

APPENDIX B: Form of Professional Services Agreement

**I CONTRACT NUMBER: TRE-CPM-21101 - DEFERRED COMPENSATION PLAN
RECORDKEEPING AND ADMINISTRATIVE SERVICES**

This Professional Services Agreement (“PSA”) is entered into by and between the Office of State Treasurer (“OST”) for the State of Delaware (the “State”), on behalf of the Plans Management Board (the “Board”), and [] (“Vendor”).

WHEREAS, the State desires to retain Vendor to provide all necessary and appropriate recordkeeping, trustee, custodian and administrative services for the State’s deferred compensation program authorized under Chapter 60A of Title 29 of the Delaware Code and the plans within that program: (1) the State’s deferred compensation plan under Internal Revenue Code (“IRC”) § 457(b) (the “457(b) Plan”); (2) the State’s tax-sheltered annuity plan for certain education employees under IRC § 403(b) (the “403(b) Plan”); and (3) the State’s employer match plan under IRC § 401(a) (the “Match Plan,” and together with the 457 Plan and the 403(b) Plan, the “Plans”);

WHEREAS, Vendor desires to provide the services on the terms set forth in this PSA, as well as such other documents as the parties may negotiate and agree upon to govern the parties’ contractual relationship (collectively, the “Agreement”), which other documents shall be controlled and governed by the terms set forth in this PSA;

WHEREAS, the State and Vendor represent and warrant that each party has full right, power and authority to enter into and perform under this Agreement;

FOR AND IN CONSIDERATION OF the premises and mutual agreements herein, the State and Vendor agree as follows:

1. Services and Term.

1.1. Vendor shall provide the State with all necessary and appropriate transition, recordkeeping, ~~trustee, custodian~~ and administrative services for the Plans, including those services as set forth herein and/or as specified on **Exhibit 1** (Statement of Work) to this PSA (collectively, “Services”). Vendor shall serve as a ~~non~~-fiduciary, ~~directed recordkeeper~~ in connection with the provision of Services.

Commented [RC3]: If Great-West Trust Company were to provide trustee and/or custodian services to the State, it would be subject to a separate agreement or schedule. Empower is a non-discretionary, directed recordkeeper.

- 1.2. The initial term of the Agreement shall begin on the date the Agreement is fully executed, or as may be otherwise agreed upon by the parties, and, shall extend for five years from that date. The State has three one-year extension options. OST, in its discretion, may exercise each option at any time prior to the expiration of the initial or extended term, as the case may be, subject only to Board approval of any such extension.
- 1.3. Vendor shall meet and confer with OST, the Board and/or any committee of the Board at such times and places as OST, the Board or a committee may reasonably request. Vendor, if requested by OST, shall participate in meetings with other State agencies concerning the Services or plan-related issues. Vendor shall keep OST staff informed of progress and provide updates to OST and the Board on the status of the Services. This interface shall include regular telephone communication, exchange of written data and analysis and other interaction as requested by OST or the Board.

2. Payment for Services and Expenses.

- 2.1. Vendor is entitled to receive compensation for Services from participants solely as provide on **Exhibit 2**. The State shall have no obligation to compensate Vendor for the performance of Services.
- 2.2. Vendor is solely responsible for ensuring that all Services are completed for the agreed upon fees.
- 2.3. All expenses incurred in the performance of Services are Vendor's responsibility. Vendor shall not be reimbursed for any expenses incurred by Vendor in the performance of the Services, including, but not limited to, travel and lodging expenses, communications charges, and computer time and supplies.
- 2.4. The State shall not be liable for the payment of federal, state or local sales, use or excise taxes, including any interest and penalties from any related deficiency, which may become due and payable by Vendor as a consequence of the Agreement.

3. Performance Schedule.

- 3.1. If applicable, Vendor is responsible for completing the transition of Services and providing Services to participants and beneficiaries in a timely fashion. A preliminary transition and Services schedule is set out on **Exhibit 3**. The parties shall work together to craft a final transition and Services schedule. The final project schedule shall be agreed upon and

substituted as a replacement **Exhibit 3** within 30 days from the date the Agreement is fully executed by the parties.

Commented [RC4]: Note to the business.

3.2. Any delay of Services or change in the sequence of Services, whether on the preliminary or final project schedule, **must be approved in writing by OST.**

Commented [RC5]: Note to the business.

3.3. In the event that Vendor fails to complete the Services or any portion thereof within the time specified in **Exhibit 3**, or with such additional time as may be granted in writing by OST, or fails to perform any Service as specified on **Exhibit 3**, or any extensions thereof, **Vendor shall forfeit and promptly return those amounts specified on Exhibit 3.**

Commented [RC6]: This constitutes an SLA. Note to the business and the BAC. Are we including fees at risk for conversion? Although, the sample Exhibit 3 does not include \$\$.

4. Responsibilities of Vendor.

4.1. Vendor shall be solely responsible for the professional quality, technical accuracy, timely completion, and coordination of all Services, including the quality of any third-party solutions. In performing the Services, Vendor shall adhere to generally accepted professional and technical standards and comply with all applicable federal, state and local laws, ordinances, codes and regulations.

4.2. **Vendor shall be responsible for ensuring that all Services, including all solutions and deliverables furnished pursuant to the Agreement, comply with the standards promulgated by the State’s Department of Technology and Information (“DTI”) published at <http://dti.delaware.gov/> and as modified from time to time by DTI during the term of the Agreement. If any Service furnished pursuant to the Agreement does not conform to DTI standards, Vendor shall, at its expense and option either (1) replace it with a conforming equivalent or (2) modify it to conform to DTI standards. Vendor shall be liable and shall indemnify, defend and hold harmless the Indemnified Parties (as defined below) for all liabilities, suits, actions or claims, together with all reasonable costs and expenses (including attorneys’ fees), incurred by an Indemnified Party resulting from or attributable to Vendor’s failure to comply with ~~this Section 4.2 DTI standards and requirements, including those set forth on Exhibits 4-6.~~**

Commented [RC7]: Protecting data is important to Empower, and we maintain a robust enterprise-wide security program. We may not utilize all of the specific technology and information security standards noted herein, but we use something comparable and likely of a higher standard.

Empower agrees to maintain technical, procedural and administrative security measures consistent with the standards described in the Empower Data Security & Privacy Addendum submitted with this RFP. We welcome the opportunity to do a deep dive with OST and the Board to further discuss your security needs and our security program.

4.3. Vendor shall execute and comply with the requirements of the Confidentiality (Non-Disclosure) and Integrity of Data Agreement attached as **Exhibit 4.**

4.4. It shall be Vendor’s duty to assure that Vendor does not compromise the security, confidentiality, or integrity of information maintained by the State. In providing Services, Vendor will meet or exceed the standards set forth in the Top 20 Critical Security controls located at <http://www.sans.org/critical-security-controls/>.

- 4.5. Vendor shall be responsible for all security breaches involving State data (including participant and beneficiary personal identifiable information) caused by its employees and contract employees, its subcontractors, and the employees and contract employees of its subcontractors, and Vendor shall indemnify, defend and hold harmless the Indemnified Parties from any and all liabilities, suits, actions or claims, together with all reasonable costs and expenses (including attorneys' fees), arising out of such breaches.
- 4.6. Multifunction peripherals must be hardened when used or connected to the State's network.
- 4.7. Electronic information storage devices (hard drives, tapes, diskettes, compact disks, USB, multifunction peripherals, *etc.*) shall be disposed of in a manner corresponding to the classification of the stored information, up to and including physical destruction.
- 4.8. Vendor shall execute and comply with the Cloud Services Terms and Conditions Agreement attached as **Exhibit 5**.
- 4.9. Vendor shall execute and comply with the Data Usage Terms and Conditions Agreement attached as **Exhibit 6**.
- 4.10. It shall be the duty of Vendor to assure that all Services are technically sound and in conformance with all applicable federal, state and local statutes, codes, ordinances, resolutions and other regulations, rules and industry standards applicable to the Services. Vendor will not provide a Service that infringes on any copyright, trademark, patent or other intellectual property rights. Vendor shall, without additional compensation, immediately correct or revise any errors or omissions in the solution and shall indemnify, defend and hold harmless the Indemnified Parties for all liabilities, suits, actions or claims, together with all reasonable costs and expenses (including attorneys' fees), incurred by an Indemnified Party resulting from or attributable to Vendor's failure to comply with this Section.
- 4.11. The State's knowledge, review, approval, or acceptance of, or payment for, any Service shall not be construed to operate as an admission of any fact or circumstance, or a waiver of any rights under the Agreement or otherwise, and Vendor shall be and remain liable in accordance with the terms of the Agreement and applicable law for all damages caused by Vendor's breach or negligent performance or failure to perform under the Agreement.
- 4.12. If applicable, Vendor shall appoint a senior employee, reasonably acceptable to OST, who will manage the transition of Services to Vendor and act as the single point of contact to OST regarding transition-related Services. Vendor also shall appoint a senior employee, reasonably acceptable to OST, who will manage the performance of post-transitions

Services and act as the single point of contact to OST once services have been transitioned to Vendor.

- 4.13. Upon receipt of written notice from OST that a senior or other employee of Vendor is unsuitable for good cause, Vendor shall remove such employee from the performance of Services and substitute in his/her place an employee suitable to OST.
- 4.14. Unless legally prohibited, Vendor shall promptly notify OST's Designated Contact (as defined below) in writing of any investigation, examination or other proceeding involving Vendor, or any key personnel or designated staff of Vendor or a subcontractor, commenced by any regulatory or law enforcement agency and involving allegations of fraud or illegal conduct.
- 4.15. Vendor agrees that its officers and employees will cooperate with OST in the performance of Services and will be available for consultation with OST and the Board or its committees upon reasonable request.
- 4.16. Vendor has or will retain such employees as it may need to perform the Services.
- 4.17. Vendor will not use OST's, the Board's or the State's name, either express or implied, in any of its advertising or sales materials without OST's prior written consent.
- 4.18. Vendor represents that it is properly licensed, registered and authorized to transact business in the State.
- 4.19. Vendor will provide to OST audited or unaudited financial statements, as requested by OST.

5. OST Responsibilities/Representations.

- 5.1. OST agrees that its officers and employees will cooperate with Vendor in the performance of Services and will be available for consultation with Vendor upon reasonable request.

1. Ownership of Work Product and Data.

5.2. ~~All materials, information, documents, reports and other work product, whether finished, unfinished, or draft, developed, prepared or completed by Vendor for the State relating to the Services shall become the property of the State and shall be delivered upon request. The State shall have the right to reproduce and disclose all work product related to the Agreement. The State's rights under this Section shall survive termination of the Agreement.~~

Commented [RC8]: Empower can create work product subject to a separate statement of work. Empower will not produce work product under this Agreement. Each party will own its own materials, trademarks, trade names, logos, trade dress and other confidential information provided to or made accessible to the other party.

5.3. The State shall retain title and interest to all data and documents provided by the State to Vendor related to the Services. Upon termination of the Agreement, and for a period of six (6) months thereafter, the Stateshall have access to all data and documents and related activity and other reports availablein connection with the Services. Promptly after such six (6) month period, all State data and documents and related activity and other reports shall be retained and returned or destroyed in accordance with Section ~~7~~6.8.

6. Confidential Information of the State.

6.1. "Confidential Material," as used herein, means all agreements and other documents and data that contain confidential commercial, financial, consumer, or other confidential information of the State, whether or not such agreements or other documents are marked "confidential" or otherwise designated as confidential by OST.

6.2. Confidential Material shall be used by Vendor solely for purposes of executing its duties and obligations under the Agreement. Vendor may disclose Confidential Material only to those Vendor employees who have a need to access Confidential Material in the scope of their employment for Vendor, and who have been informed, understand and acknowledge in writing that Confidential Material is highly sensitive and confidential and must be held in strictest confidence.

6.3. Confidential Material shall not be copied or reproduced without the express written permission of OST, except for such copies as may reasonably be required for Vendor to execute its duties and obligations under the Agreement. Except as contemplated by the Agreement, Vendor shall not store or aggregate in a data base or other electronic storage means any Confidential Material; provided, however, that Vendor is permitted to store Confidential Material in physical or electronic files in accordance with this Section ~~7~~6, while executing its duties under the Agreement and for a reasonable period of time thereafter, after which the Confidential Materials, including all physical and electronic copies, shall be returned or destroyed in accordance with Section ~~7~~6.8.

6.4. Except as expressly permitted in this Section ~~7~~6, Confidential Material shall not be disclosed to any individuals or third parties without the prior written consent of OST, unless such

disclosure is required by law. Vendor shall immediately notify OST in writing of Vendor's receipt of a court order, subpoena or discovery requests seeking or ordering the production, disclosure or inspection of any Confidential Material. Vendor shall, at the request of OST, object to any such order, subpoena or discovery and shall take all other measures that may reasonably be necessary to protect against the unwarranted production, disclosure or inspection of Confidential Material. In the event disclosure of Confidential Material is compelled or otherwise required by law, Vendor shall mark all documents submitted in connection with any such disclosure so as to indicate the confidential nature of the material and the State's interest therein.

- 6.5. This Section ~~7.6~~ shall not restrict the disclosure or use of Confidential Material that:
- a. is in the public domain at the time of disclosure or thereafter enters the public domain through no breach of the Agreement;
 - b. is in the possession of Vendor without restrictions when received;
 - c. has been lawfully obtained or is lawfully obtainable without restrictions from a source other than the State through no breach of the Agreement;
 - d. has been developed independently by Vendor and without reliance upon Confidential Material.
- 6.6. Vendor shall take commercially reasonable steps to restrict access to and otherwise safeguard the confidentiality and integrity of Confidential Material at all times, including, without limitation, the implementation of electronic security procedures and other measures designed to ensure that all Confidential Material is properly stored and protected at all times.
- 6.7. Vendor shall ~~immediately-promptly~~ disclose to OST the discovery of any security breach ~~or suspicious intrusion~~ involving Confidential Material and shall identify the type and amount of Confidential Material that was compromised or disclosed.
- 6.8. Unless otherwise agreed, within six (6) months from the termination of the Agreement, all Confidential Material, regardless of form, shall, at OST's option, be returned to OST or destroyed in accordance with all applicable law, orders, rules and regulations and industry best practices. Any electronic data or documents destroyed or deleted under this Section ~~7.8~~ shall be permanently deleted and shall not be recoverable, according to the National Institute of Standards and Technology's approved methods. If requested, Vendor shall provide a destruction certificate to OST listing the type and contents of electronic records or physical documents

destroyed or permanently deleted under this Section ~~76~~.8. Notwithstanding the foregoing, Vendor may retain State data or documents for any period if and as required by applicable law ~~of~~ and Vendor's retention policies; provided, however that Vendor shall thereafter store and protect such data and documents as required by the Agreement, the applicable provisions of which shall survive termination, and delete or destroy all such data and documents at the conclusion of such period.

- 6.9. The State shall have no obligation to disclose Confidential Material. The State may, in its discretion, provide or refuse to provide Confidential Material requested by Vendor.
- 6.10. Vendor understands and agrees that the State may suffer irreparable harm in the event that Vendor or its employees fail to comply with their obligations hereunder and that monetary damages may not be adequate to compensate the State for such breach. Vendor agrees that the State, in addition to other remedies available to it at law or in equity for actual damages, shall be entitled to seek injunctive relief to enforce the terms of this Section ~~76~~.

7. Warranty.

- 7.1. Vendor agrees to correct or re-perform any Services not in compliance with this Agreement.
- 7.2. Third-party software solutions or hardware or other products within the scope of the Agreement are warranted under the terms and conditions of the licenses or other agreements by which such products are governed. With respect to all third-party products sold, licensed or offered by Vendor in connection with the provision of the Services, if any, Vendor shall pass through or assign to the State all rights Vendor obtains from the manufacturers and/or vendor of such products and services (including warranty and indemnification rights), to the extent that such rights are assignable. To the extent such rights are not assignable, Vendor shall honor all such third-party software and hardware warranties and indemnification obligations.

8. Indemnification; Limitation of Liability.

- 8.1. Vendor shall indemnify, defend and hold harmless OST, the Board and the State and their respective officers, committees, members, agents and employees (the "Indemnified Parties") from any and all liability, suits, actions, claims or damages, together with all reasonable costs and expenses (including attorneys' fees) asserted by a third party, to the extent arising out of Vendor's breach of the Agreement, or the negligent, reckless, intentional or other tortious, fraudulent, illegal, or unlawful conduct of Vendor or any subcontractor or independent contractor, or their respective officers, employees or agents,

arising out of or related to the Agreement (“Claims”). Notwithstanding anything to the contrary herein, Vendor shall not be liable to the State for any Damages resulting from: 1) any acts or omissions undertaken at the Direction of the State or any agent or any third party authorized by the State to provide Direction to Vendor, including but not limited to prior service providers, investment advisors, or any authorized agent thereof; or 2) any performance of the Services that is in strict compliance with the terms of this Agreement. The State acknowledges that Vendor and its directors, officers, employees and authorized representatives are not responsible for the investment performance of any Investment Options under the Plan.

- 8.2. If OST notifies Vendor in writing of a Claim against an Indemnified Party, including, without limitation, any Claim based on Vendor’s disclosure of or failure to safeguard any personal financial or other private or confidential information, Vendor will defend such Claim at Vendor’s expense if so requested by OST, in OST’s sole discretion. Vendor will pay all costs and damages that may be finally awarded against an Indemnified Party.
- 8.3. Neither OST, the Board, the State, nor any other department, agency or instrumentality thereof, nor any committee, officer, member, agent or employee of the foregoing, shall have any obligation to indemnify or hold harmless, ~~or any liability to,~~ Vendor or any other party for fees (including attorneys’ fees), expenses, suits, actions, claims or ~~direct damages; whether direct or indirect, compensatory or punitive, actual or consequential, arising out of or related in any way to the Agreement.~~
- 8.4. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR ANY INDIRECT, SPECIAL, PUNITIVE, INCIDENTAL, OR CONSEQUENTIAL DAMAGES (INCLUDING, WITHOUT LIMITATION, LOSS OF REVENUE OR PROFIT) EVEN IF THE PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.
- 8.5. Notwithstanding anything to the contrary herein, no provision of this Agreement shall constitute a waiver or limitation of any right of OST, the Board or the State that may exist under applicable law.
- 8.6. Notwithstanding anything to the contrary herein, to the extent available under applicable law, OST, the Board and the State and their respective committees, officers, members, agents and employees expressly reserve all rights, claims, arguments, defenses and immunities, including, without limitation, claims or defenses based on sovereign immunity, qualified immunity and other statutory or common law rights, claims, defenses or immunities; provided, however, that Vendor shall have the right to seek to enforce the Agreement in the courts of this State.

9. Insurance.

9.1. Vendor shall maintain the following insurance during the term of the Agreement but reserves the right to self-insure any and all required insurance:

a. Worker's Compensation and Employer's Liability Insurance in accordance with applicable law;

b. ~~Comprehensive Commercial~~ General Liability—\$1,000,000 per occurrence/\$3,000,000 per aggregate;

c. Professional Liability (also known as Errors and Omissions)—\$5,000,000 per ~~occurrence~~claim/\$5,000,000 per aggregate;

d. ~~Miscellaneous Errors and Omissions \$1,000,000 per occurrence/\$3,000,000 per aggregate;~~

e. Automotive Liability Insurance covering all automotive units used in the work (including all units leased from and/or provided by the State to Vendor pursuant to this Agreement as well as all units used by Vendor, regardless of the identity of the registered owner, used by Vendor for completing the Work required by this Agreement to include but not limited to transporting Delaware clients or staff), providing coverage on a primary non-contributory basis with limits of not less than:

1. ~~\$12,000,000~~ combined single limit each accident, for bodily injury and property damage;

2. ~~\$250,000 for property damage to others;~~

3. ~~\$25,000 per person per accident Uninsured/Underinsured Motorists coverage;~~

4. ~~\$25,000 per person, \$300,000 per accident Personal Injury Protection (PIP) benefits as provided for in 21 Del. C. § 2118; and~~

~~5.3 Comprehensive coverage for all leased vehicles, which shall cover the replacement cost of the vehicle in the event of collision, damage or other loss, and:~~

f. Excess/Umbrella policy - Excess/Umbrella \$10,000,000 total (sits above underlying ~~worker's compensation and employer's liability~~, commercial general liability, ~~professional liability~~, and business automobile liability).

9.2. In addition to the insurance policies required by Section 10.1, Vendor must maintain cyber security liability insurance coverage with limits of [in an amount TBD] for loss resulting from a data breach. The policy shall be issued by an insurance company with an A.M. Best Rating of A-VII and shall remain in place for the term of the Agreement. Notwithstanding anything in **Exhibit 5**, Vendor shall ~~immediately-promptly~~ notify OST when Vendor becomes aware of a security breach involving State data.

9.3. ~~Should any of the above described policies be cancelled before the expiration date thereof, notice will be delivered to OST.~~

9.4. Before any work is performed pursuant to the Agreement, the Certificate of Insurance ~~and/or copies of the insurance policies~~ specified in Sections 10.1 and 10.2 shall be provided to OST. Upon written request, Vendor will offer proof of insurance renewal or extension within 30 days following the expiration date of the policies required. Such certificate(s) shall suffice as evidence that required insurance is maintained. The certificate holder is as follows:

**Office of the State Treasurer
820 Silver Lake Blvd., Suite 100
Dover, DE 19904**

9.5. In no event shall OST, the Board, the State, or their respective committees, officers, members, agents or employees, be named as an additional insured on any policy required under the Agreement.

10. Independent Contractor.

10.1. It is understood that in the performance of the Services, Vendor is an independent contractor, not an agent or employee of OST, the Board or the State, and shall furnish such Services in its own manner and method, except as required by the Agreement.

10.2. Except as provided in Section 4, above, Vendor has and shall retain the right to exercise full control over the employment, direction, compensation and discharge of all persons

employed by Vendor in the performance of the Services; provided, however, that Vendor will, subject to scheduling and staffing considerations, attempt to honor OST's request for specific individuals.

- 10.3. Vendor shall be solely responsible for, and shall indemnify, defend and hold the Indemnified Parties harmless from all matters relating to the payment of Vendor's employees and any subcontractor's or independent contractor's employees, including compliance with Social Security, withholding and all other wages, salaries, benefits, taxes, exactions, and regulations of any nature whatsoever.
- 10.4. Vendor acknowledges that Vendor and any agents or employees employed by Vendor shall not, under any circumstances, be considered employees of the State, and that they shall not be entitled to any of the compensation, benefits or rights afforded employees of the State, including, but not limited to, sick leave, vacation leave, holiday pay, pension benefits, and health, life, dental, long-term disability and workers' compensation insurance benefits.
- 10.5. Vendor shall be responsible for providing liability insurance for its personnel.
- 10.6. As an independent contractor, Vendor has no authority to bind or commit OST, the Board or the State. Nothing herein shall be deemed or construed to create a joint venture, partnership, or agency relationship between the parties for any purpose.

11. ~~Reserved~~Intentionally Omitted.

12. Termination.

- 12.1. The Agreement may be terminated by either party for default, which shall mean the failure of the other party to fulfill a material obligation under this Agreement, through no fault of the terminating party, but only after the other party is given:
 - a. Not less than 30 calendar days' written notice of intent to terminate and opportunity to cure; and
 - b. An opportunity for consultation with the terminating party prior to termination.

12.2. The Agreement may be terminated in whole or in part by ~~the State either party~~ for its convenience, but only ~~after Vendor~~ the other party is given sixty (60) calendar days' written notice of intent to terminate.

12.3. Vendor is entitled to compensation earned for Services provided as of the effective date of termination and through complete transition of Plans to a successor recordkeeper.

12.4. In connection with any notice issued under this Section ~~4312~~, the State may immediately retain another vendor to perform the Services. Vendor shall at all times cooperate in the transition and shall, at no additional cost to the State for transition services, perform such reasonable services as OST or the Board shall determine are necessary or appropriate to enable the transition of work to a successor vendor or vendor without undue burden to Vendor. Vendor's obligation to provide transition services shall survive termination and shall continue until such date as is communicated in writing to Vendor that such services are no longer needed in accordance with Vendor's Transition Assistance Services schedule attached hereto.

12.5. If after termination for breach it is determined that Vendor has not so failed, the termination shall be deemed to have been effected for convenience.

12.6. The termination of the Agreement shall not terminate any rights or obligations that are reasonably intended to extend beyond termination, including Vendor's indemnification and confidentiality obligations.

12.7. The rights and remedies of OST, the Board and the State provided in this Section are in addition to any other rights and remedies provided by law or under the Agreement.

12.8. Gratuities.

a. OST may, by written notice to Vendor, terminate the Agreement without liability if it is found that gratuities (in the form of entertainment, gifts, or otherwise) were offered or given by Vendor or any agent or representative of Vendor to any officer or employee of OST, the Board or the State with a view toward securing a contract or securing favorable treatment with respect to the awarding or amending or making of any determinations with respect to the performance of the Agreement.

b. In the event the Agreement is terminated as provided in Section ~~4312~~.8.a, the State shall be entitled to pursue the same remedies against Vendor it could pursue in the event of a breach of the Agreement by Vendor.

Commented [RC9]: Regarding compensation after the effective date of the termination, Empower will have expenses from activities performed after the termination of the agreement. Empower will provide transition assistance services in accordance with its Transition Assistance Services policy.

12.9. The validity and enforcement of the Agreement is subject to appropriations by the General Assembly of the specific funds necessary for contract performance. If such funds are not so appropriated, (a) OST may immediately terminate the Agreement without liability, and (b) the Agreement shall be terminated without liability as to any obligation of the State requiring the expenditure of money for which no specific appropriation is available.

13. Assignment; Subcontracts.

13.1. Any attempt by Vendor to assign or otherwise transfer any interest in the Agreement without the prior written consent of OST shall be void.

13.2. Vendor's employees shall perform all Services, unless OST contents in writing to Vendor's request to use temporary staff, independent contractors or a subcontractor retained solely and uniquely for the State to perform Services under the Agreement. Neither approval by OST of any such request, nor OST's acceptance of any solution or deliverable, or payment of any invoice, shall relieve Vendor of responsibility for the professional and technical accuracy and adequacy of the Services. All temporary staff, independent contractors and subcontractors shall adhere to and be bound by all applicable provisions of this Agreement, including all exhibits.

13.3. Vendor shall be and remain liable for all damages to OST, the Board and the State caused by the negligent performance or non-performance of work under the Agreement by any use temporary staff, independent contractors or a subcontractor.

13.4. The compensation due to Vendor pursuant to **Exhibit 2** shall not be affected by OST's approval of Vendor's request to use temporary staff, independent contractors or a subcontractor.

14. Complete Agreement.

14.1. This PSA and its exhibits, which are incorporated herein by reference, constitute the entire agreement between the State and Vendor with respect to the subject matter of the PSA and shall not be modified or changed without the express written consent of the parties. The terms of this PSA shall control and take precedence over any contrary or inconsistent terms or conditions in any document forming a part of the Agreement. The provisions of the Agreement supersede all prior oral and written quotations, communications, agreements and understandings of the parties with respect to the subject matter of the Agreement.

- 14.2. If the scope of any provision of the Agreement is too broad in any respect to permit enforcement to its full extent, then such provision shall be enforced to the maximum extent permitted by law, and the parties hereto consent and agree that such scope may be judicially modified accordingly and that the whole of such provisions of the Agreement shall not thereby fail, but the scope of such provision shall be curtailed only to the extent necessary to conform to the law.
- 14.3. If any term or provision of the Agreement is found by a court of competent jurisdiction to be invalid, illegal or otherwise unenforceable, the same shall not affect the other terms or provisions hereof or the whole of the Agreement, but such term or provision shall be deemed modified to the extent necessary in the court's opinion to render such term or provision enforceable, and the rights and obligations of the parties shall be construed and enforced accordingly, preserving to the fullest permissible extent the intent and agreements of the parties herein set forth.
- 14.4. Each exhibit, except as otherwise agreed, shall be a complete statement of its subject matter and shall supplement, modify and supersede the terms and conditions of the Agreement.

15. Miscellaneous Provisions.

- 15.1. Neither this PSA, including its exhibits, nor the Agreement may be modified or amended except by the mutual written agreement of the parties. No waiver of any provision of the Agreement shall be effective unless it is in writing and signed by the party against whom enforcement is sought. Notwithstanding the foregoing, Vendor may unilaterally amend the Agreement to the extent necessary to comply with applicable laws, to add or enhance the Services, or to update the method of providing the Services without any reduction in service, by providing written notice to the State at least 30 days in advance of the effective date of such change.
- 15.2. The delay or failure by either party to exercise or enforce any of its rights under the Agreement shall not constitute or be deemed a waiver of that party's right thereafter to enforce those rights, nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right.
- 15.3. Vendor covenants that it presently has no interest, and that it will not acquire any interest, direct or indirect, that conflicts or would conflict in any manner or degree with the performance of Services required under the Agreement. Vendor further covenants that, in the performance of said Services, no person having any such interest shall be employed.

- 15.4. Vendor acknowledges that OST, the Board and the State will not subsidize or tolerate discrimination. Vendor recognizes that its refusal to hire or do business with an individual or company due to reasons of race, color, gender, ethnicity, disability, national origin, age, or any other protected status, may result in the State declaring Vendor in breach of the Agreement, terminating the Agreement without liability and/or taking such additional action as may be warranted under the circumstances.
- 15.5. Vendor warrants that no person or selling agency has been employed or retained to solicit or secure the Agreement upon an agreement or understanding for a commission, or a percentage, brokerage or contingent fee. For breach or violation of this warranty, the State shall have the right to annul the Agreement without liability.
- 15.6. The Agreement was drafted with the joint participation of both parties and shall be construed neither against nor in favor of either, but rather in accordance with the fair meaning thereof.
- 15.7. At the option of OST, the parties shall attempt in good faith to resolve any dispute arising out of or relating to the Agreement promptly by negotiation between officials or executives who have authority to settle the controversy. All offers, promises, conduct and statements, in each case relating to dispute resolution, whether oral or written, made in the course of the negotiation by any of the parties, their agents, employees, experts and attorneys are confidential, privileged and inadmissible in any proceeding involving the parties; provided, however, that evidence that is otherwise admissible or discoverable may not be rendered inadmissible merely because it was the subject of discussion in the course of negotiation.
- 15.8. Any disputes, claims or controversies arising out of or relating to the Agreement that are not resolved through resolution efforts pursuant to Section 16.7, may be submitted to mediation, if OST so elects in its sole discretion. Any such proceedings held pursuant to this provision shall be governed by the State's laws, and venue shall be in this State. The parties shall maintain the confidential nature of the proceedings and shall keep the terms of any resulting settlement or award confidential to the extent permissible under applicable law. Each party shall bear its own costs of mediation, including attorneys' fees and half of the mediator's fees and expenses.
- 15.9. Neither party to the Agreement shall be liable for damages resulting from delayed or defective performance of its obligations under the Agreement when such delays or defective performance arise out of unforeseeable causes beyond the reasonable control and without the negligence or willful misconduct of the party.

15.10. The Agreement (including all exhibits and content) and all information relating to Vendor's compensation for Services are public documents subject to mandatory disclosure under 29 *Del. C. § 10001-10007*. In the event that OST is required by law (any statute, governmental rule or regulation, or judicial or governmental order, judgment or decree) to disclose to the public any information or document reasonable designated as "confidential" by Vendor, OST will, to the extent reasonably practicable prior to disclosure, give Vendor prior written notice of such disclosure or potential disclosure. Vendor's designation as to confidentiality is not binding on OST, the Board or the State.

15.11. The provisions of the Agreement are for the sole benefit of the parties hereto. The Agreement confers no rights, benefits or claims upon any person or entity not a party hereto.

16. Assignment of Antitrust Claims.

As consideration for the award and execution of the Agreement, Vendor hereby grants, conveys, sells, assigns and transfers to the State all of Vendor's right, title and interest in and to all known or unknown causes of action it presently has or may now or hereafter acquire under the antitrust laws of the United States or this State relating to the Services or the Agreement.

17. Governing Law.

The Agreement shall be governed by and construed in accordance with Delaware law, without regard to conflict of laws rules or principles. Vendor consents to jurisdiction and venue in this State.

18. Notices.

Any and all notices required by the provisions of the Agreement shall be in writing and shall be mailed, certified or registered mail, return receipt requested. All notices shall be sent to the following addresses:

If to OST:

Attn: [_____] [_____] ("Designated Contact")
820 Silver Lake Blvd., Suite 100

Dover, DE 19904

If to Vendor:

Attn:

IN WITNESS THEREOF, the parties hereto have caused this PSA to be duly executed as of the date and year first above written.

**OFFICE OF THE STATE TREASURER,
on behalf of the PLANS MANAGEMENT
BOARD**

Signature

Name

Title

Date

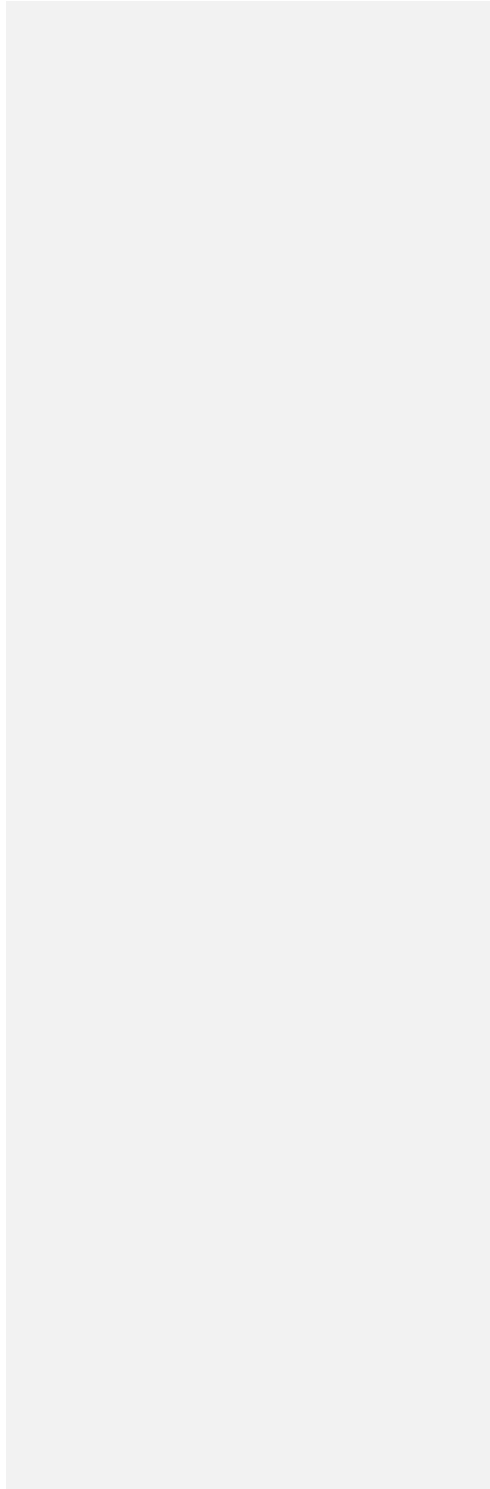
[Vendor]

Signature

Name

Title

Date



The following five exhibits are attached and shall be considered part of the PSA:

- **Exhibit 1 – Statement of Work**
- **Exhibit 2 – Payment Schedule**
- **Exhibit 3 – Project Schedule**
- **Exhibit 4 – Confidentiality (Non-Disclosure) and Integrity of Data Agreement**
- **Exhibit 5 – Cloud Services Terms and Conditions Agreement**
- **Exhibit 6 – Data Usage Terms and Conditions Agreement**

Capitalized terms used but not defined in an exhibit shall have the meanings ascribed to such terms in the PSA.

**Exhibit 1 – Statement of Work
(to be negotiated)**

**Exhibit 2: Payment Schedule
(to be negotiated)**

Vendor shall be entitled to compensation for Services provided under the Agreement as provided below.

Exhibit 3 – Project Schedule

PROPOSED PROJECT SCHEDULE

Task/Milestone	Date
Fully Executed Agreement	December, 2021
Implementation Period (<i>if needed</i>)	TBD 2022
Investment Recordkeeping and Administrative Services - Start Date	TBD 2022

Exhibit 4: Confidentiality (Non-Disclosure) & Integrity of Data Agreement

CONFIDENTIALITY (NON-DISCLOSURE) AND INTEGRITY OF DATA AGREEMENT

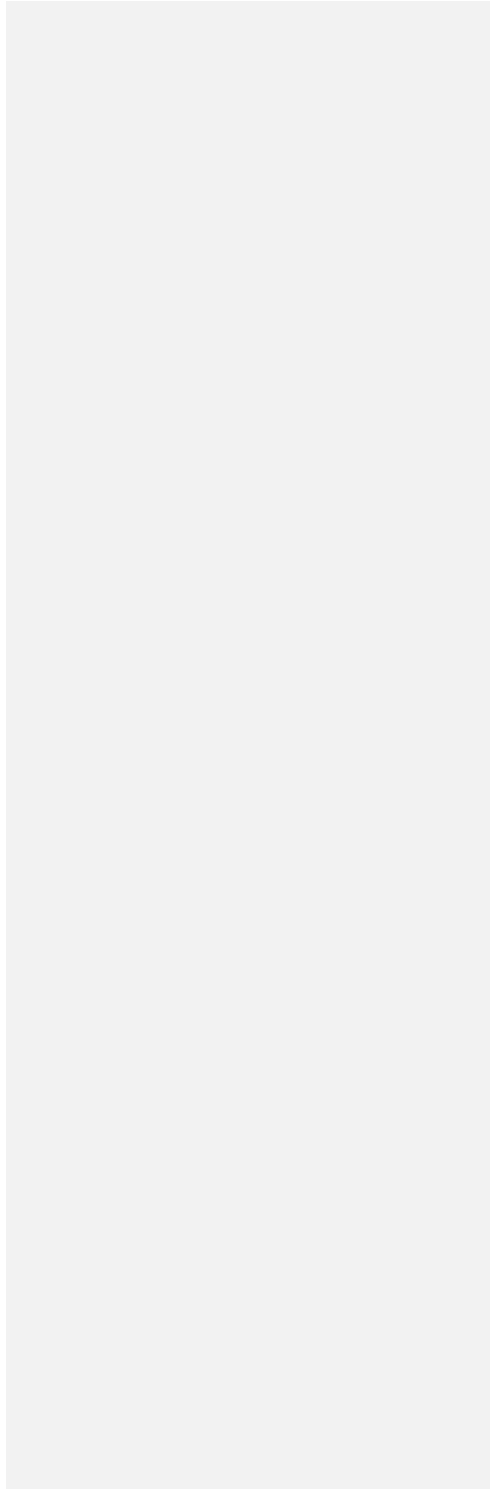
DTI is responsible for safeguarding the confidentiality and integrity of data in State computer files regardless of the source of those data or medium on which they are stored e.g., electronic data, computer output microfilm (COM), tape, or disk. Computer programs developed to process State agency data will not be modified without the knowledge and written authorization of DTI. All data generated from the original source data shall be the property of the State. The control of the disclosure of those data shall be retained by the State and DTI.

I/we, as an employee(s) of or officer of my firm, when performing work for the State, understand that I/we act as an extension of DTI and therefore I/we are responsible for safeguarding the State's data and computer files as indicated above. I/we will not use, disclose, or modify State data or State computer files without the written knowledge and written authorization of the State. Furthermore, I/we understand that I/we are to take all necessary precautions to prevent unauthorized use, disclosure, or modification of State computer files, and I/we should alert my immediate supervisor of any situation which might result in, or create the appearance of, unauthorized use, disclosure or modification of State data.

Penalty for unauthorized use, unauthorized modification of data files, or disclosure of any confidential information may mean the loss of my position and benefits, and prosecution under applicable State or federal law.

This statement applies to the undersigned Vendor and to any others working under the Vendor's direction.

I, the undersigned, hereby affirm that I have read and understand the terms of the above Confidentiality (Non-Disclosure) and Integrity of Data Agreement, and that I/we agree to abide by its terms.



Vendor Name: _____

Authorizing Official Name (print): _____

Authorizing Official Signature: _____

Date: _____

Exhibit 5: Cloud Services Terms and Conditions Agreement

PUBLIC AND NON-PUBLIC DATA OWNED BY THE STATE OF DELAWARE

Contract # _____, between State of Delaware and _____

dated _____

	Public Data	Non Public Data	CLOUD SERVICES (CS) TERMS
<p>Vendor must satisfy Clause CS1-A OR Clauses CS1-B and CS1-C, AND Clause CS4 for all engagements involving non-public data. Clause CS2 is mandatory for all engagements involving non-public data. Clause CS3 is only mandatory for SaaS or PaaS engagements involving non-public data.</p>			
CS1-A	<input type="checkbox"/>	<input type="checkbox"/>	<p>Security Standard Compliance Certifications: Vendor shall meet, and provide proof of, one or more of the following Security Certifications.</p> <ul style="list-style-type: none"> • CSA STAR – Cloud Security Alliance – Security, Trust & Assurance Registry (Level Two or higher) • FedRAMP - Federal Risk and Authorization Management Program
CS1-B	<input type="checkbox"/>	<input type="checkbox"/>	<p>Background Checks: Vendor must warrant that they will only assign employees and subcontractors who have passed a state-approved criminal background check. The background checks must demonstrate that staff, including subcontractors, utilized to fulfill the obligations of the contract, have no convictions, pending criminal charges, or civil suits related to any crime of dishonesty. This includes but is not limited to criminal fraud, or any conviction for any felony or misdemeanor offense for which incarceration for a minimum of 1 year is an authorized penalty. Vendor shall promote and maintain an awareness of the importance of securing the State's information among Vendor's employees and agents. Failure to obtain and maintain all required criminal history may be deemed a material breach of the Agreement and grounds for immediate termination and denial of further work with the State.</p>
CS1-C	<input type="checkbox"/>	<input type="checkbox"/>	<p>Responsibility: Vendor shall be responsible for ensuring its employees' and any subcontractors' compliance with the security requirements stated herein.</p>
CS2	<input type="checkbox"/>	<input type="checkbox"/>	<p>Breach Notification and Recovery: Vendor must notify the State immediately promptly of any incident resulting in the destruction, loss, unauthorized disclosure, or alteration of State data. If data is not encrypted (<i>see</i> CS3, below), Delaware Code (6 <i>Del. C.</i> §12B-100 et seq.) requires public breach notification of any incident resulting in the loss or unauthorized disclosure of personally identifiable</p>

	Public Data	Non Public Data	CLOUD SERVICES (CS) TERMS
			information by Vendor or its subcontractors. Vendor will provide notification to persons whose information was breached without unreasonable delay but not later than 60 days after determination of the breach, except 1) when a shorter time is required under federal law; 2) when law enforcement requests a delay; 3) reasonable diligence did not identify certain residents, in which case notice will be delivered as soon as practicable. All such communication shall be coordinated with the State. Should Vendor or its employees or subcontractors be liable for the breach, Vendor shall bear all costs associated with investigation, response, and recovery from the breach. This includes, but is not limited to, credit monitoring services with a term of at least three-one (31) years year, mailing costs, website, and toll-free telephone call center services. <u>Except as provided in this Agreement, The-the</u> State shall not agree to any limitation on liability that relieves Vendor or any person or entity from responsibility for its own negligence or conduct, or to the extent that it creates an obligation on the part of the State to hold any person or entity harmless.
CS3	<input type="checkbox"/>	<input type="checkbox"/>	Data Encryption: Vendor shall encrypt all non-public data in transit, regardless of transit mechanism. For engagements where Vendor stores personally identifiable information or other sensitive, confidential information, it shall encrypt this non-public data at rest. Vendor's encryption shall meet validated cryptography standards as specified by the National Institute of Standards and Technology in FIPS140-2 and subsequent security guidelines. Vendor and the State will negotiate mutually acceptable key location and key management details. Vendor shall maintain mandatory cyber security liability insurance coverage for the duration of the Agreement.
CS4	<input type="checkbox"/>	<input type="checkbox"/>	Notification of Legal Requests: Vendor shall contact OST upon receipt of any electronic discovery, litigation holds, discovery searches, and expert testimonies related to, or which in any way might reasonably require access to the data of the State. With regard to State data and processes, Vendor shall not respond to subpoenas, service of process, and other legal requests without first notifying OST, unless prohibited by law from providing such notice.

The terms of this document shall be incorporated into the Agreement. Any conflict between this document and the aforementioned Agreement shall be resolved by giving priority to the Agreement.

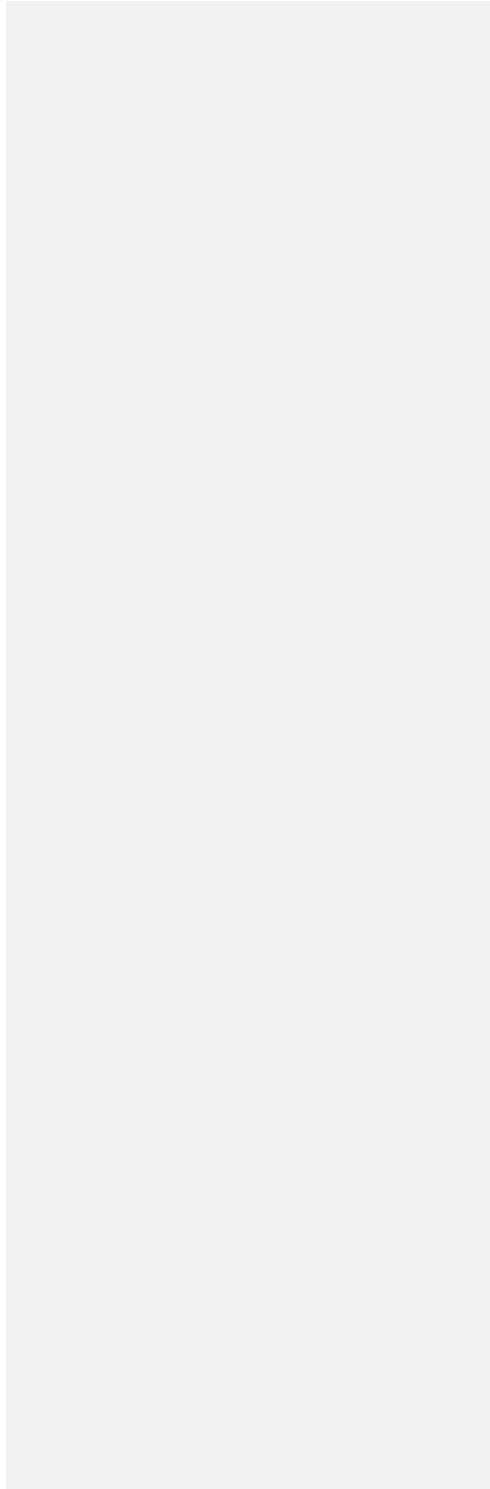
FOR
OFFICIAL
USE

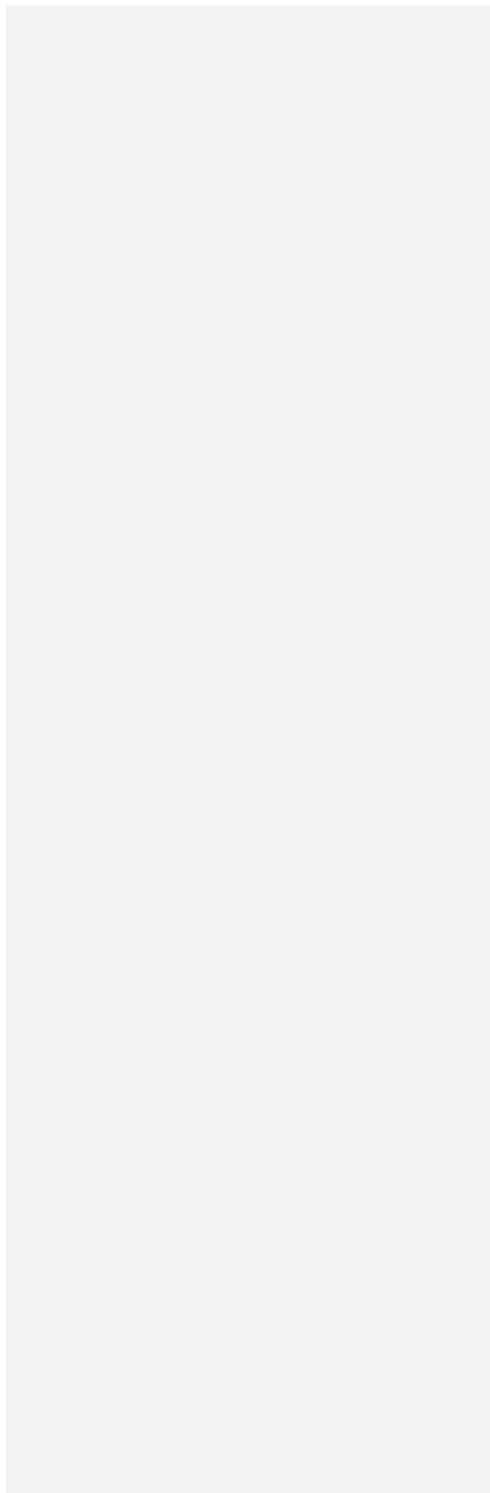
CS4 (Public Data)

CS1-A and CS4 (Non-Public Data) OR Δ CS1-B and CS1-C and CS4 (Non-public Data)

CS2 (Non-public Data)

CS3 (SaaS, PaaS – Non-public Data)





VENDOR Name/Address (*print*): _____

VENDOR Authorizing Official Name (*print*): _____

VENDOR Authorizing Official Signature: _____

Date: _____

Exhibit 6: Data Usage Terms and Conditions Agreement

Contract # _____, between State of Delaware and
 _____ dated _____

	Public Data	Non-Public Data		DATA USAGE (DU) TERMS
DU1	√	√	Data Ownership	The State shall own all right, title and interest in its data provided by the State to Empower that is related to the Services . Vendor shall not access State user accounts, or State data, except (i) in the course of data center operations, (ii) response to service or technical issues, (iii) as required by the express terms of this contract, or (iv) at OST or the State's written request. All information obtained or generated by Vendor in connection with the Agreement shall become and remain property of the State.
DU2	√	√	Data Usage	Vendor shall comply with the following conditions. At no time will any information belonging to or intended for the State be copied, disclosed, or retained by Vendor or any third party for subsequent use. Vendor will take reasonable steps to limit the use of, or disclosure of, and requests for, confidential State data. Vendor may not use any information collected in connection with the Services for any purpose other than fulfilling a Service. Protection of personally identifiable information, privacy, and sensitive data shall be an integral part of the business activities of Vendor to ensure that there is no inappropriate or unauthorized use of State information at any time. Vendor shall safeguard the confidentiality, integrity, and availability of State information. Only duly authorized Vendor staff will have access to State data and may be required to obtain security clearance from the State. No party related to Vendor may retain any data for subsequent use that has not been expressly authorized by the State.

	Public Data	Non-Public Data		DATA USAGE (DU) TERMS
DU3	√	√	Termination and Suspension of Service	<p>Unless otherwise provided in the Agreement, in the event of termination of the Agreement, Vendor shall implement an orderly return (in CSV or XML or another mutually agreeable format), or shall guarantee secure disposal of State data.</p> <p><i>Termination of the Agreement:</i> In the event of termination, Vendor shall not take any action to intentionally alter, erase, or otherwise render inaccessible any State data for a period of six (6) months after the effective date of the termination. Within this timeframe, Vendor will continue to secure and back up State data covered under the Agreement. After such 6-month period, Vendor shall have no obligation to maintain or provide any State data. Thereafter, unless legally prohibited, Vendor shall dispose securely of all State data in its systems or otherwise in its possession or control, as specified herein.</p> <p><i>Post-Termination Assistance:</i> The State shall be entitled to reasonable post-termination assistance with respect to the transition of Services.</p>
DU4		√	Data Disposition	<p>Unless otherwise provided in the Agreement, at no time shall any data or processes that either belong to or are intended for the use of the State be copied, disclosed, or retained by Vendor.</p> <p>Unless otherwise provided in the Agreement, when required by the State, Vendor shall destroy all requested data in all of its forms (e.g., disk, CD/DVD, backup tape, paper). Data shall be permanently deleted, and shall not be recoverable, in accordance with National Institute of Standards and Technology (NIST) approved methods. Vendor shall provide written certificates of destruction to OST.</p>
DU5		√	Data Location	<p>Vendor shall not store, process, or transfer any non-public State data outside of the United States, including for back-up and disaster recovery purposes. Vendor may permit its personnel offshore access to the data, as long as the data remains onshore.</p>

	Public Data	Non-Public Data		DATA USAGE (DU) TERMS
DU6		√	Breach Notification and Recovery	Vendor must notify the State immediately of any incident resulting in the destruction, loss, unauthorized disclosure, or alteration of State data. If data is not encrypted (<i>see</i> CS3, below), Delaware Code (6 <i>Del. C.</i> §12B-100 et seq.) requires public breach notification of any incident resulting in the loss or unauthorized disclosure of personally identifiable information by Vendor or its subcontractors. Vendor will provide notification to persons whose information was breached without unreasonable delay but not later than 60 days after determination of the breach, except 1) when a shorter time is required under federal law; 2) when law enforcement requests a delay; 3) reasonable diligence did not identify certain residents, in which case notice will be delivered as soon as practicable. All such communication shall be coordinated with the State. Should Vendor or its employees or subcontractors be liable for the breach, Vendor shall bear all costs associated with investigation, response, and recovery from the breach. This includes, but is not limited to, credit monitoring services with a term of at least three (3) years, mailing costs, website, and toll-free telephone call center services. The State shall not agree to any limitation on liability that relieves Vendor or any person or entity from responsibility for its own negligence or conduct, or to the extent that it creates an obligation on the part of the State to hold any person or entity harmless.
DU7		√	Data Encryption	Vendor shall encrypt all non-public data in transit, regardless of transit mechanism. For engagements where Vendor stores personally identifiable information or other sensitive or confidential information, it shall encrypt this non-public data at rest. Vendor's encryption shall meet validated cryptography standards as specified by the National Institute of Standards and Technology in FIPS140-2 and subsequent security guidelines. Vendor and the State will negotiate mutually acceptable key location and key management details. Vendor shall maintain mandatory cyber security liability insurance coverage for the duration of the Agreement.

The terms of this document shall be incorporated into the Agreement. Any conflict between this document and the aforementioned Agreement shall be resolved by giving priority to the Agreement.

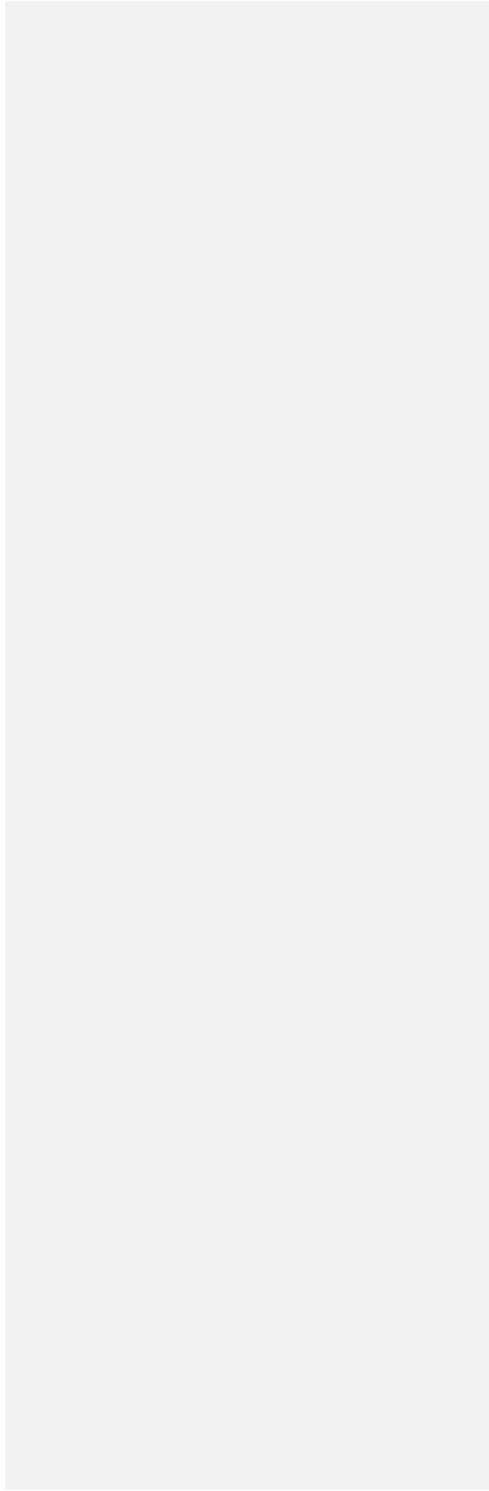
FOR OFFICIAL USE ONLY **Δ DU 1 - DU 3 (Public Data Only) OR Δ DU 1 - DU 7 (Non-public Data)**

VENDOR Name/Address (*print*):

VENDOR Authorizing Official Name (*print*): _____

VENDOR Authorizing Official Signature: _____

Date: _____



APPENDIX C: Sample Program Audit Requirements

**CONTRACT NUMBER: TRE-CPM-21101 - DEFERRED COMPENSATION PLAN
RECORDKEEPING AND ADMINISTRATIVE SERVICES**

1. Service Organization Control (SOC 1) report for Vendor covering as much of the 2020 period as possible, with a bridge (or gap) letter covering controls on the period not covered by the SOC 1 report.
2. Deferral deposits by participant by deposit date during 2020.
3. Detail of corrected and returned contributions during 2020.
4. Rollover contributions received from outside of the plan by participant during 2020.
5. Detail of exchanges in and out of Vendor by participant during 2020 with detail on which vendor within the State of Delaware 403(b) plan the exchange went to or came from.
6. Outstanding loan balances by participant at December 31, 2020 and detailed activity on repayments, defaults, interest earned, interest rates, or other activity occurring on the loan balance during 2020.
7. Distribution report by participant by type of distribution during 2020.
8. 1099-R report detailing distributions in which a 1099-R was prepared during the year with details on the gross distribution, tax withholdings, and distribution code.
9. Administrative expenses and fees report.
10. Approved service agreements with the State of Delaware 403(b) Plan detailing agreed upon rates and fees to be charged to the Plan.
11. Trust and/or custodial statement detailing each individual participant's account balances at the beginning of the year, plus deposits, minus distributions, plus investment earnings, fees, and other activity equals end of the year account balances by participant.
12. Asset detail by type of investment (cash, mutual fund, annuity, fixed income, etc.) with asset balance and number of shares or units at December 31, 2020. Please provide the full name of each security with ticker symbol (if applicable).
 - Please note that the total assets on the schedule of investments held in custody by investment type must show the same dollar amount of total assets as the schedule of participant account balances.
 - Please note that you must provide statements including all the assets held in custody for the State of Delaware 403(b) Plan. This includes ReliaStar assets, as well.

Commented [RC10]: RFP indicates this is a single vendor arrangement. This requirement should not be applicable.

Commented [RC11]: These reports would come from BNY as the Plan's trustee/custodian. Empower's recordkeeping reports will show participant activity at the NAV level but will not be able to show individual activity to any underlying unitized investments.

Commented [RC12]: It is expected that BNY as the trustee/custodian would provide this to the State.

13. Self-directed brokerage supplemental statement plan detail report for Plan.

14. Information regarding whether investments are reported at contract value or fair value and the basis for determining such value.

15. Termination clauses or other restrictions on sale of any of the Plan's investment options.

16. Most recent audited financial statements for any fully-benefit responsive contracts that are available only to qualified plans.

17. Annual report or independent identification of the fair market value at December 31, 2020 and 2019 for all funds held at the end of the year.

18. Annual report or independent identification of the annual return for 2020 and 2019 for all funds held during the year.

Commented [RC13]: It is expected that BNY as the custodian would provide this to the State, or alternatively, by the State's investment manager.

Commented [RC14]: It is expected that BNY as the custodian would provide this to the State.

Commented [RC15]: It is expected that BNY as the custodian would provide this to the State, or alternatively, by the State's investment manager.

Commented [RC16]: It is expected that BNY as the custodian would provide this to the State, or alternatively, by the State's investment manager.