) (A) The existence of possible financial services network administrators.

(B) If any possibilities include an out-of-state entity, the anticipated impact on California consumers, businesses, and financial institutions and how an out-of-state financial services network administrator could or should be regulated.

b) Support for Hearings and Meetings

Pursuant to Government Code 100104, sections (b), (d), and (e):

(b)(1) The commission shall contract with one or more independent entities with the appropriate expertise to conduct the market analysis required by subdivision (a). (2) A contract entered into pursuant to this subdivision shall require any entity conducting the market analysis to provide progress reports to, and receive feedback from, the commission at regular intervals or by request and be available to provide testimony and answer questions at any legislative hearings held within 12 months of the delivery of the market analysis to the Legislature.

(d)(1) Within 12 months of entering into a contract for the market analysis required by subdivision (a), the commission shall hold at least one public hearing to solicit input from members of the public. (2) A hearing, including input from members of the public, held pursuant to this subdivision shall be recorded and made available on the Treasurer's internet website consistent with the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1).

(e)(1) The commission shall hold a public hearing to review the market analysis. As directed by the STO's Project Manager, the selected Contractor shall support the Commission in the public and legislative hearings, and as requested at Commission meetings, by:

- Preparing presentation material in electronic format (e.g., Microsoft Word, PowerPoint, etc.), or to assist the STO or the Commission in preparing such material.
- Presenting in-person at the hearing or meeting the status of the project, including (but not necessarily limited to) the study methodology, the project schedule, any interim findings, and project challenges and considerations; and verbally answering any questions from the public, from legislators or their staff, or from Commissioners.
- Following-up with the STO or the Commission in response to public or legislative hearings or Commission meeting.

At a minimum, two public hearings and one Legislative hearing are anticipated. The first public hearing is anticipated to be approximately six months into the study period. The second public hearing is expected to be soon after the selected

Contractor's Draft Report is submitted and may occur during a Commission meeting. The Legislative hearing is anticipated to be after the selected Contractor's Final Report is submitted. Additional public or legislative hearings or Commission meetings may occur, and at the STO Project Manager's direction, the selected Contractor may be required to provide support at any of those additional hearings and meetings.

All direction by the STO's Project Manager for hearing and meeting support shall be preceded by verbal communication between the STO's Project Manager and the selected Contractor's Project Manager, and confirmed in writing by the STO's Project Manager via email.

c) Deliverables

All final deliverables accepted by the STO or the Commission shall become the property of the State, and shall not be marked "Confidential," "Proprietary," "Trade Secret," or similarly marked. All draft and final deliverables shall be provided to the STO's Project Manager in both electronic format and paper, with the draft and final reports in twenty bound paper copies. No final deliverable shall be encrypted or password protected, but shall be fully accessible upon receipt. All final deliverables shall be deemed public records and shall be available to the public.

The STO's Project Manager reserves the right to reject all final deliverables, and to request corrections. The STO's Project Manager shall accept or reject final deliverables within seven (7) calendar days of delivery by the selected Contractor. If a written notice of rejection or a request for corrections is not issued by the STO's Project Manager within the seven days, the final deliverable shall be deemed accepted. If not accepted, the selected Contractor shall have five (5) calendar days to make the necessary corrections and to resubmit the final deliverable to the STO's Project Manager, unless some other time period is identified in the STO Project Manager's notice.

Deliverables under this Agreement include the Draft Work Plan, Final Work Plan, Draft Report, Final Report.

i. Draft and Final Work Plans

The Draft Work Plan submitted with the selected Contractor's proposal in response to RFP No. SA000004-23 shall be used as the initial Draft Work Plan for this Agreement. The selected Contractor will confer with the STO's Project Manager regarding the Work Plan and shall refine and update the plan with improvements. Within seven (7) calendar days of Agreement execution, the selected Contractor shall submit the updated Draft Work Plan to the STO's Project Manager for review and approval. Within five (5) calendar days after receiving feedback from the STO's Project Manager, the selected Contractor shall

further update the plan as requested, and shall submit it to the STO's Project Manager as the Final Work Plan deliverable.

The selected Contractor shall update the Final Work Plan throughout the term of the Agreement to reflect changes agreed upon by the STO's Project Manager and the selected Contractor's Project Manager, or as have actually occurred. The topics of each substantive change made after acceptance of the Final Work Plan shall be listed in a table of changes that identifies the date of the change, the topic, and the location in the Work Plan where the change occurs. With each update to the Final Work Plan, the document shall reflect its version number and date.

ii. Draft Report

The selected Contractor's Draft Report of the feasibility of the CalAccount program as described in RFP section A.4.a), *Market Analysis*, and as further supplemented by the selected Contractor's proposal in response to RFP No. SA000004-23, shall be a full and complete report. The Draft Report is expected to be a detailed and extensive work product. It shall include:

- An Executive Summary.
- A Table of Contents.
- A description of the selected Contractor's study methodology.
- Identification of all assumptions in the selected Contractor's study, analysis and report, and the basis for each assumption, i.e., on what was the assumption based.
- The selected Contractor's assessment of the validity of all data used by the selected Contractor in its study and analysis, and the basis of that assessment. Validity can be shown as a percentage of confidence in the accuracy of the data elements.
- A listing of all relevant sources and references used by the selected Contractor in its study, analysis, and report.
- A table that cross references each SOW element identified in RFP section A.4.a), *Market Analysis*, with the location(s) in the Report where the SOW element is addressed.

It shall be the prerogative of the selected Contractor to determine how to organize its report, including which of the above items to place in appendices, and which and where to include within the body or context of the report itself.

The selected Contractor's Draft Report shall be submitted to the STO's Project Manager not later than April 8, 2024. The selected Contractor shall also deliver with the Draft Report, a separate electronic copy of the research and survey data sets created by the selected Contractor. The STO's Project Manager shall deliver the Draft Report and data sets to the Commission, and upon delivery the Draft Report and data sets shall be made public.

iii. Final Report

The Commission will schedule a public hearing for review and comment on the Draft Report. The selected Contractor shall support this public hearing as described in RFP section A.4.b), *Support for Hearings and Meetings*.

The selected Contractor shall also be available to respond to requests of the STO to meet and answer questions about the report, and to present and discuss key findings and recommendations.

The selected Contractor shall have full discretion to modify or add to its submitted Draft Report based upon input from the public, from the Commission or Commissioners, and from the STO, and also based on any further research and analysis that it may choose to undertake.

The selected Contractor shall update its Draft Report per its discretion and submit the report as a Final Report together with any updates to the selected Contractor's data sets to the STO's Project Manager on May 13, 2024.

The Final Report shall include or be accompanied by a table of all input received since the selected Contractor's submission of the Draft Report (including at hearings and in discussions), and to what extent the input was incorporated into the Final Report, and if not, the reason for not including it. An additional table of changes shall identify the topics of each substantive change to the Draft Report and name the location in the Final Report where the change occurs.

At the direction of the STO's Project Manager, the selected Contractor may be required to support additional hearings, presentations or discussions about the Draft and Final Reports per RFP section A.4.b), *Support for Hearings and Meetings*.

d) Project Management

i. Management of Deliverable Due Dates

The deliverable due dates indicated in RFP section A.4.c), *Deliverables*, et seq. may be changed by mutual written consent of both the STO's Project Manager and the selected Contractor's Project Manager. Such changes in deliverable due

dates shall be considered a contractual administrative function, and shall not require a formal amendment of the Agreement.

ii. Communications

The STO expects the selected Contractor to foster a close and collaborative working relationship with the STO and the Advisory Committee (described in RFP section A.4.d)iii., *Advisory Committee Meetings*, below). The selected Contractor shall be available to meet with the STO and the Advisory Committee at the STO's location at any time during the term of the Agreement, to present and discuss project status, methodology, project risks, analysis, interim findings, etcetera. Such meetings may be held at the request of either the STO's Project Manager, or at the request of the selected Contractor's Project Manager.

It shall be the responsibility of the selected Contractor's Project Manager to promptly notify the STO's Project Manager of any significant project risks or issues, and to discuss those risks and their potential and agreed-upon mitigations. The selected Contractor shall document all project risks and issues in a risk log, available to the STO's Project Manager.

iii. Advisory Committee Meetings

To encourage collaborative benefits from a close working relationship with the Commission and the STO during the project, the STO will establish a small Advisory Committee (e.g., 4 to 6 people) that will meet in-person regularly, e.g., monthly, with the selected Contractor to discuss project status, working methodology, project risks, analysis, interim findings, etcetera. Advisory Committee meetings shall be held in Sacramento. The scheduling and locations of the meetings shall be the responsibility of the STO's Project Manager. Advisory Committee meetings are not expected to continue after the selected Contractor's Final Report is accepted by the State. The STO's Project Manager shall be a member of the Advisory Committee. The selected Contractor's Project Manager shall attend all Advisory Committee meetings, and may include other key personnel as appropriate to the topics to be discussed.

The selected Contractor shall plan for and facilitate the Advisory Committee meetings. The selected Contractor shall consider the Advisory Committee to be an informed resource of working ideas, draft document reviews, discussions, feedback, and suggestions. The selected Contractor shall be free to use whatever information comes from such meetings to the extent it believes helpful. The Advisory Committee shall not have the authority to require changes or directions that the selected Contractor must take. The selected Contractor shall not be required to document the Advisory Committee meetings, but shall present meeting agendas. Advisory Committee members shall be able to add discussion topics to any meeting agenda.

The selected Contractor shall manage its communications with the advisory committee members, including the sharing of any working papers, per the direction of the STO's Project Manager.

iv. Project Dashboard

The selected Contractor shall create and maintain an online project dashboard available to the STO, the Commissioners, and the Advisory Committee members. The dashboard shall include:

- A project status report, including an executive summary of the status of all major study activities.
- A detailed project schedule, showing dates and progress of tasks.
- Project risks and issues, including impact and mitigations.
- A project budget showing the usage of the contract funds which are allocated for use to the delivery of the Final Report, and the amount of usage after the Final Report until the end of the Agreement.
- A monthly progress report that coincides with the billing period. This monthly report shall provide a summary description of the work performed during the month, difficulties encountered, remedial actions, and a statement about the work to be undertaken during the following month.

The project dashboard shall be updated at least weekly, except that the budget and monthly progress report portions only need to be updated at least monthly in association with the submission of the selected Contractor's monthly invoices.

v. Key Personnel

The selected Contractor's Project Manager is expected to be a senior member of the staff and dedicated full-time to the project at least until the selected Contractor's Draft Report is submitted. The selected Contractor's Project Manager will be the primary point of contact for the project and so identified in RFP section A.4.d), *Project Management*.

All key personnel identified in the proposal in response to RFP No. SA000004-23, whether employed by the selected Contractor or by its proposed subcontractors, shall be assigned to the project as applicable. Additional key personnel may be added via a request by the selected Contractor's Project Manager to, and approval by, the STO's Project Manager. Such requests must include:

- The reason for the addition.
- A description of the person's project role.
- A description of the person's relevant experience, expertise and education.
- Identification of the person's employer.
- The number of hours anticipated to be worked, and whether any of those hours are anticipated to be offset by a reduction in other key personnel hours.
- The individual's hourly billing rate.
- A copy of the person's resume.

The hourly billing rate shall not exceed that of similarly experienced and skilled project personnel in similar or equivalent project roles.

All new key personnel must be approved in writing by the STO's Project Manager. The STO's Project Manager reserves the right to interview the candidate prior to authorizing or denying approval. The STO's Project Manager has sole discretion to approve or deny the candidate, including the determination of whether the individual has the necessary experience, expertise, or skills for the project role to be assigned and at an appropriate hourly billing rate. Once a key personnel has been added to the project, the individual cannot be unilaterally removed by the STO's Project Manager, except in lieu of contact termination as otherwise stated in this Agreement, e.g., CCC (04/2017) paragraph 1, *Conflict of Interest*, or Exhibit D, *Special Terms and Conditions*, section 32, *Compliance with Political Reform Act*.

If the addition of a key personnel individual to the project is intended to replace key personnel named in the selected Contractor's proposal in response to RFP No. SA000004-23, or to replace an individual that has been working on the project:

- The replacement must meet or exceed the qualifications of the originally proposed person if the replacement is for the same project role, as solely determined by the STO's Project Manager.
- The selected Contractor shall be responsible for transferring pertinent project knowledge from the replaced individual to the new individual. The selected Contractor shall not invoice any hours spent on bringing the replacement individual up to date, i.e., for knowledge transfer.

The addition of key personnel to the project shall be considered a contractual administrative function, and shall not require a formal amendment of the Agreement. However, the addition of a new subcontractor will require an amendment to the Agreement.

5. Term of Agreement

The term of the Agreement will be from July 17, 2023 through June 30, 2025. At the sole discretion of the California State Treasurer's Office, the term of the Agreement may be extended for six additional months. This Agreement shall not become effective until approved by the Department of General Services. In no event shall services be performed prior to approval by the Department of General Services.

6. Budget

The amount of the Agreement shall not exceed \$2,500,000.00 over the entire term of the Agreement, including any optional extension. Rates shall remain same throughout the term of the Agreement.

Ten percent (10%) of each invoice shall be withheld and reserved until all work is completed but in no event later than June 30, 2025.

B. MINIMUM QUALIFICATIONS FOR PROPOSERS

The minimum qualifications to be considered for award are described below. Other mandatory requirements are stated throughout the RFP, including its Attachments and Exhibits. Refer to RFP section C.4., *Content and Format of Proposals*, for instructions in how to respond to the minimum qualifications.

A company's subcontractors may also be required to meet these minimum qualifications, but limited to the scope of work assigned to the subcontractor. Refer to RFP section E., *Subcontractor Requirements*, for additional information.

1. Prime Contractor Qualifications

The company submitting a proposal who will be the prime contractor if awarded the contract:

- a) must be qualified to do business in the State of California
- b) must have at least five years of experience performing complex feasibility studies and/or market analyses in government program designs at the local, state, and/or federal level.
- c) must submit at least three (3) customer references for item 1.b) above.

- d) must not assign more than fifty percent (50%) of the total evaluated costs to subcontractors.

2. Subcontractor Qualifications

For each subcontractor which is proposed to receive twenty percent (20%) or more of the evaluated total value of the Agreement, the proposer must also:

- a) demonstrate that the subcontractor has at least five years of experience performing the type of work to be assigned to the subcontractor under the Agreement.
- b) submit at least three (3) customer references of the subcontractor for item 2.a) above.

3. Team Qualifications

The proposed team of key personnel must have the experience, knowledge, and skills to successfully carry out the tasks described in the Scope of Work, and at a minimum must have at least five years of professional experience and expertise in:

- a) project management
- b) banking regulations and practices
- c) financial transaction practices
- d) market and data analysis
- e) market research and surveys

Each of the six topic areas listed above must have at least one proposed individual who has the required five years of experience. That is, the five years of experience for any one topic area cannot be met by multiple individuals who each have less than five years of experience. Additionally, any proposed individual can satisfy the team qualification requirements for more than one topic area.

4. Conflicts of Interest

The proposing company, and its parent or controlling organizations, and subsidiaries, if any, must not have financial or other conflicts of interest that would potentially interfere with the development of an independent, fact-based, market survey, analysis, recommendations, and report without perceived or actual bias. Therefore, the proposing company shall not be a business within, or have financial relationships or partnerships with, the banking industry or the financial technology industry, except as it may use those industries for its own normal business transactions and services.

The State reserves the right to require additional information from any company regarding potential conflicts of interest, and/or to disqualify any company for non-compliance.

C. PROPOSAL REQUIREMENTS AND INFORMATION

1. Key Action Dates

Proposers are hereby advised of the following schedule and are expected to adhere to the required dates and times. All times listed are Pacific Time (PT).

| Date | Action |
|--|---|
| Friday, April 14, 2023 | RFP Available to Prospective Proposers |
| Monday, May 1, 2023, 5:00 PM | Deadline for Submission of Written Questions |
| Thursday, May 4, 2023 | Estimated Date for Distribution of Responses to Written Questions |
| Tuesday, May 9, 2023, 5:00 PM | Deadline for Letters of Intent |
| Friday, May 26, 2023, 5:00 PM | Deadline for Submission of Proposals |
| Tuesday, May 30, 2023 – Monday, June 12, 2023 | Evaluation of Proposals |
| Thursday, June 22, 2023 | Commission Approval of the Award |
| Friday, June 23, 2023 | Notice of Intent to Award Released |
| Monday, July 17, 2023 | Anticipated Commencement of Agreement |

The STO reserves the right to change the dates and times in the table above. If any changes should occur, an addendum to the RFP will be issued and made available in the California State Contracts Register located at <https://caleprocure.ca.gov/>.

2. Questions and Answers

In the opinion of the STO, this RFP is complete and without need of explanation. However, if you have questions, or should you require any clarifying information regarding the intent, content, terms and conditions, or procedural matters, please email Mr. Andre Rivera at Andre.Rivera@treasurer.ca.gov. Questions regarding this RFP must be submitted in writing no later than Monday, May 1, 2023, at 5:00pm PT. The email's subject line should include "RFP SA000004-23." Questions should include the company name, the contact person, their email address and phone number, and the specific section of the RFP that each question relates to.

Responses to questions are anticipated to be provided on Thursday, May 4, 2023, and will be made available in the California State Contracts Register located at <https://caleprocure.ca.gov/>. At the sole discretion of the STO, questions may be edited for clarity in the posting of responses.

3. Letters of Intent

Companies are strongly encouraged to email their intentions regarding this solicitation to the contact provided in the Notice to Prospective Proposers by the date indicated in RFP section C.1., *Key Action Dates*.

Submission of a Letter of Intent will not obligate the company to submit a proposal, and submission of a Letter of Intent is optional. Companies who become aware of the RFP after the deadline to submit the Letter of Intent, and who also wish to potentially submit a proposal, should submit their Letter of Intent at the earliest possible time.

The Letter of Intent shall include the following:

- The name of the company or organization
- Company address
- Company telephone number
- Name and title of the contact person
- Telephone number and email address of the contact person
- Whether or not the company is a DGS certified DVBE or SB

4. Content and Format of Proposals

a) Cover Letter

Companies must submit a cover letter on company letterhead containing the following at a minimum:

- The legal name of the organization.
- The company address.
- A statement indicating that the company has the necessary skills to complete the services and provide all deliverables as described in the Scope of Work.
- A signature from an individual who is authorized to bind the company contractually.
- The email and phone number of the individual signing the letter.
- The date the letter is signed.

b) Table of Contents

All major parts of the entire proposal, including forms, should be identified by a page number. The table of contents should identify all figures, charts, graphs, etc.

c) Background and Experience

i. Company History and Competencies

The proposal shall describe the company's history and current competencies, and that of its proposed team, regarding providing consulting services similar to those described in this RFP. Include applicable contracts for California State government, and competencies in banking and fiscal transaction services and law, in market analysis, in feasibility studies and analyses, in conducting and analyzing surveys and survey data, and in related original research. This proposal section on company history and competencies must also clearly demonstrate that the minimum qualifications of RFP section B.1., *Prime Contractor Qualifications*, have been met.

The company shall provide at least three (3) customer references that demonstrate successful experience performing complex feasibility studies and/or market analyses in government program designs at the local, state, and/or federal level using RFP Attachment 4, *Proposer References*. The references should be placed within the Attachments section, below.

ii. Subcontractor History and Competencies

The proposing company shall name and describe each proposed subcontractor and their specific role as it pertains to the project. This proposal section on subcontractor history and competencies must also clearly demonstrate that the minimum qualifications of RFP section B.2., *Subcontractor Qualifications*, have been met.

The proposer shall provide at least three (3) customer references for each subcontractor that demonstrate successful experience performing the type of work to be assigned to the subcontractor under the Agreement, as applicable per RFP section B.2, *Subcontractor Qualifications*, using RFP Attachment 4, *Proposer References*. The references should be placed within the Attachments section, below.

iii. Key Personnel

The company shall, in table format, list all proposed key project personnel showing: individual's name, company name (i.e., employed by for this project), role in the project, estimated project hours, experience, and education. The company shall provide a resume of each key person in its submittal of RFP Attachment 5, *Resumes of Key Personnel*.

The company's proposal section on Key Personnel must also clearly demonstrate that the minimum qualifications of RFP section B.3., *Team Qualifications*, have been met for:

- project management
- banking regulations
- financial transaction
- market analysis
- market research

d) Draft Work Plan

The company shall submit a draft Work Plan describing its plan for managing the project and its proposed methodologies. The draft Work Plan shall take into consideration all of RFP section A.4., *Scope of Work*, and shall at a minimum include:

- A description of all major project tasks and milestones.
- A timeline of all major tasks, including their durations, sequence, and dependencies.
- The methodology of the work to be performed for all major tasks, also identifying the roles and tasks of each named subcontractor.
- Key performance indicators.
- The proposed project management methodologies and communications.
- Estimated hours and costs per month by key personnel.

e) Market Analysis

The company shall describe its understanding of and approach to each element described in RFP section A.4.a), *Market Analysis*, by subheading. The company shall also describe any additional tasks or task details that it proposes which are not discretely identified in the SOW.

f) Cost Proposal Worksheet

The company shall complete RFP Attachment 6, *Cost Proposal Worksheet*. The selected Contractor shall only invoice for hours worked by Key Personnel and for services included in the Cost Proposal Worksheet, as approved by the STO's Project Manager. No other billing elements or charges are allowed. See Attachment 6 for instructions.

g) Required Attachments, in the following order:

- Attachment 1: Required Attachment Checklist
Attachment 2: Proposal/Proposer Certification

- Attachment 3: Minimum Qualifications Certification
- Attachment 4: Proposer References
- Attachment 5: Resumes of Key Personnel
- Attachment 6: Cost Proposal Worksheet
- Attachment 7: Payee Data Record (STD. 204)
- Attachment 8: Darfur Contracting Act Certification
- Attachment 9: Iran Contracting Act Certification
- Attachment 10: Contractor Certification Clauses (CCC 04/2017)
- Attachment 11: California Civil Rights Laws Certification
- Attachment 12: Bidder Declaration (GSPD-05-105)
- Attachment 13: Small Business or Microbusiness Preference, if applicable
- Attachment 14: Non-Small Business or Microbusiness Preference, if applicable
- Attachment 15: Commercially Useful Function Evaluation
- Attachment 16: DVBE Participation Requirements
- Attachment 17: Target Area Contract Preference Act (TACPA), if applicable

h) Format of Proposals

It is the company's responsibility to ensure its proposal is provided in a manner that enables the State to easily locate all response descriptions and attachments for each requirement of this solicitation. Page numbers should be located in the same page position throughout the proposal. Each page should be numbered with a section reference if applicable (e.g., section 3, page 5) to make easy reference possible. Figures, tables, charts, etc., should be assigned index numbers and should be referenced by these numbers in the text and in the table of contents. Figures, tables, charts, etc., should be placed as close as possible to their associated text. The printed copies should be tabbed, to identify the volume, section, or other demarcation.

Similarly, electronic copies submitted on unsecured thumb drives should be organized into appropriate files and folders designed for easy access.

If discrepancies exist between two (2) or more copies of the proposal, the proposal may be rejected. However, if not rejected, the Original printed copy will be used as a basis for resolving such discrepancies.

Companies should be aware that marking the proposal "confidential" or "proprietary" will not preclude the proposal from becoming the property of the California State Treasurer's Office and the State of California. Reference RFP section C.9., *Disposition of Proposals*, for additional information.

5. Submission of Proposals

- a) Proposals should provide straightforward and concise descriptions of the proposing company's ability to satisfy the requirements of this RFP. The proposal must be

- complete and accurate. Omissions, inaccuracies, and/or misstatements may be cause for the rejection of a proposal.
- b) All proposals must be submitted under sealed cover and received by the California State Treasurer's Office by the date and time shown in RFP section C.1., *Key Action Dates*. Proposals received after this date and time will not be considered.
 - c) A minimum of one (1) original and six (6) copies of the proposal must be submitted, each in a three-ring binder. Additionally, one (1) electronic copy must be submitted on an unsecured thumb drive. The electronic files shall be read-accessible by the State without password, encryption key, or similar means. The electronic files shall be in file formats searchable and readable by Microsoft Word, Excel, PowerPoint, Project and/or Adobe Acrobat. Emailed or faxed submissions will not be accepted.
 - d) The original proposal binder must be marked "**ORIGINAL.**" All documents contained in the original proposal binder must have original signatures and must be signed by an individual who is authorized to bind the proposing company contractually. All additional proposal binders may contain photocopies of the original proposal.
 - e) Proposal packaging must be plainly marked with the RFP number, the RFP title, the proposing company's name and address, marked with "DO NOT OPEN," and mailed or delivered to the address shown in the Notice to Prospective Proposers above and restated here:

California State Treasurer's Office
ATTN: Mr. Andre Rivera
901 P Street, Suite 213B
Sacramento, CA 95814
 - f) If the proposal is made under a fictitious name or business title, the actual legal name of the company must be provided.
 - g) More than one proposal from an individual, company, partnership, corporation or association, under the same or different names, will not be considered.
 - h) A joint proposal [two (2) or more companies responding jointly in one (1) proposal] may not be submitted. A single proposal that includes multiple firms shall identify one firm as the prime contractor responsible for the submittal of the proposal, all interactions with the State, and for fulfilling all of the requirements of the award. All other participating firms shall be identified as subcontractors or suppliers, at a minimum using RFP Attachment 12, *Bidder Declaration (GSPD-05-105)*.

- i) Proposals not submitted under sealed cover and marked as indicated may be considered non-responsive. A non-responsive proposal is one that does not meet the basic proposal requirements.
- j) Proposals must be submitted for the performance of all the services described herein. Any deviation from the work specifications may cause a proposal to be considered non-responsive and may be rejected by the California State Treasurer's Office.
- k) A proposal may be rejected if it is conditional or incomplete, or if it contains any alterations of form or other irregularities of any kind. The California State Treasurer's Office may reject any or all proposals and may waive any immaterial deviation in a proposal. The waiver of an immaterial deviation shall in no way modify the proposal document nor excuse the proposer from full compliance with all requirements if awarded the Agreement.
- l) The proposal package should be prepared in the least expensive method. Costs for developing proposals are entirely the responsibility of the proposer and shall not be charged to the California State Treasurer's Office or the State of California.
- m) All proposals must include the documents identified in RFP Attachment 1, *Required Attachment Checklist*. Proposals not including the required attachments may be considered non-responsive and may be rejected by the California State Treasurer's Office.
- n) An individual who is authorized to bind the proposing company contractually shall sign RFP Attachment 2, *Proposal/Proposer Certification*. The signature must indicate the title or position that the individual holds in the company. An unsigned proposal may be rejected.
- o) A proposing company may modify a proposal after its submission by withdrawing its original proposal and resubmitting a new proposal prior to the deadline for submission of proposals as identified in RFP section C.1., *Key Action Dates*. The submission of a new proposal must comply with requirements of this section. Proposal modifications offered in any other manner will not be considered.
- p) A proposer may withdraw its proposal by submitting a written withdrawal request, signed by an individual who is authorized to bind the proposing company contractually. A proposer may thereafter submit a new proposal prior to the proposal submission deadline. Proposals may not be withdrawn without cause after the deadline for submission of proposals as identified in RFP section C.1., *Key Action Dates*.
- q) The California State Treasurer's Office may modify the RFP prior to the deadline for submission of proposals as identified in RFP section C.1., *Key Action Dates* by the

- issuance of a written addendum made available in the California State Contracts Register located at <https://caleprocure.ca.gov/>.
- r) The California State Treasurer's Office reserves the right to reject all proposals. The agency is not required to award an Agreement.
 - s) Before submitting a response to this RFP, proposers should fully review their proposal, correct any errors, and confirm compliance with all RFP requirements.
 - t) Where applicable, proposers should carefully examine work sites and specifications. No additions or increases to the Agreement amount will be made due to a lack of careful examination of work sites and specifications.
 - u) The State of California does not accept alternate Agreement language from proposing companies. Proposals with alternate language will be considered counterproposals and will be rejected by the California State Treasurer's Office. The State's General Terms and Conditions (GTC 04/2017) are not negotiable.
 - v) No oral understanding or agreement shall be binding upon either party.
 - w) In the event of conflict, California legal codes and regulations as applicable, have precedence over any instruction provided in this RFP.

6. Evaluation Process

At the time of proposal opening, each proposal will be checked for the presence or absence of required information in conformance with RFP section C.4., *Content and Format of Proposals*. The absence of required information may cause a proposal to be considered non-responsive and may be rejected by the California State Treasurer's Office. A non-responsive proposal is one that does not meet the basic proposal requirements.

Proposals that contain false or misleading statements, or provide references which do not support an attribute or condition claimed by the proposer, may be considered non-responsive and may be rejected by the California State Treasurer's Office.

Please note, there is no requirement to award an Agreement if, in the opinion of the California State Treasurer's Office, no proposals were received containing a reasonable price or if there is another business-based reason not to make an award. Award, if made, will be to the company with the responsive proposal earning the highest total score.

Responsive proposals will be reviewed and scored by an evaluation committee according to the rating/scoring criteria indicated below:

| Category | Total Possible Points |
|---|-----------------------|
| Background and Experience | |
| Company and subcontractor history and competencies, per RFP sections C.4.c).i and ii. | 10 |
| Project team, per RFP section C.4.c).iii. | 15 |
| Draft Work Plan | |
| Plan for managing the project and the proposed methodologies, per RFP section C.4.d). | 20 |
| Market Analysis | |
| Understanding of and approach to the Market Analysis, per RFP section C.4.e). | 25 |
| Fees and Costs | |
| Costs, per RFP section C.4.f) and Attachment 6, Cost Proposal Worksheet. | 30 |
| Total Possible Points | 100 |

The following scale will be used to score the responses to each scored category except with regard to costs:

| Points Awarded | Interpretation | General Basis for Point Assignment |
|----------------|--------------------|---|
| 100% | Excellent | Response comprehensively meets the needs, requirements, and expectations with a very high degree of confidence. Proposal offers many significant enhancing features, methods, or approaches with superior understanding, background, experience, and expertise. |
| 60% | Good | Response addresses the area being scored. Does a good job in demonstrating understanding, experience, expertise, and/or methods. Provides a good degree of confidence with minimal or no weaknesses. |
| 30% | Fair | Response addresses the area being considered, demonstrating a moderate or adequate degree of understanding, experience, expertise, and/or methods sufficient to perform the work. Provides a fair degree of confidence with some weaknesses. |
| 10% | Minimally Adequate | Response is minimally adequate to possibly meet the needs, requirements, and/or expectations. Does a poor job in demonstrating understanding, experience, expertise, and/or methods. One or more areas of consideration are addressed in such a limited way that results in a low degree of confidence. |
| 0% | Inadequate | Fails to adequately address the area being scored; or does not demonstrate sufficient understanding, experience, expertise, and/or methods; or does little beyond repeating or paraphrasing the requirement. Any omissions, flaws, or defects are materially significant and considered unacceptable. |

The lowest total cost proposal is awarded the maximum cost points available (30 points). Other proposals are awarded total cost points based on the following calculation:

$$\begin{aligned} & (\text{Lowest Cost Proposal} / \text{Other Cost Proposal}) = (\text{factor}) \\ \text{Total Cost points for Other Cost Proposal} & = (\text{factor}) \times \text{maximum cost points} \end{aligned}$$

EXAMPLE: A maximum of 30 points is available
Lowest Cost Proposal = \$1,875,000
Other Cost Proposal = \$2,500,000
 $(\text{Lowest cost proposal} / \text{Other cost proposal}) = \$1,875,000 / \$2,500,000 = \frac{3}{4}$
Total cost points awarded to other proposal = $\frac{3}{4} \times 30 = 22.5$ points

7. Tiebreaker

In the event two (2) or more responsive and responsible proposers earn the highest score, the Agreement will be awarded to the responsive and responsible company earning the higher score in Draft Work Plan. If the scores for Background and Experience are the same, the Agreement will be awarded to the responsive and responsible proposer earning the higher score for Fees and Cost.

In the event of a precise tie between the low responsible proposal of a certified Small Business and the low responsible proposal of a certified Disabled Veteran Business Enterprise that is also a Small Business, the Agreement must be awarded to the Disabled Veteran Business Enterprise according to the State Contracting Manual, Volume 1, Chapter 8.21.C.

8. Award and Protest

A Notice of Intent to Award an Agreement will be posted in a public place in the California State Treasurer's Office located at 901 P Street, Sacramento, CA 95814 and will be posted on the following Internet site for five (5) working days prior to awarding the Agreement: <https://www.treasurer.ca.gov/cbrc/index.asp>

If any proposing company, prior to the award of the Agreement, files a protest with the California State Treasurer's Office and the Department of General Services on the grounds that their company should have been awarded an Agreement pursuant to the specifications identified in PCC § 10345(b)(2), the Agreement shall not be awarded until either the protest has been withdrawn or the Department of General Services has made a decision on the matter.

An initial written statement of protest, including the RFP Number, the name of the State Agency, and the contact person listed within the RFP, should be submitted to:

California State Treasurer's Office
Attention: Mr. Andre Rivera
901 P Street, Suite 213B
Sacramento, CA 95814
Email Address:
Andre.Rivera@treasurer.ca.gov

Department of General Services
Office of Legal Services
Attention: Protest Coordinator
707 Third Street, 7th Floor, Suite 7-330
West Sacramento, CA 95605
Email Address:
OLSProtests@dgs.ca.gov

If submitting the initial written statement of protest via mail, it is recommended that the company do so via certified or registered mail.

Within five (5) days of submitting the initial statement of protest, the company shall then submit to the California State Treasurer's Office and the Department of General Services a full and complete detailed written statement specifying the grounds for the protest.

If the protest is based on permissible grounds, the Department of General Services will decide the protest and prepare a written decision within 30 days of the final submission of evidence.

9. Disposition of Proposals

Upon proposal opening, all documents submitted in response to this RFP will become the property of the California State Treasurer's Office and the State of California, and will be regarded as public records under the California Public Records Act (Government Code § 6250 et seq.) and subject to review by the public. The State of California cannot prevent the disclosure of public documents. However, the contents of all proposals, correspondence, agenda, memoranda, working papers, or any other medium which discloses any aspect of a proposal shall be held in the strictest confidence until the Notice of Intent to Award an Agreement is posted.

Upon posting of the Notice of Intent to Award, access to the procurement documents can be assured by submitting a public records request to the State Treasurer's Office via email to: recordsrequests@treasurer.ca.gov.

10. Agreement Execution and Performance

The effective date of this Agreement is either the Anticipated Commencement Date listed in RFP section C.1., *Key Action Dates*, or the date of approval of the Agreement by the Department of General Services, whichever is later. No work shall commence until the effective date.

Performance shall start no later than fifteen (15) days after the express date set by the California State Treasurer's Office and the selected Contractor. Should the selected Contractor fail to commence work at the agreed-upon time, the California State

Treasurer's Office, upon five (5) days' written notice to the selected Contractor, reserves the right to terminate the Agreement. In addition, the selected Contractor shall be liable to the California State Treasurer's Office for the difference between the selected Contractor's proposal price and the actual cost of performing work by another Contractor.

All performance under the Agreement shall be completed on or before the termination date of the Agreement.

D. PREFERENCE PROGRAMS AND PARTICIPATION REQUIREMENTS

1. Small Business (SB) or Microbusiness (MB) Preference

A five percent (5%) preference will be applied to certified SBs/MBs submitting proposals in response to this RFP. To obtain the preference, the proposing company must either be a certified SB/MB or be in the process of becoming a certified SB/MB. Proposing companies that wish to obtain the preference shall submit a copy of their certification approval letter from the Department of General Services. Proposing companies in the process of becoming a certified SB/MB must complete the certification process by the time of proposal submission.

[Apply for or Re-Apply for Certification as a Small Business or Microbusiness](#)

The 5% preference is used only for computation purposes to determine the winning proposal and does not alter the amounts of the resulting contract, if any. Once each proposal has been scored, if the highest scored proposal is from a non-SB/MB, then 5% of the highest scoring proposal is added to the total "earned" points for each proposal submitted by a certified SB/MB. These final numbers, with the 5% preference included, are then used to determine the new highest scoring proposal. See RFP Attachment 13, *Small Business or Microbusiness Preference*, for additional information.

2. Non-Small Business (SB) or Microbusiness (MB) Preference

A five percent (5%) preference is available to a non-SB/MB claiming twenty-five percent (25%) subcontractor participation by a certified SB/MB. If claiming the non-SB/MB subcontractor preference, the proposal must include a list of the certified SBs/MBs with which the proposing company commits to subcontract in an amount of at least 25% of the net proposal price. Each certified SB/MB included in the list must perform a "commercially useful function" as defined in Government Code Section 14837(d)(4).

The required list of SBs/MBs with which the proposing company commits to subcontract in an amount of at least 25% of the net proposal price shall be included on the [Bidder Declaration \(GSPD-05-105\)](#) as provided in RFP Attachment 12.

The preference to a non-SB/MB shall be 5% of the highest scoring proposal. A non-SB/MB, which qualifies for this preference, may not take an award away from a certified SB/MB. See RFP Attachment 14, *Non-Small Business or Microbusiness Preference* for additional information.

3. Target Area Contract Preference Act (TACPA)

This solicitation provides for an optional TACPA preference. The TACPA program was established to stimulate business investments in distressed areas of the State and create job opportunities for Californians. Proposing companies are not required to apply for this preference. Both the TACPA workplace and workforce preferences will be evaluated for this solicitation. See RFP Attachment 17, *Target Area Contract Preference Act (TACPA)*, for additional information.

4. Disabled Veterans Business Enterprise (DVBE) Participation Requirement

This solicitation includes a **requirement for a minimum of 3% participation** by California Disabled Veteran Business Enterprises (DVBE). [Apply for or Re-Apply for Certification as a Disabled Business Veteran Enterprise](#).

If committing to subcontract with a certified DVBE, the proposal must include a list of the certified DVBEs that will be acting as subcontractors. The required list of certified DVBEs shall be included on the [Bidder Declaration \(GSPD-05-105\)](#) as provided in RFP Attachment 12. Each certified DVBE included in the list must perform a "commercially useful function" as defined in Government Code Section 14837(d)(4).

Proposing companies or subcontractors who have been certified by the Department of General Services as a DVBE must submit a completed [DGS PD 843 \(Disabled Veteran Business Enterprise Declaration\)](#) form with the proposal response. See RFP Attachment 16, *DVBE Participation Requirements*, for additional information.

Any contract awarded to a company committing to subcontract with a certified DVBE will follow requirements as provided in MVC 999.7 including permanent withholds and deductions for non-compliance with the STD. 817 reporting process.

E. SUBCONTRACTOR REQUIREMENTS

It is the proposing company's responsibility to ensure that any subcontractor used to fulfill the requirements of this solicitation, which is expected to receive more than twenty percent (20%) of the evaluated total value of the contract, must also meet all requirements of this RFP, as applicable to the services provided by the subcontractor.

The selected Contractor shall be responsible for the successful performance of all subcontractors and support services offered in response to this solicitation. All State policies,

guidelines, and requirements that apply to the Contractor also apply to subcontractors, as applicable to the products and services they provide and to their role as a subcontractor. The State will consider the Contractor to be the sole point of contact regarding contractual matters for the term of the resulting Agreement. The Contractor shall not assign financial collection or receipt to a third-party without prior written approval by the State via an amendment to the awarded contract.

The selected Contractor shall not change subcontractor(s) and/or DGS certified DVBE subcontractor(s) if such changes conflict with the work to be performed under this Agreement. For DVBE subcontractor changes, the selected Contractor shall utilize another DVBE subcontractor. For DGS certified Small Business or Microbusiness subcontractors when the proposal claimed at least 25% DGS certified Small Business subcontractor participation per RFP section D.2., *Non-Small Business or Microbusiness Preference*, the Contractor shall utilize another DGS certified Small Business subcontractor. The State recognizes that changes to subcontractor(s) may be necessary and in the best interests of the State. However, advance notification of a contemplated change and the reasons for such change should be made to the State at least seven (7) business days prior to the existing subcontractor's termination. The State contract administrator or designee must approve any changes to the subcontractor(s), including, if possible, prior to the termination of the existing subcontractor(s). This also includes any subcontractor changes made between submittal of the proposal and actual start of the contract.

The State will not compensate the selected Contractor for any time or effort to acquire, educate or otherwise make the new subcontractor(s) ready to begin work on the contract.

The selected Contractor shall ensure that its subcontracts include all necessary clauses required by the Agreement with the State and by applicable law, including but not limited to section 10, Nondiscrimination Clause, of the State's General Terms and Conditions (GTC 04/2017).

F. REQUIRED ATTACHMENTS

All proposals must include the applicable documents identified in RFP Attachment 1, *Required Attachment Checklist*. Proposals not including the required attachments may be considered non-responsive and may be rejected by the California State Treasurer's Office. A non-responsive proposal is one that does not meet the basic proposal requirement.

ATTACHMENT 1

REQUIRED ATTACHMENT CHECKLIST

Complete this checklist to confirm the items in your proposal. Place a check mark or "X" next to each item that you are submitting to the State. For your proposal to be responsive, all required attachments must be returned. This checklist should be returned with your proposal package also.

| <u>Attachment #</u> | <u>Attachment Description</u> |
|---------------------|---|
| _____ | Attachment 1 - Required Attachment Checklist |
| _____ | Attachment 2 - Proposal/Proposer Certification |
| _____ | Attachment 3 - Minimum Qualifications Certification |
| _____ | Attachment 4 - Proposer References |
| _____ | Attachment 5 - Resumes of Key Personnel |
| _____ | Attachment 6 - Cost Proposal Worksheet |
| _____ | Attachment 7 - Payee Data Record (STD. 204) |
| _____ | Attachment 8 - Darfur Contracting Act Certification |
| _____ | Attachment 9 - Iran Contracting Act Certification |
| _____ | Attachment 10 - Contractor Certification Clauses (CCC 04/2017) |
| _____ | Attachment 11 - California Civil Rights Laws Certification |
| _____ | Attachment 12 - Bidder Declaration (GSPD-05-105) |
| _____ | Attachment 13 - Small Business or Microbusiness Preference* |
| _____ | Attachment 14 - Non-Small Business or Microbusiness Preference* |
| _____ | Attachment 15 - Commercially Useful Function Evaluation |
| _____ | Attachment 16 - DVBE Participation Requirements |
| _____ | Attachment 17 - Target Area Contract Preference Act (TACPA)* |

*If Applicable

ATTACHMENT 2

PROPOSAL/PROPOSER CERTIFICATION

This Proposal/Proposer Certification must be signed and returned along with all the "required attachments" as an entire package with original signatures. The proposal must be transmitted in a sealed package in accordance with RFP instructions.

Do not return the RFP nor the "Sample Agreement" at the end of this RFP.

- A. Place all required attachments behind this certification.
- B. The signature affixed hereon and dated certifies compliance with all the requirements of this proposal document. The signature below authorizes the verification of this certification.

**An Unsigned Proposal/Proposer Certification
May Be Cause For Rejection**

| | | |
|--|--|---|
| 1. Company Name | 2. Telephone Number () | 2a. Email |
| 3. Address | | |
| Indicate your organization type: | | |
| 4. <input type="checkbox"/> Sole Proprietorship | 5. <input type="checkbox"/> Partnership | 6. <input type="checkbox"/> Corporation |
| Indicate the applicable employee and/or corporation number: | | |
| 7. Federal Employee ID No. (FEIN) | 8. California Corporation No. | |
| 9. Indicate applicable license and/or certification information: | | |
| 10. Proposer's Name (Print) | 11. Title | |
| 12. Signature | 13. Date | |
| 14. Are you certified with the Department of General Services, Office of Small Business and Disabled Veteran Business Enterprise Services (OSDS) as: | | |
| a. California Small Business Yes <input type="checkbox"/> No <input type="checkbox"/> If yes, enter certification number: _____ | b. Disabled Veteran Business Enterprise Yes <input type="checkbox"/> No <input type="checkbox"/> If yes, enter your service code below: _____ | |
| NOTE: Proof of Certification is required to be included if either of the above items is checked "Yes" and will be verified. | | |
| Date application was submitted to OSDS, if an application is pending: | | |

Completion Instructions for Proposal/Proposer Certification

Complete the numbered items on the Proposal/Proposer Certification by following the instructions below.

| Item Numbers | Instructions |
|-----------------------|---|
| 1, 2, 2a, 3 | Must be completed. These items are self-explanatory. |
| 4 | Check if your firm is a sole proprietorship. A sole proprietorship is a form of business in which one person owns all the assets of the business in contrast to a partnership and corporation. The sole proprietor is solely liable for all the debts of the business. |
| 5 | Check if your firm is a partnership. A partnership is a voluntary agreement between two or more competent persons to place their money, effects, labor, and skill, or some or all of them in lawful commerce or business, with the understanding that there shall be a proportional sharing of the profits and losses between them. An association of two or more persons to carry on, as co-owners, a business for profit. |
| 6 | Check if your firm is a corporation. A corporation is an artificial person or legal entity created by or under the authority of the laws of a state or nation, composed, in some rare instances, of a single person and his successors, being the incumbents of a particular office, but ordinarily consisting of an association of numerous individuals. |
| 7 | Enter your federal employee tax identification number. |
| 8 | Enter your corporation number assigned by the California Secretary of State's Office. This information is used for checking if a corporation is in good standing and qualified to conduct business in California. |
| 9 | Complete, if applicable, by indicating the type of license and/or certification that your firm possesses and that is required for the type of services being procured. |
| 10, 11, 12, 13 | Must be completed. These items are self-explanatory. |
| 14 | If certified as a California Small Business, place a check in the "yes" box, and enter your certification number on the line. If certified as a Disabled Veterans Business Enterprise, place a check in the "Yes" box and enter your service code on the line. If you are not certified to one or both, place a check in the "No" box. If your certification is pending, enter the date your application was submitted to OSDS. |

ATTACHMENT 3

MINIMUM QUALIFICATIONS CERTIFICATION

The company certifies that it fulfills the minimum qualifications outlined in Section B of Request for Proposals (RFP) No. SA000004-23.

On behalf of _____,
(Company Name)

I certify that said company, including any and all subcontractors, complies with the Minimum Qualifications set forth in Section B of RFP No. SA000004-23.

(Authorized Signature)

(Company Name)

(Print Name)

(Date)

(Title)

ATTACHMENT 4

PROPOSER REFERENCES

Submission of this attachment is mandatory. Failure to complete and return this attachment with your proposal may cause your proposal to be rejected and deemed nonresponsive.

List below three references for services performed, which are similar to the scope of work to be performed in the resulting Agreement as stated in RFP section B.1.c). If three references cannot be provided, please explain why on an attached sheet of paper. If more references are submitted, use additional forms. If more space is needed for the descriptions, attach additional pages.

| REFERENCE 1 | | | |
|---------------------------------------|------|--------------------------|-----|
| Name of Organization | | | |
| Street Address | City | State | Zip |
| Contact Person | | Telephone Number | |
| Dates of Service | | Value or Cost of Service | |
| Brief Description of Service Provided | | | |

| REFERENCE 2 | | | |
|---------------------------------------|------|--------------------------|-----|
| Name of Organization | | | |
| Street Address | City | State | Zip |
| Contact Person | | Telephone Number | |
| Dates of Service | | Value or Cost of Service | |
| Brief Description of Service Provided | | | |

| REFERENCE 3 | | | |
|---------------------------------------|------|--------------------------|-----|
| Name of Organization | | | |
| Street Address | City | State | Zip |
| Contact Person | | Telephone Number | |
| Dates of Service | | Value or Cost of Service | |
| Brief Description of Service Provided | | | |

SUBCONTRACTOR REFERENCES

List below three references for services performed, which are similar to the scope of work to be performed in the resulting Agreement as stated in RFP section B.2.b). If three references cannot be provided, please explain why on an attached sheet of paper. If more references are submitted, use additional forms. If more space is needed for the descriptions, attach additional pages.

SUBCONTRACTOR NAME: _____

REFERENCE 1

| | | | |
|---------------------------------------|------|--------------------------|-----|
| Name of Organization | | | |
| Street Address | City | State | Zip |
| Contact Person | | Telephone Number | |
| Dates of Service | | Value or Cost of Service | |
| Brief Description of Service Provided | | | |

REFERENCE 2

| | | | |
|---------------------------------------|------|--------------------------|-----|
| Name of Organization | | | |
| Street Address | City | State | Zip |
| Contact Person | | Telephone Number | |
| Dates of Service | | Value or Cost of Service | |
| Brief Description of Service Provided | | | |

REFERENCE 3

| | | | |
|---------------------------------------|------|--------------------------|-----|
| Name of Organization | | | |
| Street Address | City | State | Zip |
| Contact Person | | Telephone Number | |
| Dates of Service | | Value or Cost of Service | |
| Brief Description of Service Provided | | | |

ATTACHMENT 5

RESUMES OF KEY PERSONNEL

Provide a resume of each key personnel identified in the proposal. Resumes should clearly demonstrate that the minimum qualifications of RFP section B.3, *Team Qualifications*, have been met for:

- project management
- banking regulations
- financial transaction
- market analysis
- market research

Identify a project manager. The selected Contractor's Project Manager is expected to be a senior staff member, and is expected to be dedicated full-time to the project at least until the Draft Report is submitted. The Project Manager will be the primary point of contact for the project.

ATTACHMENT 6

COST PROPOSAL WORKSHEET

The Cost Proposal Worksheet must be completed. See the instructions following the cost tables for specific requirements and details.

Cost of Key Personnel

Cost Table 1, Cost of Key Personnel

| Name | Project Role | Organization | Hourly Rate | Estimated Hours | % of Total Hours | Estimated Cost |
|----------------------------------|--------------|--------------|-------------|-----------------|------------------|----------------|
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| | | | | | | |
| Totals for Key Personnel: | | | | | | |

Cost of Proposed Expenses

Cost Table 2, Cost of Field and Remote Survey Work

| Name of Subcontractor or Supplier | Service Provided | Estimated Cost |
|---|-------------------------|-----------------------|
| | | |
| | | |
| | | |
| | | |
| Total for field and telephone survey work: | | |

Cost Table 3, Cost of Language Translation Services

| Name of Subcontractor or Supplier | Service Provided | Estimated Cost |
|---|-------------------------|-----------------------|
| | | |
| | | |
| | | |
| | | |
| Total for language translation services: | | |

Summary

Cost Table 4, Summary Cost Table

| Project Cost Element | Project Cost |
|---|---------------------|
| Total for Key Personnel | |
| Total for field and remote survey work | |
| Total for language translation services | |
| Total Cost: | |

Cost Proposal Worksheet Instructions

To be included in the Proposer's submitted Attachment 6

Cost Table 1, Cost of Key Personnel

Cost Table 1 should indicate the hourly rate of all staff who will exercise a significant administrative, policy, or consulting role under the resulting Agreement. Billable personnel hours shall only be allowed for named key personnel identified here, or as later modified per RFP section A.4.d)v., *Key Personnel*.

- The proposer must list all individuals that will be billed hourly by the Contractor, whether employed by the Contractor or by subcontractors. If a named individual is listed more than once, e.g., for multiple project roles, the same person must always be listed at the same hourly rate.
- Under "Organization" list the name of the company that the person is employed by, i.e., the Contractor's organization, a subcontractor, or a supplier. Sole proprietors must list their business organization's legal name under "Organization."
- Estimated hours shall be for the total duration of the Agreement. Note that deliverable work concludes approximately ten months after the contract start date, even though the contract term continues for over another year. The proposer is advised to include sufficient hours to respond to STO requests for work in support of Legislative and Commission hearings and meetings throughout the duration of the Agreement per RFP section A.4.b), *Support for Hearings and Meetings*.
- Travel expenses by Key Personnel shall not be billable. Travel time by Key Personnel to attend meetings in Sacramento shall not be billable. Hours spent on normal business overhead activities, even if related to the project, shall not be billable. Examples of such non-billable time include accounting and finance, human resources, reception, travel arrangements, et cetera. Time spent on these non-billable activities by STO approved Key Personnel shall not be billable.
- Because the hours per individual are estimates, the Contractor's actual expenditure of hours (and therefore costs) per individual may vary from that shown in Cost Table 1. However, the cumulative billing of all STO approved Key Personnel shall not exceed the total amount indicated in Cost Table 1, except as indicated under Cost Table 4 instructions.

Cost Table 2, Cost of Field and Remote Survey Work

The Contractor may bill for subcontracted survey work carried out in person in the field, remotely via telephone, or by other means, as described in the proposer's approved proposal. The Contractor may only bill for subcontracted survey work identified in Cost Table 2:

- The proposer must list all subcontractors and suppliers that will be used for survey work and estimate the total cost to the STO per subcontractor or supplier. All translation work to be

performed directly by the Contractor's employees shall be included in Cost Table 1, Cost of Key Personnel, and shall not be included in Cost Table 2.

- Travel costs, and other direct and indirect expenses shall not be separately billable to the STO, but shall be incorporated into the cost of the subcontracted or purchased survey services.
- If the proposer desires to invoice the STO for hours worked by key personnel of the subcontracted survey firms, e.g., for survey development, data and statistical analysis, report generation, meetings and consulting, etcetera, those personnel hours shall be included within Cost Table 1, and not included within the costs of Table 2.
- Under "Service Provided" briefly describe the type of service, such as, "field survey," "telephone survey," "internet survey," "print and mail survey," etc.
- All survey services included in Cost Table 2 must be clearly described in the proposer's draft Work Plan of RFP section C.4.d).
- Because the costs per subcontractor or supplier for survey work are estimates, the Contractor's billing for survey expenses per subcontractor or supplier may vary from that shown in Cost Table 2. However, cumulative billing of all STO approved subcontractor or supplier provided field or remote survey work not included in Cost Table 1 shall not exceed the total amount indicated in Cost Table 2, except as indicated under Cost Table 4 instructions. Billing shall not be more than ten percent (10%) above the actual costs incurred by the Contractor, which must be supported by copies of the subcontractor's or supplier's invoice documents. Costs shown in Cost Table 2 shall include the Contractor's markup of not more than 10%.

Cost Table 3, Cost of Language Translation Services

The Contractor may bill for subcontracted language translation services carried out in person in the field, remotely via telephone, or by other means, as described in the proposer's approved proposal. The Contractor may only bill for subcontracted language translation services identified in Cost Table 3:

- The proposer must list all subcontractors and suppliers that will be used for language translation services and estimate the total cost to the STO per subcontractor or supplier. All translation work to be performed directly by the Contractor's employees shall be included in Cost Table 1, Cost of Key Personnel, and shall not be included in Cost Table 3.
- Travel costs, and other direct and indirect expenses associated with translation services shall not be separately billable to the STO, but shall be incorporated into the cost of the subcontracted or purchased translation services.
- Under "Service Provided" briefly describe the type of service, such as, "in-person translation in the field," "remote translation via telephone or other means," "translation of online or printed material," etc.

- All language translation services included in Cost Table 3 must be clearly described and adequately justified in the proposer's draft Work Plan of RFP section C.4.d).
- Because the costs per subcontractor or supplier for language translation services are estimates, the Contractor's billing for survey expenses per subcontractor or supplier may vary from that shown in Cost Table 3. However, cumulative billing of all STO approved language translation services shall not exceed the total amount indicated in Cost Table 3, except as indicated under Cost Table 4 instructions. Billing shall not be more than ten percent (10%) above the actual costs incurred by the Contractor, which must be supported by copies of the subcontractor's or supplier's invoice documents. Costs shown in Cost Table 3 shall include the Contractor's markup of not more than 10%.

Cost Table 4, Summary Cost Table

- Under "Project Cost" list the totals from Cost Tables 1, 2 and 3.
- With the written approval of the STO project manager, the Contractor may apply unused funds from any category (key personnel, survey work, or translation services) to any other category (key personnel, survey work, or translation services) to accommodate project needs and efficiencies. The request for STO project manager approval shall be in writing and shall present the reasons for the request. Any change in fund allocations shall not relieve the Contractor from its contractual obligations. The STO project manager shall have complete authority to approve or deny all such requests. If approved, the reallocations shall be considered an administrative action, and shall not require contract amendment and approval by DGS.
- If the proposer is awarded the Agreement, the "Total Cost" shall be the total amount of the Agreement.

The amount of the Agreement shall not exceed \$2,500,000.00 over the entire term of the Agreement, including any optional extension. Rates shall remain same throughout the term of the Agreement.

Please note, ten percent (10%) of each invoice shall be reserved until all work is completed but in no event later than June 30, 2025.

Additionally, this agreement will follow requirements as provided in MVC 999.7 including permanent withholds and deductions for non-compliance with the STD. 817 reporting process.

ATTACHMENT 7

PAYEE DATA RECORD (STD. 204)

Contractor must provide a taxpayer identification number (TIN) that has been assigned by the Federal Government. The TIN is entered on the Payee Data Record (STD. 204) and retained in our accounting department.

Click here to access the Payee Data Record (STD. 204) form:
<http://www.documents.dgs.ca.gov/dgs/fmc/pdf/std204.pdf>

ATTACHMENT 8

DARFUR CONTRACTING ACT CERTIFICATION

Pursuant to Public Contract Code section 10478, if a proposer currently or within the previous three years has had business activities or other operations outside of the United States, it must certify that it is not a "scrutinized" company as defined in Public Contract Code section 10476.

Therefore, to be eligible to submit a proposal, please insert your company name and Federal ID Number and complete only one of the following three paragraphs (via initials for Paragraph # 1 or Paragraph # 2, or via initials and certification for Paragraph # 3):

| | |
|---|--------------------------|
| <i>Company/Vendor Name (Printed)</i> | <i>Federal ID Number</i> |
| <i>Printed Name and Title of Person Initialing (for Options 1 or 2)</i> | |

1. _____ We do not currently have, and have not had within the previous three years,
Initials business activities or other operations outside of the United States.

OR

2. _____ We are a scrutinized company as defined in Public Contract Code
Initials section 10476, but we have received written permission from the Department of General Services (DGS) to submit a proposal pursuant to Public Contract Code section 10477(b). A copy of the written permission from DGS is included with our proposal.

OR

3. _____ We currently have, or we have had within the previous three years,
Initials business activities or other operations outside of the United States,
+ certification but we certify below that we are not a scrutinized company
below as defined in Public Contract Code section 10476.

CERTIFICATION for Paragraph # 3.

I, the official named below, CERTIFY UNDER PENALTY OF PERJURY that I am duly authorized to legally bind the prospective proposer to the clause listed above in Paragraph # 3. This certification is made under the laws of the State of California.

| | |
|---|--|
| <i>By (Authorized Signature)</i> | |
| <i>Printed Name and Title of Person Signing</i> | |
| <i>Date Executed</i> | <i>Executed in the County and State of</i> |

ATTACHMENT 9

IRAN CONTRACTING ACT CERTIFICATION

(Public Contract Code sections 2202-2208)

Prior to bidding on, submitting a proposal or executing a contract or renewal for a State of California contract for goods or services of \$1,000,000 or more, a vendor must either: a) certify it is **not** on the current list of persons engaged in investment activities in Iran created by the California Department of General Services ("DGS") pursuant to Public Contract Code section 2203(b) and is not a financial institution extending twenty million dollars (\$20,000,000) or more in credit to another person, for 45 days or more, if that other person will use the credit to provide goods or services in the energy sector in Iran and is identified on the current list of persons engaged in investment activities in Iran created by DGS; or b) demonstrate it has been exempted from the certification requirement for that solicitation or contract pursuant to Public Contract Code section 2203(c) or (d).

To comply with this requirement, please insert your vendor or financial institution name and Federal ID Number (if available) and complete **one** of the options below. Please note: California law establishes penalties for providing false certifications, including civil penalties equal to the greater of \$250,000 or twice the amount of the contract for which the false certification was made; contract termination; and three-year ineligibility to bid on contracts. (Public Contract Code section 2205.)

OPTION #1 - CERTIFICATION

I, the official named below, certify I am duly authorized to execute this certification on behalf of the vendor/financial institution identified below, and the vendor/financial institution identified below is **not** on the current list of persons engaged in investment activities in Iran created by DGS and is not a financial institution extending twenty million dollars (\$20,000,000) or more in credit to another person/vendor, for 45 days or more, if that other person/vendor will use the credit to provide goods or services in the energy sector in Iran and is identified on the current list of persons engaged in investment activities in Iran created by DGS.

| | |
|--|-----------------------------------|
| <i>Vendor Name/Financial Institution (Printed)</i> | <i>Federal ID Number (or n/a)</i> |
| <i>By (Authorized Signature)</i> | |
| <i>Printed Name and Title of Person Signing</i> | |
| <i>Date Executed</i> | <i>Executed in</i> |

OPTION #2 – EXEMPTION

Pursuant to Public Contract Code sections 2203(c) and (d), a public entity may permit a vendor/financial institution engaged in investment activities in Iran, on a case-by-case basis, to be eligible for, or to bid on, submit a proposal for, or enters into or renews, a contract for goods and services.

If you have obtained an exemption from the certification requirement under the Iran Contracting Act, please fill out the information below, and attach documentation demonstrating the exemption approval.

| | |
|--|-----------------------------------|
| <i>Vendor Name/Financial Institution (Printed)</i> | <i>Federal ID Number (or n/a)</i> |
| <i>By (Authorized Signature)</i> | |
| <i>Printed Name and Title of Person Signing</i> | <i>Date Executed</i> |

ATTACHMENT 10

CONTRACTOR CERTIFICATION CLAUSES (CCC 04/2017)

CERTIFICATION

I, the official named below, CERTIFY UNDER PENALTY OF PERJURY that I am duly authorized to legally bind the prospective Contractor to the clause(s) listed below. This certification is made under the laws of the State of California.

| | | |
|---|----------------------------------|--------------------------|
| <i>Contractor/Proposer Firm Name (Printed)</i> | | <i>Federal ID Number</i> |
| <i>By (Authorized Signature)</i> | | |
| <i>Printed Name and Title of Person Signing</i> | | |
| <i>Date Executed</i> | <i>Executed in the County of</i> | |

CONTRACTOR CERTIFICATION CLAUSES

1. **STATEMENT OF COMPLIANCE:** Contractor has, unless exempted, complied with the nondiscrimination program requirements. (Gov. Code §12990 (a-f) and CCR, Title 2, Section 11102) (Not applicable to public entities.)

2. **DRUG-FREE WORKPLACE REQUIREMENTS:** Contractor will comply with the requirements of the Drug-Free Workplace Act of 1990 and will provide a drug-free workplace by taking the following actions:

a. Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations.

b. Establish a Drug-Free Awareness Program to inform employees about:

- 1) the dangers of drug abuse in the workplace;
- 2) the person's or organization's policy of maintaining a drug-free workplace;
- 3) any available counseling, rehabilitation and employee assistance programs; and,
- 4) penalties that may be imposed upon employees for drug abuse violations.

c. Every employee who works on the proposed Agreement will:

- 1) receive a copy of the company's drug-free workplace policy statement; and,

- 2) agree to abide by the terms of the company's statement as a condition of employment on the Agreement.

Failure to comply with these requirements may result in suspension of payments under the Agreement or termination of the Agreement or both and Contractor may be ineligible for award of any future State agreements if the department determines that any of the following has occurred: the Contractor has made false certification, or violated the certification by failing to carry out the requirements as noted above. (Gov. Code §8350 et seq.)

3. NATIONAL LABOR RELATIONS BOARD CERTIFICATION: Contractor certifies that no more than one (1) final unappealable finding of contempt of court by a Federal court has been issued against Contractor within the immediately preceding two-year period because of Contractor's failure to comply with an order of a Federal court, which orders Contractor to comply with an order of the National Labor Relations Board. (Pub. Contract Code §10296) (Not applicable to public entities.)

4. CONTRACTS FOR LEGAL SERVICES \$50,000 OR MORE- PRO BONO

REQUIREMENT: Contractor hereby certifies that Contractor will comply with the requirements of Section 6072 of the Business and Professions Code, effective January 1, 2003. Contractor agrees to make a good faith effort to provide a minimum number of hours of pro bono legal services during each year of the contract equal to the lessor of 30 multiplied by the number of full time attorneys in the firm's offices in the State, with the number of hours prorated on an actual day basis for any contract period of less than a full year or 10% of its contract with the State.

Failure to make a good faith effort may be cause for non-renewal of a state contract for legal services, and may be taken into account when determining the award of future contracts with the State for legal services.

5. EXPATRIATE CORPORATIONS: Contractor hereby declares that it is not an expatriate corporation or subsidiary of an expatriate corporation within the meaning of Public Contract Code Section 10286 and 10286.1, and is eligible to contract with the State of California.

6. SWEATFREE CODE OF CONDUCT:

- a. All Contractors contracting for the procurement or laundering of apparel, garments or corresponding accessories, or the procurement of equipment, materials, or supplies, other than procurement related to a public works contract, declare under penalty of perjury that no apparel, garments or corresponding accessories, equipment, materials, or supplies furnished to the state pursuant to the contract have been laundered or produced in whole or in part by sweatshop labor, forced labor, convict labor, indentured labor under penal sanction, abusive forms of child labor or exploitation of children in sweatshop labor, or with the benefit of sweatshop labor, forced labor, convict labor, indentured labor under penal sanction, abusive forms of child labor or exploitation of children in sweatshop labor. The contractor further declares under penalty of perjury that they adhere to the Sweatfree Code of Conduct as set forth on the California Department of Industrial Relations website located at www.dir.ca.gov, and Public Contract Code Section 6108.

b. The contractor agrees to cooperate fully in providing reasonable access to the contractor's records, documents, agents or employees, or premises if reasonably required by authorized officials of the contracting agency, the Department of Industrial Relations, or the Department of Justice to determine the contractor's compliance with the requirements under paragraph (a).

7. DOMESTIC PARTNERS: For contracts of \$100,000 or more, Contractor certifies that Contractor is in compliance with Public Contract Code section 10295.3.

8. GENDER IDENTITY: For contracts of \$100,000 or more, Contractor certifies that Contractor is in compliance with Public Contract Code section 10295.35.

DOING BUSINESS WITH THE STATE OF CALIFORNIA

The following laws apply to persons or entities doing business with the State of California.

1. CONFLICT OF INTEREST: Contractor needs to be aware of the following provisions regarding current or former state employees. If Contractor has any questions on the status of any person rendering services or involved with the Agreement, the awarding agency must be contacted immediately for clarification.

Current State Employees (Pub. Contract Code §10410):

- 1). No officer or employee shall engage in any employment, activity or enterprise from which the officer or employee receives compensation or has a financial interest and which is sponsored or funded by any state agency, unless the employment, activity or enterprise is required as a condition of regular state employment.
- 2). No officer or employee shall contract on his or her own behalf as an independent contractor with any state agency to provide goods or services.

Former State Employees (Pub. Contract Code §10411):

- 1). For the two-year period from the date he or she left state employment, no former state officer or employee may enter into a contract in which he or she engaged in any of the negotiations, transactions, planning, arrangements or any part of the decision-making process relevant to the contract while employed in any capacity by any state agency.
- 2). For the twelve-month period from the date he or she left state employment, no former state officer or employee may enter into a contract with any state agency if he or she was employed by that state agency in a policy-making position in the same general subject area as the proposed contract within the 12-month period prior to his or her leaving state service.

If Contractor violates any provisions of above paragraphs, such action by Contractor shall render this Agreement void. (Pub. Contract Code §10420)

Members of boards and commissions are exempt from this section if they do not receive payment other than payment of each meeting of the board or commission, payment for preparatory time and payment for per diem. (Pub. Contract Code §10430 (e))

2. LABOR CODE/WORKERS' COMPENSATION: Contractor needs to be aware of the provisions which require every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions, and Contractor affirms to comply with such provisions before commencing the performance of the work of this Agreement. (Labor Code Section 3700)

3. AMERICANS WITH DISABILITIES ACT: Contractor assures the State that it complies with the Americans with Disabilities Act (ADA) of 1990, which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA. (42 U.S.C. 12101 et seq.)

4. CONTRACTOR NAME CHANGE: An amendment is required to change the Contractor's name as listed on this Agreement. Upon receipt of legal documentation of the name change the State will process the amendment. Payment of invoices presented with a new name cannot be paid prior to approval of said amendment.

5. CORPORATE QUALIFICATIONS TO DO BUSINESS IN CALIFORNIA:

a. When agreements are to be performed in the state by corporations, the contracting agencies will be verifying that the contractor is currently qualified to do business in California in order to ensure that all obligations due to the state are fulfilled.

b. "Doing business" is defined in R&TC Section 23101 as actively engaging in any transaction for the purpose of financial or pecuniary gain or profit. Although there are some statutory exceptions to taxation, rarely will a corporate contractor performing within the state not be subject to the franchise tax.

c. Both domestic and foreign corporations (those incorporated outside of California) must be in good standing in order to be qualified to do business in California. Agencies will determine whether a corporation is in good standing by calling the Office of the Secretary of State.

6. RESOLUTION: A county, city, district, or other local public body must provide the State with a copy of a resolution, order, motion, or ordinance of the local governing body which by law has authority to enter into an agreement, authorizing execution of the agreement.

7. AIR OR WATER POLLUTION VIOLATION: Under the State laws, the Contractor shall not be: (1) in violation of any order or resolution not subject to review promulgated by the State Air Resources Board or an air pollution control district; (2) subject to cease and desist order not subject to review issued pursuant to Section 13301 of the Water Code for violation of waste discharge requirements or discharge prohibitions; or (3) finally determined to be in violation of provisions of federal law relating to air or water pollution.

8. PAYEE DATA RECORD FORM STD. 204: This form must be completed by all contractors that are not another state agency or other governmental entity.

ATTACHMENT 11

CALIFORNIA CIVIL RIGHTS LAWS CERTIFICATION

Pursuant to Public Contract Code section 2010, a person that submits a bid or proposal to, or otherwise proposes to enter into or renew a contract with, a state agency with respect to any contract in the amount of \$100,000 or above shall certify, under penalty of perjury, at the time the bid or proposal is submitted or the contract is renewed, all of the following:

1. **CALIFORNIA CIVIL RIGHTS LAWS**: For contracts executed or renewed after January 1, 2017, the contractor certifies compliance with the Unruh Civil Rights Act (Section 51 of the Civil Code) and the Fair Employment and Housing Act (Section 12960 of the Government Code); and
2. **EMPLOYER DISCRIMINATORY POLICIES**: For contracts executed or renewed after January 1, 2017, if a Contractor has an internal policy against a sovereign nation or peoples recognized by the United States government, the Contractor certifies that such policies are not used in violation of the Unruh Civil Rights Act (Section 51 of the Civil Code) or the Fair Employment and Housing Act (Section 12960 of the Government Code).

CERTIFICATION

I, the official named below, certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

| | |
|--|--------------------------|
| Proposer/Bidder Firm Name (Printed) | Federal ID Number |
| By (Authorized Signature) | |
| Printed Name and Title of Person Signing | |
| Executed in the County of | Executed in the State of |
| Date Executed | |

ATTACHMENT 12

BIDDER DECLARATION (GSPD-05-105)

Complete the Bidder Declaration (GSPD-05-105) form and identify if your company is a Small Business, Micro-Business, and/or Disabled Veteran Business Enterprise. Also indicate any subcontractors, if applicable.

Click here to access the most recent version of the Bidder Declaration (GSPD-05-105) form:
<https://www.documents.dgs.ca.gov/dgs/fmc/gspd/gspd05-105.pdf>

ATTACHMENT 13

SMALL BUSINESS (SB) OR MICROBUSINESS (MB) PREFERENCE

(If Applicable)

A five percent (5%) preference will be applied to certified SBs/MBs submitting proposals in response to this RFP. To obtain the preference, the proposing company must either be a certified SB/MB or be in the process of becoming a certified SB/MB. Proposing companies that wish to obtain the preference shall submit a copy of their certification approval letter from the Department of General Services. Proposing companies in the process of becoming a certified SB/MB must complete the certification process by the time of proposal submission.

[Apply for or Re-Apply for Certification as a Small Business or Microbusiness](#)

The 5% preference is used only for computation purposes to determine the winning proposal and does not alter the amounts of the resulting contract, if any. Once each proposal has been scored, if the highest scored proposal is from a non-SB/MB, then 5% of the highest scoring proposal is added to the total "earned" points for each proposal submitted by a certified SB/MB. These final numbers, with the 5% preference included, are then used to determine the new highest scoring proposal.

ATTACHMENT 14

NON-SMALL BUSINESS (SB) OR MICROBUSINESS (MB) PREFERENCE

(If Applicable)

A five percent (5%) preference is available to a non-SB/MB claiming twenty-five percent (25%) subcontractor participation by a certified SB/MB. If claiming the non-SB/MB subcontractor preference, the proposal must include a list of the certified SBs/MBs with which the proposing company commits to subcontract in an amount of at least 25% of the net proposal price. Each certified SB/MB included in the list must perform a "commercially useful function" as defined in Government Code Section 14837(d)(4).

The required list of SBs/MBs with which the proposing company commits to subcontract in an amount of at least 25% of the net proposal price shall be included on the Bidder Declaration (GSPD-05-105) as provided in Attachment 12.

The preference to a non-SB/MB shall be 5% of the highest scoring proposal. A non-SB/MB, which qualifies for this preference, may not take an award away from a certified SB/MB.

ATTACHMENT 15

COMMERCIALLY USEFUL FUNCTION EVALUATION

Every Certified SB, MB, and DVBE must complete this form if they will be performing any element of work.

| | | |
|---------------------------------|----------------------------|------------------|
| CONTRACTOR INFORMATION | | |
| "DOING BUSINESS AS" (DBA) NAME: | OSDS CERTIFICATION NUMBER: | EXPIRATION DATE: |
| | | |

PLEASE MARK ALL THAT APPLY:

- Small Business Micro Business Disabled Veteran Business Enterprise
 Prime Contractor Sub-Contractor

| |
|-------------------------------------|
| COMMERCIALLY USEFUL FUNCTION |
|-------------------------------------|

All Certified Small Businesses, Micro Businesses, and Disabled Veteran Business Enterprises must meet the commercially useful function requirements under Government Code Section 14837 (d)(4) and/or Military Veterans Code Section 999 (b)(5)(B).

Please answer the following questions as they apply to your business for the goods and/or services being acquired:

1. Will your business be responsible for the execution of a distinct element of the resulting work? Yes No
2. Will your business carry out the obligation by actually performing, managing, and/or supervising the work involved? Yes No
3. Will your business be performing work that is normal for its business services and functions? Yes No
4. Will your business be responsible for the products, inventories, materials, and supplies required? Yes No
5. Will your business be subcontracting a portion of the work that is greater than normal industry standards? Yes No

A response of "no" to numbers 1-4 or "yes" to number 5 above will result in your proposal being disqualified.

| |
|------------------------------|
| AUTHORIZING SIGNATURE |
|------------------------------|

The signatory of this document must be the certified business owner (or an authorized representative in the case of a corporation) and as such, hereby certifies under penalty of perjury under the laws of the State of California that all information provided herein is truthful and accurate.

| | |
|--------------------------------------|--------|
| AUTHORIZED REPRESENTATIVE SIGNATURE: | TITLE: |
| | |
| PRINTED NAME: | DATE: |
| | |

ATTACHMENT 16

DISABLED VETERAN BUSINESS ENTERPRISE (DVBE) PARTICIPATION REQUIREMENTS

The Disabled Veteran Business Enterprise (DVBE) Participation Goal Program for State contracts is established in Public Contract Code (PCC) section 10115 et seq., Military and Veterans Code (MVC) section 999 et seq., and California Code of Regulations (CCR), title 2, section 1896.60 et seq. **This solicitation includes a minimum DVBE participation requirement. DVBE participation is required in the proposal.**

Any contract awarded to a company committing to subcontract with a certified DVBE will follow requirements as provided in MVC 999.7 including permanent withholds and deductions for non-compliance with the STD. 817 reporting process.

DVBE DECLARATION (DGS PD 843)

Proposers must submit a completed Disabled Veteran Business Enterprise Declaration, DGS PD 843, which demonstrates DVBE participation. All disabled veteran owners and disabled veteran managers of the DVBE(s) must sign the form(s) which may be obtained through the following link: https://www.documents.dgs.ca.gov/dgs/fmc/gs/pd/pd_843.pdf. The completed form must be included with the submitted proposal.

DVBE participation information submitted by the intended awardee will be verified by the State. If evidence of an alleged violation is found during the verification process, the State or the Department of General Services, Office of Small Business and DVBE Services (OSDS) shall initiate an investigation in accordance with PCC section 10115 et seq., MVC section 999 et seq., and CCR, title 2, section 1896.60 et seq. Contractors found to be in violation of certain provisions may be subject to loss of certification, contract termination, and/or other penalties.

Only State of California OSDS certified DVBEs that perform a commercially useful function relevant to this solicitation may be used to comply with the DVBE Participation Goal Program. Please see MVC section 999(b) and CCR, title 2, section 1896.62(l) regarding the performance of a commercially useful function. Proposers are to verify each DVBE subcontractor's certification with OSDS to ensure DVBE eligibility. Proposers cannot demonstrate DVBE Participation Goal Program compliance by performing a good faith effort.

At the State's option prior to contract award, proposers may be required to submit additional written clarifying information. Failure to submit the requested written information as specified may be grounds for proposal rejection.

ATTACHMENT 17

TARGET AREA CONTRACT PREFERENCE ACT (TACPA)

This solicitation provides for an optional TACPA preference. The TACPA program was established to stimulate business investments in distressed areas of the State and create job opportunities for Californians. Proposing companies are not required to apply for this preference. Both the TACPA workplace and workforce preferences will be evaluated for this solicitation.

Workplace preference - TACPA provides a 1 to 5 percent (1-5%) preference for a California business that is located in a qualified zone.

Workforce preference - TACPA provides a 1 to 4 percent (1-4%) preference for a California business that employs persons with a high risk of unemployment (Government Code Section 4532)

- 1% for 5-9% of workforce
- 2% for 10-14% of workforce
- 3% for 15-19% of workforce
- 4% for 20% or more of workforce

Proposing companies wishing to take advantage of the TACPA preference will need to review the following website and submit the appropriate documents with the proposal response:

<https://www.dgs.ca.gov/PD/Services/Page-Content/Procurement-Division-Services-List-Folder/Request-a-Target-Area-Contract-Preference>

TACPA Preference Request ([STD 830](#))

Bidder's Summary of Contract Activities and Labor Hours ([TACPA Form 526](#))

The State Treasurer's Office will send the applicable TACPA request documents to the Department of General Services, Procurement Division, Dispute Resolution Unit. TACPA preference requests are typically reviewed and processed by DGS within five (5) business days. If an award of this agreement is made based on the TACPA preference, DGS will monitor compliance directly with the Contractor throughout the life of the contract.

SCO ID:

STATE OF CALIFORNIA - DEPARTMENT OF GENERAL SERVICES

STANDARD AGREEMENT

AGREEMENT NUMBER

PURCHASING AUTHORITY NUMBER (If
Applicable)

SAMPLE

STD 213 (Rev. 04/2020)

1. This Agreement is entered into between the Contracting Agency and the Contractor named below:

CONTRACTING AGENCY NAME

California State Treasurer's Office

CONTRACTOR NAME

TBD

2. The term of this Agreement is:

START DATE

July 17, 2023 (or upon approval by the Department of General Services, whichever is later)

THROUGH END DATE

June 30, 2025

3. The maximum amount of this Agreement is:

\$2,500,000.00 (two million five hundred thousand dollars and zero cents)

4. The parties agree to comply with the terms and conditions of the following exhibits, which are by this reference made a part of the Agreement.

| Exhibits | Title | Pages |
|----------------------------|--|-------|
| Exhibit A | Scope of Work | |
| Exhibit A, Attachment 1 | Resumes of Key Personnel | |
| Exhibit B | Budget Detail and Payment Provisions | |
| Exhibit C | General Terms and Conditions (GTC 04/2017) | |
| Exhibit D | Special Terms and Conditions | |
| Exhibit E | Additional Provisions | |
| | Contractor's proposal is hereby incorporated by reference and made part of this agreement. | |

Items shown with an asterisk (), are hereby incorporated by reference and made part of this Agreement as if attached hereto.**These documents can be viewed at <https://www.dgs.ca.gov/OLS/Resources>****IN WITNESS WHEREOF, THIS AGREEMENT HAS BEEN EXECUTED BY THE PARTIES HERETO.*****CONTRACTOR**

CONTRACTOR NAME (if other than an individual, state whether a corporation, partnership, etc.)

TBD

CONTRACTOR BUSINESS ADDRESS

CITY

STATE

ZIP

PRINTED NAME OF PERSON SIGNING

TITLE

CONTRACTOR AUTHORIZED SIGNATURE

DATE SIGNED

SCO ID:

STATE OF CALIFORNIA - DEPARTMENT OF GENERAL SERVICES

STANDARD AGREEMENT

STD 213 (Rev. 04/2020)

AGREEMENT NUMBER

SAMPLE

PURCHASING AUTHORITY NUMBER (If
Applicable)**STATE OF CALIFORNIA**

| | | | |
|--|---------------------------|-------------|--------------|
| CONTRACTING AGENCY NAME California State Treasurer's Office | | | |
| CONTRACTING AGENCY ADDRESS 901 P Street, Suite 411B | CITY Sacramento | STATE CA | ZIP 95814 |
| PRINTED NAME OF PERSON SIGNING Juan C. Fernandez | TITLE Deputy Treasurer | | |
| CONTRACTING AGENCY AUTHORIZED SIGNATURE | DATE SIGNED | | |
| CALIFORNIA DEPARTMENT OF GENERAL SERVICES APPROVAL | EXEMPTION (If Applicable) | | |

EXHIBIT A
(Standard Agreement)

SCOPE OF WORK

1. Background

The California Public Banking Option Act, Title 21.1 (commencing with Section 100100) of the Government Code (Assembly Bill 1177 (Chapter 451, Statutes of 2021)), established the CalAccount Blue Ribbon Commission (the Commission), and requires the Commission to, on or before July 1, 2024, conduct, by contracting with one or more entities with appropriate expertise, and deliver, as prescribed, a market analysis to determine if it is feasible to implement a “CalAccount Program,” which, if implemented, would have certain characteristics, including that it would be a program established by the state for the purpose of protecting consumers who lack access to traditional banking services from predatory, discriminatory, and costly alternatives, which offers Californians access to a voluntary, zero-fee, zero-penalty, federally insured transaction account, known as a CalAccount, and related payment services at no cost to accountholders, including robust and geographically diverse mechanisms for accessing account funds and account management tools that facilitate the automation of basic financial transactions designed to serve the needs of individuals with low or fluctuating income. The bill requires the Commission to hold a public hearing to review the market analysis and, after holding that hearing, authorizes the Commission to issue a report to accompany the market analysis.

Section 2 of the California Public Banking Option Act, states, “*The Legislature finds and declares all of the following:*

(a) With high unemployment rates, homelessness rising, and an unprecedented wave of evictions looming as a result of the COVID-19 pandemic, the financial stability of the state’s most vulnerable residents has become a matter of particularly urgent concern, not only to those individuals themselves but to the economic health of the state as a whole.

(b) Access to basic financial services, including demand deposit (checking) and savings accounts, is a critical component of financial stability. One in four California households is unbanked or underbanked. Underbanked households are defined as those that have a bank account but have used alternative financial services (AFS) for transactions, including check cashing and money orders, and for credit, including payday loans. Among underbanked households, AFS transaction use is three times more prevalent than the use of AFS for credit. Around 17 percent of United States households use AFS transactions. These transaction services can be a significant expense for low-income Californians. For example, check cashers charge as much as 10 percent of the cost of the check being cashed. In 2018, AFS costs for unbanked and underbanked Americans totaled \$189,000,000,000 in fees and interest, which means the average annual cost per person for using AFS was \$3,000.

(c) Predatory banking practices, including expensive overdraft fees, create a vicious cycle leading to the lasting exclusion of Californians from traditional and affordable financial services and disproportionately harm low-income people and people of color. Banking options that target the poor generate significant revenue through these exploitative practices. In 2019, 84 percent of those fees were paid by 9 percent of accountholders, and those customers typically carried low balances averaging less than \$350. According to the San Francisco Office of Financial Empowerment, rates of involuntary account closures were higher in counties with high African American populations as well as non-white “Other” populations. Involuntary account closures that are reported to reporting agencies like ChexSystems, which keeps records of customers’ deposit account histories, can then lead to further exclusion from affordable financial services. The Consumer Financial Protection Bureau has found that, based on the most recent data from 2005, up to 19 million people had ChexSystems records. Although the majority of ChexSystems records result from repeated overdrafts, situations where the customer was a victim of fraud, or bank errors, a ChexSystems record can prevent a person from opening a new bank account, resulting in the unbanking of customers.

(d) Unbanked households pay proportionally more for their financial services, lack secure means of saving, have fewer opportunities to build credit, and are rejected for loans at far higher rates. Basic financial transactions, including the payment of rent, utilities, and other recurring bills or charitable contributions, are a particularly formidable challenge for households lacking access to important tools, including automated bill pay, or whose monthly income fluctuates too much to make automated processes viable. Because they have fewer options when their money runs short, unbanked households face a far more destructive cycle of punitive action when they default on their recurring bills, which leads to compounding interest and further debt. For all these reasons, exclusion from traditional financial services significantly increases the risk of poverty and homelessness and places an unnecessary burden on the entire economy.

(e) Limited access to affordable financial services is a problem that disproportionately impacts low-income communities and communities of color. In 2017, Californians earning less than \$15 per hour made up 80.7 percent of the unbanked in the state, and Black and Hispanic Californians made up 78.3 percent. Nearly half, 45.9 percent, of all Black-identifying households in California and 41.1 percent of all Hispanic-identifying households were unbanked or underbanked in 2017 compared to 15.5 percent of white-identifying households. Forty-four percent of disabled Californians in 2017 were also unbanked or underbanked.

(f) Providing Californians with a zero-fee, zero-penalty, zero-minimum-balance requirement public option for basic financial services would empower Californians by providing a stable, affordable financial platform for all Californians, especially the unbanked and underbanked who currently rely on expensive AFS transactions. The

CalAccount Program would mitigate the demand for exploitative alternatives to banking services with respect to which upselling and cross-selling into expensive accounts and products is the norm. A market analysis of the proposed CalAccount Program and any modifications that may be necessary for its successful and cost-effective implementation will enhance the state's ability to serve the financial services needs of unbanked and underbanked Californians.

(g) To the extent the state, to successfully implement the CalAccount Program, contracts with entities to provide administrative and financial services, the state has a proprietary interest in ensuring that the entities with which it contracts have not engaged in conduct that would undermine the goals, efficiency, and reputation of the CalAccount Program, including, but not limited to, by violating banking, consumer protection, fair lending, or fair housing laws.”

2. Scope of Work

The scope of the work to be performed by the Contractor shall be in support of AB-1177.

a) Market Analysis

All text and numbering in this section that is shown in *italic* are from AB-1177, except that referenced section headings and titles are also in italics. The Contractor shall fulfill the requirements of all italic text. In addition, the Contractor shall fulfill the requirements of any additional text within section 2.a), *Market Analysis*, et seq., which is displayed in normal font, as described therein. Note that any text following the italic AB-1177 language is only additional to the requirement for the Contractor to fully and comprehensively perform the analysis indicated by the bill's language. The additional language is not intended to limit the Contractor's market analysis to only the additional text offered.

Throughout this section, where the text of AB-1177 states, *“The market analysis required by this subdivision shall also include...”*, the Contractor is required to include the identified work in its study, analysis, and report, and *“this subdivision”* refers to the AB-1177 subdivision (a) italic text of section 2.a)i., *Feasibility of the CalAccount Program*.

The terms “unbanked” and “underbanked” used in this SOW are as defined in the FDIC's *National Survey of Unbanked and Underbanked Households*, where “unbanked” means “no one in the household had a checking or savings account at a bank or credit union,” and “underbanked” means “the household was banked and in the past 12 months used at least one of the following nonbank transactions or credit products or services: money orders, check cashing, or international remittances (i.e., nonbank transactions) or rent-to-own services or payday, pawn shop, tax refund application, or auto title loans (i.e., nonbank credit).”

i. Feasibility of the CalAccount Program

Government Code 100104(a)(1) ... [T]he [Contractor] shall conduct... and deliver a market analysis to determine if it is feasible to implement a “CalAccount Program,” which, if implemented, would have all of the following characteristics:

(A) Would be a program established by the state for the purpose of protecting consumers who lack access to traditional banking services from predatory, discriminatory, and costly alternatives, which offers Californians access to a voluntary, zero-fee, zero-penalty, federally insured transaction account, known as a CalAccount, and related payment services at no cost to accountholders, including robust and geographically diverse mechanisms for accessing account funds and account management tools that facilitate the automation of basic financial transactions designed to serve the needs of individuals with low or fluctuating income.

(B) Would be administered by a board consisting of all of the following members:

(i) The Treasurer or the Treasurer’s designee.

(ii) The Commissioner of the Department of Financial Protection and Innovation or that person’s designee.

(iii) An individual with banking expertise, particularly expertise in transaction accounts and debit cards, appointed by the Senate Committee on Rules.

(iv) An individual with expertise in economic and racial justice and cultural competence appointed by the Speaker of the Assembly.

(v) An employee representative appointed by the Governor.

(vi) An individual with expertise in banking or consumer financial services affiliated with an academic institution appointed by the Governor.

(vii) An individual with banking expertise appointed by the Governor.

(viii) A public banking advocate appointed by the Senate Committee on Rules.

(ix) A consumer representative or advocate with expertise in banking access and financial empowerment, including within historically unbanked and underbanked communities, appointed by the Speaker of the Assembly.

(C) Would require the board to establish a process by which an individual may open a CalAccount, which process shall be designed to maximize program participation.

(D) Would require the board to establish the mechanisms by which an accountholder may deposit funds into a CalAccount for no fee, which mechanisms shall include, but not be limited to, electronic fund transfers arranged through an

employer's or hiring entity's payroll direct deposit arrangement and cash loading through in-network partners.

(E) Would require the board to establish the process through which an accountholder may elect to have a portion, up to the entirety, of the accountholder's paycheck or earnings due for labor or services performed directly deposited by electronic fund transfer into the accountholder's CalAccount.

(F) Would require the board to establish the process through which employers and hiring entities shall be required to remit through a payroll direct deposit arrangement each worker's elected payroll contribution to the worker's CalAccount in accordance with the worker's election.

(G) Would require the board to establish mechanisms by which an accountholder can withdraw funds from a CalAccount using a CalAccount debit card for no fee, which mechanisms shall include, but not be limited to, withdrawals through point-of-sale purchases using a CalAccount debit card and through cash withdrawals at a robust and geographically expansive network of participating ATMs, bank or credit union branches, and other in-network partners of designated financial institution partners.

(H) Would require the board to establish a process, available to all accountholders for no fee, through which an accountholder may arrange for payment to a registered payee using a preauthorized electronic fund transfer from a CalAccount.

(I) Would require the board to establish the process and terms and conditions for becoming a registered payee, which shall at a minimum require the payee's agreement to specified terms and conditions to be established by the board in exchange for the benefits of transparency and accountability afforded by participation in an automated payment system and which shall be designed to incentivize accountholders' preauthorized electronic fund transfers to registered payees and application of voluntary automatic disbursement rules by limiting the late payment fees and penalties that registered payees can impose on accountholders who pay them using preauthorized electronic fund transfers from their CalAccounts.

(J) Would require the board to establish voluntary automatic disbursement rules to assist an accountholder in managing automated payments to registered payees based on the availability of funds in the accountholder's account, which an accountholder may voluntarily elect to apply or to stop applying to the accountholder's CalAccount at any time, and which shall be designed to maximize consumer protection and may include, but not be limited to, rules governing the prioritization and timing of payments, rules limiting payments to a percentage of funds available in the CalAccount, and rules limiting disbursement to designated registered payees only upon satisfaction of specified conditions of the CalAccount.

(K) Would provide that the board, in establishing processes for enrollment in the CalAccount Program:

(i) Shall facilitate the opening of a CalAccount by individuals who may not have federal or state government-issued photo identification while taking all reasonable steps to maintain the confidentiality of personal information consistent with all applicable law.

(ii) Shall design and establish rules governing the enrollment and participation in the program of individuals who do not have permanent housing.

(iii) May design and establish rules governing the enrollment and participation in the program of individuals who are under 18 years of age, including rules governing the opening of a CalAccount by a person who is at least 14 years of age without a cosigner or guarantor on the account consistent with all applicable law.

(L) Would require the board to select a program administrator, which may consist of one or more contractors or program staff or a combination thereof, whose duties shall include, but not be limited to, all of the following:

(i) Provide a secure internet web-based portal and mobile application through which individuals can enroll in the program and entities can become registered payees and through which accountholders can access and manage their CalAccounts, including their direct deposits, preauthorized electronic fund transfers to registered payees, and automatic disbursement rule elections.

(ii) Provide a method that enables employers and hiring entities to remit each worker participant's elected direct deposit payroll contribution to the worker's CalAccount in accordance with the worker's election.

(iii) Facilitate enrollment of accountholders in the program through coordination with government, employers and hiring entities, and nonprofit partners.

(iv) Facilitate and manage connectivity with other state and local government programs providing individuals with financial accounts to enable program accountholders to transfer funds between their CalAccounts and their other state-managed or locally managed accounts, as authorized by the board and in accordance with all applicable laws and regulations.

(v) Facilitate and manage connectivity with other state and local government agencies and entities to enable and streamline remittance of local, state, and federal benefit and public assistance payments and other disbursements to accountholders who are entitled to those payments and who authorize those payments to be directly deposited by electronic fund transfer into a CalAccount, as authorized by the board and in accordance with all applicable laws and regulations.

(M) Would require the board to contract with a financial services network administrator whose duties may include, but not be limited to, all of the following:

(i) Contract with, manage, and coordinate the financial services vendors for the program, which shall provide accountholders access to their CalAccounts and services provided in concert with at least one qualifying participating depository financial institution that meets the requirements established by the board.

(ii) Add additional participating depository financial institutions meeting the requirements established by the board, especially including qualifying credit unions and other local financial institutions, as program scope and scale permits, in accordance with the board's specifications as set forth in the contract between the board and the financial services network administrator.

(iii) Issue to each accountholder a secure debit card, or other secure means of access to the accountholder's CalAccount, which shall utilize current security and antifraud technology consistent with industry standards.

(iv) Provide a robust and geographically expansive financial services network of partners through which an accountholder can load or withdraw funds from a CalAccount using a CalAccount debit card, or other secure means of access to a CalAccount, for no fee, including ATMs, bank or credit union branches, and other in-network partners, minimize or eliminate out-of-network fees for accountholders, and ensure that accountholders are not charged out-of-network fees that are not reasonable and actually incurred by the program vendor.

(N) Would require the board to develop and negotiate a fair and equitable program fee and program revenue sharing structure between the state and the financial services network administrator in furtherance of attaining a financially self-sustaining program, which agreement shall be reevaluated annually and renegotiated as appropriate based on program scope and scale.

(O) Would require an employer with more than 25 employees and a hiring entity with more than 25 independent contractors performing the same or similar labor or service, excluding the federal government, to do all of the following:

(i) Have and maintain a payroll direct deposit arrangement that enables voluntary worker participation in the program.

(ii) Deposit all wages and other payments due a worker that the worker has authorized to be directly deposited by electronic fund transfer into the worker's CalAccount in accordance with the worker's authorization.

(iii) Coordinate its payroll process with the program administrator's application program interface to facilitate accurate and seamless payment by direct deposit in accordance with the authorization of each worker participant.

(iv) Cooperate with the program administrator in providing all requested information available to the employer or hiring entity necessary for the opening and administration of a worker's CalAccount.

(v) Upon request of the administrator, provide additional forms or notifications to a worker.

(vi) Refrain from discharging, disciplining, threatening to discharge or discipline, or in any other manner retaliating or taking an adverse action against a worker or applicant because of the individual's participation or manner of participation in the CalAccount Program.

(P) Would require a landlord or a landlord's agent to allow a tenant to pay rent and deposit of security by an electronic funds transfer from a CalAccount, except as provided in paragraph (2) of subdivision (a) of Section 1947.3 of the Civil Code, and would provide that a landlord's, or a landlord's agent's, receipt of payment from a CalAccount pursuant to the requirements of the CalAccount Program shall not be considered a waiver of any right the landlord or landlord's agent may otherwise have to establish the base rent on, or to raise rent for, the rental unit.

ii. Potential Modifications to the CalAccount Program

(2) In considering the feasibility of implementing the CalAccount Program, as described in paragraph (1) [Exhibit A, section 2.a)i.], the market analysis required by this subdivision shall also include whether there are modifications to the CalAccount Program that can ease the implementation burdens.

iii. CalAccount Program Costs

(3) (A) The market analysis required by this subdivision shall also include whether or not CalAccount Program revenue is more likely than not to be sufficient to pay for CalAccount Program costs within six years of the CalAccount Program's implementation.

(B) The analysis required by this paragraph shall include detailed financial projections and key assumptions upon which the determination required by this paragraph relies.

iv. California's Unbanked Population

(4) The market analysis required by this subdivision shall also include an analysis of the population of California residents who are unbanked and the reasons they are unbanked.

This analysis shall include the following:

- The impact of historical redlining on the unbanked and underbanked.
- Analysis of gender and racial disparities for the unbanked and underbanked populations.
- Impact on rural communities from the lack of access to financial institutions.

- Analysis of banking services and products offered in unbanked and underbanked communities, compared to those offered in bank-rich areas.
- Analysis of the geographic locations of the underbanked and unbanked.
- ChexSystems and its impact on the unbanked and underbanked.
- Current banks and prevalence of overdraft fees, minimum balance requirements, monthly fees.
- Prevalence of check cashing companies and the cost to workers.
- Survey the unbanked households and underbanked households to assess the range of obstacles to opening accounts faced by each community.

The *2021 FDIC National Survey of Unbanked and Underbanked Households* (FDIC Survey) available at <https://www.fdic.gov/analysis/household-survey/index.html>, has been referred to in significant part to define the status and challenges of the unbanked and underbanked populations, and to cause the potential solutions proposed in AB-1177 to be studied and considered for possible further legislative actions. A new FDIC survey with associated data may be released in 2023. The Contractor shall not rely exclusively on FDIC survey data and findings, but shall conduct its own survey. The Contractor's survey methodology shall be tailored to the California communities anticipated to be served by the CalAccount program, and the survey methodology is expected to include more discrete survey elements, including but not limited to:

- California migrant communities in temporary housing, e.g., farmworkers; or households where all adults were working at a place of business other than home.
- Surveys in English and Spanish, and possibly other languages.
- Detailed reasons that a household is unbanked or underbanked. For example, household members who: are undocumented and are fearful of government or banking involvement; owe past child support, overdraft debts, or owe back taxes or unfiled taxes; are concerned about potential loss of public benefits; have income based on the underground economy.

The Contractor's survey shall capture detailed data related to the use of alternative means of financial transactions, including the rapid adoption of new financial technologies available to consumers via internet and mobile platforms, i.e., "fintech" alternatives to traditional banking. The Contractor shall identify the potential costs to consumers of using these fintech alternatives compared to traditional banking and compared to the potential use of the CalAccount program at the anticipated levels of program engagement by low-income California communities (per section 2.a)xi.11), *Impact of CalAccount on Existing Institutions*).

The Contractor shall significantly address these issues with appropriate research, so that any recommendations made in the Contractor's report can focus on the actual degree of costs, risks, and benefits offered to California's unbanked population by any solution studied.

v. Low-Cost or No-Cost Options

(5) *The market analysis required by this subdivision shall also include an analysis of the low-cost or no-cost options of federally insured transaction accounts that are available or marketed to unbanked California residents.*

- This analysis of options, such as the BankOn program, shall include their risks, costs, effectiveness and scalability.

vi. Program Alternatives

(6) *The market analysis required by this subdivision shall also include an evaluation of all of the following:*

(A) *Alternatives to the CalAccount Program that the state could implement or enact that would accomplish the essential policy objectives, as described in subparagraph (A) of paragraph (1), of the CalAccount Program.*

(B) *The estimated risks and costs of alternatives evaluated pursuant to subparagraph (A).*

(C) *The expected effectiveness and scalability of alternatives evaluated pursuant to subparagraph (A).*

The market analysis shall also consider whether alternative programs already exist that, if similarly adopted by the State, could allow the State to accomplish the same or similar goals. For example, a statewide or State-sponsored BankOn program, or partnerships with a fintech company, (for example one similar to the City of Los Angeles's partnership with a fintech company to offer the Angeleno Connect bank account and debit Mastercard).

vii. Recommendations

(7) *The market analysis required by this subdivision shall also include recommendations for how the state can maximize the number of unbanked California residents who become banked at the lowest cost and risk to the state.*

viii. Outreach Alternatives

(8) *The market analysis required by this subdivision shall also include an analysis of relative advantages and disadvantages, compared to private sector alternatives,*

that the state may have in identifying, reaching, or persuading unbanked California residents to enroll in a state-administered banking program.

ix. Public-Private Partnership Governance

(9) The market analysis required by this subdivision shall also include recommendations related to the appropriate governance structure for a public-private partnership such as the CalAccount Program.

The market analysis shall include:

- Recommendations for collaborating with public, labor and NGO partners.

x. Costs, Benefits, and Impacts

(10) The market analysis required by this subdivision shall also include an analysis of costs, benefits, and impacts on all affected parties, including, but not limited to, landlords, employers, state government, low-wage workers, and consumers.

The analysis shall include:

- The impact of CalAccount program on low-income families, including:
 - Quantify savings through elimination of fees and penalties.
 - Quantify financial impacts of banking for unbanked Californians.
 - Accessibility of public benefits (Such as unemployment, GATE cards, etc.)
 - Timely and reliable access to paychecks (including electronic payment, ease of cashing paper checks.)
 - Longer term impacts tied to stable banking arrangements.
 - Low-income families have a need for automated banking services that are different from higher income households. In order to automate bill-pay or contributions when account balances fluctuate, electronic payments may need to be tied to income received rather than simply a regular recurring bill payment. For example, an account holder might want to donate to a religious organization when they get their paycheck, rather than on a set day of every month.
- The benefits to the state's economy (economic multiplier effect).
- An estimation of the reduction of the gender and racial disparities faced by the unbanked population if the CalAccount Program were created as provided for in AB-1177.
- The impact on rural communities
- Public safety e.g., not using cash

- Potential positive impact for banks:
 - Increase future customers
 - Increase opportunities for partnership with community banks, BankOn institutions, public banks
- Benefit disbursement: infrastructure benefits for government and residents, e.g., EDD, stimulus payments, etc.
- The market analysis shall look at the expected benefits to the accountholders of this program. The market analysis shall estimate the savings available to consumers, including those receiving public benefits or wages through paper warrants, who open a CalAccount as opposed to the use of check cashers. As another example, the market analysis shall look at how this program could help build credit for accountholders.

xi. Important Considerations

(c) The market analysis required by subdivision (a) shall consider all of the following:

1) Number of Potential Accountholders

(1) The number of potential accountholders.

There may be a significant difference between the number of potential account holders and those that actually sign up for the service and retain active accounts over time. In its market analysis the Contractor shall forecast the actual number of users that will likely open and maintain an active CalAccount account each year during the first six years. The Contractor shall take into consideration the size and demographics of the California unbanked population, the actual reasons why this population is not banked, the trends of this population's use of nonbanking alternatives (including fintech), the effect of changes in the California economy (including by segment), and the degree that this population would sign up and use CalAccount services in lieu of other services.

2) Availability of Financial Institutions

(2) The availability of qualified participating depository financial institutions.

To better understand what characteristics a depository financial institution should have in order to participate in the CalAccount Program, the market analysis shall consider the following:

- Do current state and federal laws provide sufficient authority for respective credit unions to admit members for purposes of establishing a CalAccount?

- Would participating depository financial institutions already need to have a “robust and geographically expansive financial services network of partners”? (See Gov. Code, § 100104, subd.(a)(1)(M)(iv).)
- Based on discussions with financial institutions, discuss the willingness of such institutions to participate in the CalAccount Program.

3) Acceptability of Banking Products

(3) *Potential accountholders’ comfort with various banking products.*

4) Participation without a Photo ID

(4) *How individuals without federal or state photo identification can participate.*

The market analysis shall consider the federal Anti-Money Laundering (AML) requirements to which banks and credit unions are subject. For example, banks and credit unions are required to have an AML compliance program, which includes implementing a written Customer Identification Program (CIP) appropriate for the institution’s size and complexity. (See 31 C.F.R. § 1020.220) It is likely that most participating depository financial institutions’ CIP require some type of government-issued photo identification. Because the CalAccount Program requires participating depository financial institutions to allow individuals to open accounts without federal or state government-issued photo identification, based on discussions with financial institutions, the market analysis shall address if and how an institution could change their CIP in a manner that would satisfy the requirements of not only the CalAccount Program, but also federal AML requirements, and also in a way that would minimize its risk of regulatory enforcement, fines, or legal action (e.g. whether the participating depository financial institutions can accept photo identification issued by municipalities).

5) Potential Sources of Revenue

(5) *Potential CalAccount Program revenue streams.*

The Contractor’s analysis of potential revenue streams shall respond to paragraph (N) of Government code § 100104(1a)(1), in section 2.a)i., *Feasibility of the CalAccount Program*. The analysis could include consideration of revenue sharing arrangements.

6) Competitors to the CalAccount Program

(6) The presence and effectiveness of private sector or nonprofit competitors to the CalAccount Program.

The Contractor shall identify the extent to which all program functions defined in section 2.a)i., *Feasibility of the CalAccount Program*, subsection (a)(1)(C) through (M), plus (P), are presently functions of existing California banks, credit unions, or commercial payroll services.

7) State Fiscal Risk

(7) State fiscal risk from the CalAccount Program during economic downturns or economic shocks.

8) Other Feasibility Considerations

(8) Any other factor the commission deems relevant to making the feasibility determination pursuant to paragraph (1) of subdivision (a).

In determining the feasibility of implementing a CalAccount Program, the market analysis could consider factors similar to those considered when the Department of Financial Protection and Innovation reviews an application for a new bank or trust company. For example, based on the requirements of Financial Code sections 1022 and 1023, the analysis could evaluate the following factors:

- The program has a reasonable promise of success.
- The program capital structure or revenue streams are adequate.
- Those implementing the program have reasonable experience and ability to afford reasonable promise of successful operation (i.e., they will be able to successfully execute the business plan).
- Appropriate market analysis indicates there is a need for this particular program (or are existing programs adequate).

9) Risks and Costs

(9) The risks and costs of the CalAccount Program.

In considering the risks and costs of the program, the Contractor shall also look at whether any of the administrative costs associated with this program could be shared by the State. For example, the market analysis could look at loan programs for businesses administered by California state entities to see if some costs are shared by the State.

10) Effectiveness and Scalability

(10) The expected effectiveness and scalability of the CalAccount Program.

The market analysis shall look to other similar programs to evaluate the expected effectiveness of the CalAccount Program. The Contractor shall document what criteria the ABA and BankOn use to define “accessible” and shall independently assess BankOn accessibility to California’s unbanked population.

The market analysis shall also consider whether the effectiveness of the CalAccount Program depends on certain characteristics of the participating financial institutions. For example, should the financial institutions have branches or ATMs in specific parts of the state? Do they offer a way for a CalAccount customer to access funds if the customer does not have access to a computer? Could those with a poor deposit account history still open an account at the financial institution?

Finally, the market analysis shall address who would be regulating the various aspects of the CalAccount Program, if implemented. For example, if the participating depository financial institution is state-chartered, would the Department of Financial Protection and Innovation have additional responsibilities in examining the institution’s activity as it specifically relates to its CalAccounts? If it is a federally chartered financial institution, or an out-of-state financial institution, who performs those duties? Also, which entity would be responsible for determining whether the Program is no longer feasible?

Determine whether the CalAccount program can be scaled up to effectively incorporate payment transactions from other State programs that disburse funds through paper checks or through other means.

11) Impact of CalAccount on Existing Institutions

(11) The likely impact of the CalAccount Program on existing California depository institutions.

The market analysis shall look at:

- Whether deposits can be used by the participating depository financial institutions in the same manner as the institution’s current customer’s deposits (e.g., for loans to others, etc.). (See Fin. Code, § 100104, subd. (a)(1)(N), (a)(3)(A), and (c)(5).)
- What, if any, fraud and abuse controls, or other requirements, would be expected from the participating depository financial institutions.

- Who would bear the financial burden for mitigating fraud and abuse.
- Whether the participating depository financial institutions would be required to maintain a certain number of ATMs or branches, or if these would need to be in specific geographic areas.
- Ways to minimize the risk of overdrafts on an account if the institution cannot impose overdraft fees.

As currently contemplated, the CalAccount does not appear to have any criteria of who can become a CalAccount holder. The market analysis shall estimate the number of customers who currently have an account with a financial institution that may choose to instead open a CalAccount per year over a six-year period.

12) CalAccount Network Administrators

(12) (A) *The existence of possible financial services network administrators.*

(B) *If any possibilities include an out-of-state entity, the anticipated impact on California consumers, businesses, and financial institutions and how an out-of-state financial services network administrator could or should be regulated.*

b) Support for Hearings and Meetings

Pursuant to Government Code 100104, sections (b), (d), and (e):

(b)(1) The commission shall contract with one or more independent entities with the appropriate expertise to conduct the market analysis required by subdivision (a). (2) A contract entered into pursuant to this subdivision shall require any entity conducting the market analysis to provide progress reports to, and receive feedback from, the commission at regular intervals or by request and be available to provide testimony and answer questions at any legislative hearings held within 12 months of the delivery of the market analysis to the Legislature.

(d)(1) Within 12 months of entering into a contract for the market analysis required by subdivision (a), the commission shall hold at least one public hearing to solicit input from members of the public. (2) A hearing, including input from members of the public, held pursuant to this subdivision shall be recorded and made available on the Treasurer's internet website consistent with the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1).

(e)(1) The commission shall hold a public hearing to review the market analysis.

As directed by the STO's Project Manager, the Contractor shall support the Commission in the public and legislative hearings, and as requested at Commission meetings, by:

- Preparing presentation material in electronic format (e.g., Microsoft Word, PowerPoint, etc.), or to assist the STO or the Commission in preparing such material.
- Presenting in-person at the hearing or meeting the status of the project, including (but not necessarily limited to) the study methodology, the project schedule, any interim findings, and project challenges and considerations; and verbally answering any questions from the public, from legislators or their staff, or from Commissioners.
- Following-up with the STO or the Commission in response to public or legislative hearings or Commission meeting.

At a minimum, two public hearings and one Legislative hearing are anticipated. The first public hearing is anticipated to be approximately six months into the study period. The second public hearing is expected to be soon after the Contractor's Draft Report is submitted and may occur during a Commission meeting. The Legislative hearing is anticipated to be after the Contractor's Final Report is submitted. Additional public or legislative hearings or Commission meetings may occur, and at the STO Project Manager's direction, the Contractor may be required to provide support at any of those additional hearings and meetings.

All direction by the STO's Project Manager for hearing and meeting support shall be preceded by verbal communication between the STO's Project Manager and the Contractor's Project Manager, and confirmed in writing by the STO's Project Manager via email.

c) Deliverables

All final deliverables accepted by the STO or the Commission shall become the property of the State, and shall not be marked "Confidential," "Proprietary," "Trade Secret," or similarly marked. All draft and final deliverables shall be provided to the STO's Project Manager in both electronic format and paper, with the draft and final reports in twenty bound paper copies. No final deliverable shall be encrypted or password protected, but shall be fully accessible upon receipt. All final deliverables shall be deemed public records and shall be available to the public.

The STO's Project Manager reserves the right to reject all final deliverables, and to request corrections. The STO's Project Manager shall accept or reject final deliverables within seven (7) calendar days of delivery by the Contractor. If a written notice of rejection or a request for corrections is not issued by the STO's Project Manager within the seven days, the final deliverable shall be deemed accepted. If not accepted, the Contractor shall have five (5) calendar days to make the necessary corrections and to

resubmit the final deliverable to the STO's Project Manager, unless some other time period is identified in the STO Project Manager's notice.

Deliverables under this Agreement include the Draft Work Plan, Final Work Plan, Draft Report, Final Report.

i. Draft and Final Work Plans

The Contractor's draft Work Plan submitted with its proposal in response to RFP No. SA000004-23 shall be the Contractor's initial draft Work Plan for this Agreement. The Contractor will confer with the STO's Project Manager regarding the Work Plan and shall refine and update the plan with improvements. Within seven (7) calendar days of Contract execution, the Contractor shall submit the updated Draft Work Plan to the STO's Project Manager for review and approval. Within five (5) calendar days after receiving feedback from the STO's Project Manager, the Contractor shall further update the plan as requested, and shall submit it to the STO's Project Manager as the Final Work Plan deliverable.

The Contractor shall update the Final Work Plan throughout the term of the Agreement to reflect changes agreed upon by the STO's Project Manager and Contractor's Project Manager, or as have actually occurred. The topics of each substantive change made after acceptance of the Final Work Plan shall be listed in a table of changes that identifies the date of the change, the topic, and the location in the Work Plan where the change occurs. With each update to the Final Work Plan, the document shall reflect its version number and date.

ii. Draft Report

The Contractor's Draft Report of the feasibility of the CalAccount program as described in section 2.a), *Market Analysis*, and as further supplemented by the Contractor's proposal in response to RFP No. SA000004-23, shall be a full and complete report. The Draft Report is expected to be a detailed and extensive work product. It shall include:

- An Executive Summary.
- A Table of Contents.
- A description of the Contractor's study methodology.
- Identification of all assumptions in the Contractor's study, analysis and report, and the basis for each assumption, i.e., on what was the assumption based.
- The Contractor's assessment of the validity of all data used by the Contractor in its study and analysis, and the basis of that assessment. Validity can be shown as a percentage of confidence in the accuracy of the data elements.

- A listing of all relevant sources and references used by the Contractor in its study, analysis and report.
- A table that cross references each SOW element identified in section 2.a), *Market Analysis*, with the location(s) in the Report where the SOW element is addressed.

It shall be the prerogative of the Contractor to determine how to organize its report, including which of the above items to place in appendices, and which and where to include within the body or context of the report itself.

The Contractor's Draft Report shall be submitted to the STO's Project Manager not later than April 8, 2024. The Contractor shall also deliver with the Draft Report, a separate electronic copy of the research and survey data sets created by the Contractor. The STO's Project Manager shall deliver the Draft Report and data sets to the Commission, and upon delivery the Draft Report and data sets shall be made public.

iii. Final Report

The Commission will schedule a public hearing for review and comment on the Draft Report. The Contractor shall support this public hearing as described in section 2.b), *Support for Hearings and Meetings*.

The Contractor shall also be available to respond to requests of the STO to meet and answer questions about the report, and to present and discuss key findings and recommendations.

The Contractor shall have full discretion to modify or add to its submitted Draft Report based upon input from the public, from the Commission or Commissioners, and from the STO, and also based on any further research and analysis that it may choose to undertake.

The Contractor shall update its Draft Report per its discretion and submit the report as a Final Report together with any updates to the Contractor's data sets to the STO's Project Manager on May 13, 2024.

The Final Report shall include or be accompanied by a table of all input received since the Contractor's submission of the Draft Report (including at hearings and in discussions), and to what extent the input was incorporated into the Final Report, and if not, the reason for not including it. An additional table of changes shall identify the topics of each substantive change to the Draft Report and name the location in the Final Report where the change occurs.

At the direction of the STO's Project Manager, the Contractor may be required to support additional hearings, presentations or discussions about the Draft and Final Reports per section 2.b), *Support for Hearings and Meetings*.

d) Project Management

i. Management of Deliverable Due Dates

The deliverable due dates indicated in section 2.c), *Deliverables*, et seq. may be changed by mutual written consent of both the STO's Project Manager and the Contractor's Project Manager. Such changes in deliverable due dates shall be considered a contractual administrative function, and shall not require a formal amendment of the Agreement.

ii. Communications

The STO expects the Contractor to foster a close and collaborative working relationship with the STO and the Advisory Committee (described in section 2.d)iii., *Advisory Committee Meetings*). The Contractor shall be available to meet with the STO and the Advisory Committee at the STO's location at any time during the term of the Agreement, to present and discuss project status, methodology, project risks, analysis, interim findings, etcetera. Such meetings may be held at the request of either the STO's Project Manager, or at the request of the Contractor's Project Manager.

It shall be the responsibility of the Contractor's Project Manager to promptly notify the STO's Project Manager of any significant project risks or issues, and to discuss those risks and their potential and agreed-upon mitigations. The Contractor shall document all project risks and issues in a risk log, available to the STO's Project Manager.

iii. Advisory Committee Meetings

To encourage collaborative benefits from a close working relationship with the Commission and the STO during the project, the STO will establish a small Advisory Committee (e.g., 4 to 6 people) that will meet in-person regularly, e.g., monthly, with the Contractor to discuss project status, working methodology, project risks, analysis, interim findings, etcetera. Advisory Committee meetings shall be held in Sacramento. The scheduling and locations of the meetings shall be the responsibility of the STO's Project Manager. Advisory Committee meetings are not expected to continue after the Contractor's Final Report is accepted by the State. The STO's Project Manager shall be a member of the Advisory Committee. The Contractor's Project Manager shall attend all Advisory Committee meetings, and may include other key personnel as appropriate to the topics to be discussed.

The Contractor shall plan for and facilitate the Advisory Committee meetings. The Contractor shall consider the Advisory Committee to be an informed resource of working ideas, draft document reviews, discussions, feedback, and suggestions. The Contractor shall be free to use whatever information comes from such meetings to the extent it believes helpful. The Advisory Committee shall not have the authority to require changes or directions that the Contractor must take. The Contractor shall not be required to document the Advisory Committee meetings, but shall present meeting agendas. Advisory Committee members shall be able to add discussion topics to any meeting agenda.

The Contractor shall manage its communications with the advisory committee members, including the sharing of any working papers, per the direction of the STO's Project Manager.

iv. Project Dashboard

The Contractor shall create and maintain an online project dashboard available to the STO, the Commissioners, and the Advisory Committee members. The dashboard shall include:

- A project status report, including an executive summary of the status of all major study activities.
- A detailed project schedule, showing dates and progress of tasks.
- Project risks and issues, including impact and mitigations.
- A project budget showing the usage of the contract funds which are allocated for use to the delivery of the Final Report, and the amount of usage after the Final Report until the end of the Agreement.
- A monthly progress report that coincides with the billing period. This monthly report shall provide a summary description of the work performed during the month, difficulties encountered, remedial actions, and a statement about the work to be undertaken during the following month.

The project dashboard shall be updated at least weekly, except that the budget and monthly progress report portions only need to be updated at least monthly in association with the submission of the Contractor's monthly invoices.

v. Key Personnel

The Contractor's Project Manager is expected to be a senior member of the Contractor's staff, dedicated full-time to the project at least until the Contractor's Draft Report is submitted. The Contractor's Project Manager will be the primary point of contact for the project and so identified in section 2.d), *Project Management*.

All key personnel identified in its proposal in response to RFP No. SA000004-23, whether employed by the Contractor or by its subcontractors, are assigned to the project as proposed. Additional key personnel may be added via a request by the Contractor's Project Manager to, and approval by, the STO's Project Manager. Such requests must include:

- The reason for the addition.
- A description of the person's project role.
- A description of the person's relevant experience, expertise and education.
- Identification of the person's employer.
- The number of hours anticipated to be worked, and whether any of those hours are anticipated to be offset by a reduction in other key personnel hours.
- The individual's hourly billing rate.
- A copy of the person's resume.

The hourly billing rate shall not exceed that of similarly experienced and skilled project personnel in similar or equivalent project roles.

All new key personnel must be approved in writing by the STO's Project Manager. The STO's Project Manager reserves the right to interview the candidate prior to authorizing or denying approval. The STO's Project Manager has sole discretion to approve or deny the candidate, including the determination of whether the individual has the necessary experience, expertise, or skills for the project role to be assigned and at an appropriate hourly billing rate. Once a key personnel has been added to the project, the individual cannot be unilaterally removed by the STO's Project Manager, except in lieu of contact termination as otherwise stated in this Agreement, e.g., CCC (04/2017) paragraph 1, *Conflict of Interest*, or Exhibit D, *Special Terms and Conditions*, section 32, *Compliance with Political Reform Act*.

If the addition of a key personnel individual to the project is intended to replace key personnel named in the Contractor's awarded proposal in response to RFP No. SA000004-23, or to replace an individual that has been working on the project:

- The replacement must meet or exceed the qualifications of the originally proposed person if the replacement is for the same project role, as solely determined by the STO's Project Manager.
- The Contractor shall be responsible for transferring pertinent project knowledge from the replaced individual to the new individual. The Contractor shall not invoice any hours spent on bringing the replacement individual up to date, i.e., for knowledge transfer.

The addition of key personnel to the project shall be considered a contractual administrative function, and shall not require a formal amendment of the Agreement. However, the addition of a new subcontractor will require an amendment to the Agreement.

3. Term of Agreement

The term of the Agreement will be from July 17, 2023 through June 30, 2025. At the sole discretion of the California State Treasurer’s Office, the term of the Agreement may be extended for six additional months. This Agreement shall not become effective until approved by the Department of General Services. In no event shall services be performed prior to approval by the Department of General Services.

4. Project Managers

The Project Managers during the term of this Agreement will be:

| | |
|---|--------------------|
| State Agency: California State Treasurer’s Office | Contractor: TBD |
| Attention: Andre Rivera | Attention: |
| Address: 901 P Street, Suite 213B Sacramento, CA 95814 | Address: |
| Phone: (916) 653- 2752 | Phone: |
| Email: andre.rivera@treasurer.ca.gov | Email: |

**EXHIBIT A, ATTACHMENT 1
(Standard Agreement)**

RESUMES OF KEY PERSONNEL

EXHIBIT B
(Standard Agreement)

BUDGET DETAIL AND PAYMENT PROVISIONS

1. Invoicing and Payment

A. For services satisfactorily rendered in compliance with Exhibit A, Scope of Work, and upon receipt and approval of the invoice, the State Treasurer’s Office (STO) agrees to compensate the Contractor for actual expenditures incurred in accordance with the rates specified below.

Cost Table 1, Cost of Key Personnel

| Name | Project Role | Organization | Hourly Rate | Estimated Hours |
|-------------|---------------------|---------------------|--------------------|------------------------|
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Cost Table 2, Cost of Field and Remote Survey Work

| Name of Subcontractor or Supplier | Service Provided | Estimated Cost |
|--|-------------------------|-----------------------|
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Cost Table 3, Cost of Language Translation Services

| Name of Subcontractor or Supplier | Service Provided | Estimated Cost |
|--|-------------------------|-----------------------|
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- B. The amount of the Agreement shall not exceed \$2,500,000.00 over the entire term of the Agreement, including any optional extension. Rates shall remain same throughout the term of the Agreement.
- C. Invoices shall include Agreement Number SA000004-23 and shall be submitted as an itemized invoice, not more frequently than monthly in arrears, to:

California State Treasurer's Office
Attn: Accounting Division
P.O. Box 942809
Sacramento, CA 94209

2. Progress Payments

- A. Progress payments are permitted under this Agreement. Ten percent (10%) of each invoice shall be withheld and reserved until all work is completed but in no event later than June 30, 2025.

3. Budget Contingency Clause

- A. It is mutually agreed that if the Budget Act of the current year and/or any subsequent years covered under this Agreement does not appropriate sufficient funds for the program, this Agreement shall be of no further force and effect. In this event, the State shall have no liability to pay any funds whatsoever to Contractor or to furnish any other considerations under this Agreement and Contractor shall not be obligated to perform any provisions of this Agreement.
- B. If funding for any fiscal year is reduced or deleted by the Budget Act for purposes of this program, the State shall have the option to either cancel this Agreement with no liability occurring to the State, or offer an Agreement amendment to Contractor to reflect the reduced amount.

4. Prompt Payment Clause

- A. Payment will be made in accordance with, and within the time specified in, Government Code Chapter 4.5, commencing with Section 927.

EXHIBIT C
(Standard Agreement)

GENERAL TERMS AND CONDITIONS

Exhibit C to this Agreement, the General Terms and Conditions (GTC 04/2017), is hereby incorporated by reference and made part of this Agreement as if attached hereto. The General Terms and Conditions may be viewed and downloaded at:

<https://www.dgs.ca.gov/OLS/Resources/Page-Content/Office-of-Legal-Services-Resources-List-Folder/Standard-Contract-Language>

EXHIBIT D
(Standard Agreement)

SPECIAL TERMS AND CONDITIONS

1. Excise Tax

The State of California is exempt from federal excise taxes, and no payment will be made for any taxes levied on employees' wages. The State will pay for any applicable State of California or local sales or use taxes on the services rendered or equipment or parts supplied pursuant to this Agreement. California may pay any applicable sales and use tax imposed by another state.

2. Settlement of Disputes

In the event of a dispute, Contractor shall file a "Notice of Dispute" with a Deputy Treasurer of the State Treasurer's Office within ten (10) days of discovery of the problem. Within ten (10) days, the Deputy Treasurer shall meet with the Project Managers of Contractor and the State identified in Exhibit A for purposes of resolving the dispute. The decision of the Deputy Treasurer shall be final.

3. Evaluation of Contractor

Pursuant to Public Contract Code sections 10367 and 10369 within sixty (60) days after the completion of this Agreement, the State shall complete a written evaluation of Contractor's performance under this Agreement. If this Agreement is a contract for consultant services and if Contractor did not satisfactorily perform the work, a copy of the evaluation will be sent to the Department of General Services (DGS), Office of Legal Services, and to the Contractor within fifteen (15) working days of the completion of the evaluation in accordance with Public Contract Code section 10371.

4. No Agency Liability

The Contractor warrants by execution of this Agreement that no person or selling agency has been employed or retained to solicit or secure this Agreement upon agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the Contractor for the purpose of securing business. For breach or violation of this warranty, the State shall, in addition to other remedies provided by law, have the right to annul this Agreement without liability, paying only for the value of the work actually performed, or otherwise recover the full amount of such commission, percentage, brokerage, or contingent fee.

5. Potential Subcontractors

Nothing contained in this Agreement or otherwise, shall create any contractual relationship between the State and any subcontractors, and no subcontract shall relieve the Contractor of his responsibilities and obligations hereunder. The Contractor agrees to be as fully responsible

to the State for the acts and omissions of its subcontractors and of persons either directly or indirectly employed by any of them as it is for the acts and omissions of persons directly employed by the Contractor. The Contractor's obligation to pay its subcontractors is an independent obligation from the obligation of the State to make payments to the Contractor. As a result, the State shall have no obligation to pay or to enforce the payment of any moneys to any subcontractor.

6. Force Majeure

Neither party to this Agreement shall be liable for damages resulting from delayed or defective performance when such delays arise out of causes beyond the control and without the fault or negligence of the offending party. Such causes may include, but are not restricted to, acts of God or of the public enemy, acts of the State in its sovereign capacity, fires, floods, power failure, disabling strikes, epidemics, quarantine restrictions, and freight embargoes.

7. Waivers

No delay on the part of any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of any party of any right, power, or privilege hereunder, nor any single or partial exercise of any right, power, or privilege hereunder, preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder.

8. Incorporation of Amendments to Applicable Laws

Any references to sections of federal or state statutes or regulations shall be deemed to include a reference to any amendments thereof and any successor provisions thereto.

9. Confidentiality

All financial, statistical, personal, technical, and other data and information relating to the operations of the State which are designated confidential by the State and become available to Contractor shall be protected by Contractor from unauthorized use and disclosure.

10. Titles/Section Headings

Titles and headings are for convenience of reference only and shall have no effect on the construction or legal effect of this Agreement.

11. Choice of Law

Notwithstanding Paragraph 14 of Exhibit C (General Terms and Conditions), this Agreement shall be administered, construed, and enforced according to the laws of the State of California (without regard to any conflict of laws provisions) to the extent such laws have not been preempted by applicable federal law. Any suit brought hereunder, including any action to compel arbitration or to enforce any award or judgment rendered thereby, shall be brought in

state court sitting in Sacramento, California, the parties hereby waiving any claim or defense that such forum is not convenient or proper. Each party agrees that any such court shall have in personam jurisdiction over it and consents to service of process in any manner authorized by California law.

12. Notices

The parties agree that to avoid unreasonable delay in the progress of the services performed hereunder, Contractor and the State have designated in Exhibit A specific Project Managers for the purpose of communication between the parties. Any notice or other written communication required, or which may be given hereunder shall be deemed given when delivered personally, or by mail three (3) days after the date of mailing, unless by express mail then upon the date of confirmed receipt, to the Project Managers named in Exhibit A.

Either party hereto may, from time to time by notice in writing served upon the other as aforesaid, designate a different mailing address or a different or additional person to which all such notices or demands thereafter are to be addressed.

13. Permits and Licenses

Contractor shall carry out its duties and responsibilities herein in accordance with, be limited in the exercise of its rights by, and observe and comply with, all federal, state, city and county laws, rules or regulations affecting services under this Agreement. Contractor shall procure and keep in full force and effect during the term of this Agreement all permits and licenses necessary to accomplish the work contemplated in this Agreement.

14. Books and Records

Contractor shall keep accurate books and records connected with the performance of this Agreement for a period of at least three (3) years. Contractor shall ensure that books and records of subcontractors, suppliers, and other providers shall also be accurately maintained. Such books and records shall be kept in a secure location and shall be available for inspection and copying by the State and its representatives at any time.

15. Key Personnel

- a. A resume for each member of Contractor's staff who will exercise a significant administrative, policy, or consulting role under this Agreement is attached to this Agreement as Attachment 1 to Exhibit A. These members of Contractor's staff shall be hereafter referred to (both individually and collectively) as "Key Personnel."
- b. Contractor shall not substitute, replace, or reassign Key Personnel without the prior approval of the State.

- c. This Agreement may be terminated immediately, in the sole discretion of the State and upon written notice from the State to Contractor, because of any change in or departure of any of the Key Personnel.

16. Changes in Control, Organization or Key Personnel

Contractor shall promptly, and in any case within five (5) days, notify the State in writing: (i) if any of Contractor's representations and warranties, as set forth in this Agreement, cease to be true at any time during the term of this Agreement; (ii) of any change in Contractor's staff who exercises a significant administrative, policy, or consulting role under this Agreement, including without limitation any Key Personnel; (iii) of any change in the majority ownership, control, or business structure of Contractor; or (iv) of any other material change in Contractor's business, partnership or corporate organization. All written notices from Contractor under this provision shall contain sufficient information to permit the State to evaluate the changes within Contractor's staff or organization under the same criteria as was used by the State in its award of this Agreement to Contractor.

17. Insurance Requirements

Contractor warrants that it carries adequate liability, worker's compensation and other necessary insurance and shall maintain such insurance at levels acceptable to the State in full force and effect during the term of this Agreement. Contractor agrees to furnish satisfactory evidence of this insurance coverage to the State upon request.

18. Subcontractors

- a. Contractor shall perform the work contemplated by this Agreement with resources available within its own organization except for subcontracted work identified in this Agreement or other attachment incorporated hereto. No other portion of the work pertinent to this Agreement shall be subcontracted without written authorization by the State. The subcontractor must be mutually agreed upon in advance by both parties.
- b. Contractor shall require that any subcontractor agree to be bound by all provisions of this Agreement, as applicable.

19. Notice of Proceedings

Contractor shall promptly notify the State in writing of any investigation, examination or other proceeding involving Contractor, including any Key Personnel, commenced by any regulatory agency, which proceeding is not conducted in the ordinary course of Contractor's business.

20. Cumulative Remedies

The rights and remedies provided herein are cumulative and are not exclusive of any rights or remedies that any party may otherwise have at law or in equity.

21. Binding Effect

This Agreement, any instrument or agreement executed pursuant to this Agreement, and the rights, covenants, conditions and obligations of Contractor and the State contained therein, shall be binding upon the parties and their successors, assigns and legal representatives.

22. Publicity

No publicity release or announcement concerning this Agreement, or the transactions contemplated herein shall be issued by Contractor without advance written approval by the State.

23. Services or Procurement Resulting from Agreement

Neither Contractor, nor any of its subsidiaries, officers, or directors, may submit a bid or be awarded a contract for the provision of services, procurement of goods or supplies, or any other related action which is required, suggested, or otherwise deemed to be an outgrowth of the advice or recommendations that Contractor provides under this Agreement.

24. Agreement Does Not Violate Law

Contractor represents and warrants that neither the execution of this Agreement nor the acts contemplated hereby nor compliance by Contractor with any provisions hereof will:

- a. Violate any provision of the charter documents of Contractor;
- b. Violate any statute or law or ordinance or any judgment, decree, order, regulation or rule of any court or governmental authority applicable to Contractor; or
- c. Violate, or be in conflict with, or constitute a default under, or permit the termination of, or require the consent of any person under, any agreement to which Contractor may be bound, the violation of which in the aggregate would have a material adverse effect on the properties, business, prospects, earnings, assets, liabilities or condition (financial or otherwise) of Contractor.

25. Power and Authority

Contractor represents and warrants that it has the power and authority to enter into this Agreement and to carry out its obligations hereunder. The execution of this Agreement has been duly authorized by Contractor and no other proceeding on the part of Contractor is necessary to authorize this Agreement. Contractor has completed, obtained, and performed all registrations, filings, approvals, authorizations, consents, or examinations required by any government or governmental authority for its acts contemplated by this Agreement.

26. Signature Authorization

The person signing this Agreement warrants that he/she is an agent of Contractor and is duly authorized to enter into this Agreement on behalf of Contractor.

27. Entire Agreement; Order of Precedence

- a. This Agreement, including documents that have been incorporated in this Agreement by reference, contains all representations and the entire understanding between the parties hereto with respect to the subject matter hereof. Any prior correspondence, memoranda or agreements are replaced in total by this Agreement.
- b. In the event there are any inconsistencies or ambiguities among the terms of this Agreement and incorporated documents, the following order of precedence shall be used: (i) applicable laws; (ii) the terms and conditions of this Agreement, including exhibits and attachments; (iii) the Request for Proposal (RFP) if any; (iv) Contractor's response to the RFP if any; and (v) any other provisions, terms, or materials incorporated herein.

28. Termination at Option of the State

In addition to the provisions of Paragraph 7 of Exhibit C (General Terms and Conditions), this Agreement may be terminated in whole or in part at any time upon 30 days' written notice by the State, for any reason. Upon receipt of a termination notice, Contractor shall promptly discontinue all services affected unless the notice specifies otherwise. In the event the State terminates all or a portion of this Agreement for any reason, it is understood that the State will provide payment to Contractor for satisfactory services rendered prior to the termination, but not in excess of the maximum amount of this Agreement.

29. Termination for Insolvency

Contractor shall notify the State immediately in writing in the event that Contractor files any federal bankruptcy action or state receivership action, any federal bankruptcy or state receivership action is commenced against Contractor, Contractor is adjudged bankrupt, or a receiver is appointed and qualifies. In the event of any of the foregoing events, or if the State determines, based on reliable information, that there is a substantial probability that Contractor will be financially unable to continue performance under this Agreement, the State may terminate this Agreement and all further rights and obligations immediately.

30. Completion

In the event of termination for default, the State reserves the right to take over and complete the work by contract or other means. In such case, Contractor will be liable to the State for any additional cost incurred by the State to complete the work whether reimbursed or not.

31. Effect of Termination

All duties and obligations of the State and Contractor shall cease upon termination of this Agreement, except that:

- a. Each party shall remain liable for any rights, obligations, or liabilities arising from activities carried on by it under this Agreement prior to the effective date of termination; and
- b. Contractor shall provide for the return of all records of the State to the State or its designee and shall cooperate fully to affect an orderly transfer of services.

32. Termination for Expatriation

Contractor shall notify the State immediately in writing in the event that Contractor or its parent files any notice with the Securities and Exchange Commission that Contractor intends to reincorporate offshore. In the event of such notice, the State may terminate this Agreement and all further rights and obligations immediately by giving five (5) days' notice in writing in the manner specified herein.

33. Compliance With Political Reform Act

Contractor acknowledges that the State is subject to the provisions of the Political Reform Act (Government Code section 81000 et seq. and all regulations adopted thereunder, including, but not limited to, California Code of Regulations, title 2, section 18700 et. seq.) and Contractor shall comply promptly with any requirement thereunder. If required by law, Contractor shall require its personnel, including without limitation, its Key Personnel all later substitutions therefore, to file Statements of Economic Interests in compliance with the Conflict-of-Interest Code for the Office of the State Treasurer and the various boards, authorities, commissions, and committees chaired by the State Treasurer (California Code of Regulations, title 2, section 1897). All such reports shall be filed simultaneously with the State.

34. Darfur Contracting Act

Effective January 1, 2009, all Invitations for Bids (IFB) or Requests for Proposals (RFP) for goods or services must address the requirements of the Darfur Contracting Act of 2008 (Act). (Public Contract Code section 10475 et seq.) The Act was passed by the California Legislature and signed into law by the Governor to preclude State agencies generally from contracting with "scrutinized" companies that do business in the African nation of Sudan of which the Darfur region is a part, for the reasons described in Public Contract Code section 10475.

A scrutinized company is a company doing business in Sudan as defined in Public Contract Code section 10476. Scrutinized companies are ineligible to, and cannot, bid on or submit a proposal for a contract with a State agency for goods or services. (Public Contract Code section 10477(a).)

Therefore, Public Contract Code section 10478(a) requires a company that currently has (or within the previous three years has had) business activities or other operations outside of the United States to certify that it is not a “scrutinized” company when it submits a bid or proposal to a State agency. A scrutinized company may still, however, submit a bid or proposal for a contract with a State agency for goods or services if the company first obtains permission from DGS according to the criteria set forth in Public Contract Code section 10477(b).

35. Disabled Veteran Business Participation

- a. Contractor agrees that as contractor of the State, it will meet the requirements of the State’s policies that embrace section 10115 et seq. of the Public Contract Code regarding 3% Disabled Veteran Business Enterprise (DVBE) participation goal for state contracts.
- b. Nothing shall be construed to authorize Contractor to discriminate in the solicitation or acceptance of bids for subcontracting, or for materials or equipment, on the basis of race, color, sex, ethnic origin or ancestry.
- c. Contractor agrees to provide the State or its delegate with any information reasonably necessary to comply with the obligations set forth in the applicable provisions of Public Contract Code section 10115 et seq. Upon reasonable notice, Contractor shall permit the State or its delegate access to Contractor’s premises during normal business hours to interview employees and to inspect and copy books, records, accounts, and other materials for the purpose of determining compliance with the applicable provisions of Public Contract Code section 10115 et seq. and California Code of Regulations, title 2, section 1896.60 et seq. Contractor further agrees to maintain such records for a period of three (3) years after final payment under this Agreement. Contractor further agrees to make this paragraph applicable to all subcontracts entered hereunder.

36. Labor Neutrality Policy

The State Treasurer’s Office recognizes the value of labor organizing and encourages the entities with which it contracts to demonstrate that they also value this principle by encouraging management neutrality in labor organizing activities.

To remain ”neutral” means not to take any action or make any statement that will directly or indirectly state or imply any support for or opposition to the selection by the Contractor’s employees of a collective bargaining agent, or preference or opposition to any particular union as a bargaining agent. Nothing in this section obligates or prohibits the Contractor from entering into private neutrality, labor peace or other lawful agreements with a labor organization seeking to represent or who currently represents the Contractor’s employees.

37. Executive Order N-6-22 Russia Sanctions

The Contractor shall comply with Executive Order N-6-22 (the EO) regarding Economic Sanctions against Russia and Russian entities and individuals. “Economic Sanctions” refers

to sanctions imposed by the U.S. government in response to Russia's actions in Ukraine, as well as any sanctions imposed under state law. The EO directs state agencies to terminate contracts with, and to refrain from entering any new contracts with, individuals or entities that are determined to be a target of Economic Sanctions. Accordingly, should the State determine the Contractor is a target of Economic Sanctions or is conducting prohibited transactions with sanctioned individuals or entities, that shall be grounds for termination of this Agreement. The State shall provide the Contractor advance written notice of such termination, allowing the Contractor at least 30 calendar days to provide a written response. Termination shall be at the sole discretion of the State.

EXHIBIT E
(Standard Agreement)

ADDITIONAL PROVISIONS

1. Conflict of Interest; No Profit

- a. Contractor certifies that its employees and the officers of its governing body shall avoid any actual or potential conflicts of interest, and that no officer or employee who exercises any functions or responsibilities in connection with this Agreement shall have any personal financial interest or benefit which either directly or indirectly arises from this Agreement.
- b. Contractor shall establish safeguards to prohibit its employees or its officers from using their positions for a purpose which could result in private gain, or which gives the appearance of being motivated for private gain for themselves or others, particularly those with whom they have family, business, or other ties.