



**ELIZABETH BUENROSTRO GINSBERG**  
TREASURER AND TAX COLLECTOR

**COUNTY OF LOS ANGELES**  
**TREASURER AND TAX COLLECTOR**

Kenneth Hahn Hall of Administration  
500 West Temple Street, Room 437  
Los Angeles, California 90012  
Telephone: (213) 974-2101 Fax: (213) 626-1812  
ttc.lacounty.gov and propertytax.lacounty.gov

**Board of Supervisors**

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Fifth District

October 22, 2024

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

**TREASURER AND TAX COLLECTOR**  
**RECOMMENDATION TO AWARD A CONTRACT FOR**  
**INVESTMENT CUSTODY SERVICES TO**  
**STATE STREET BANK AND TRUST COMPANY**  
**(ALL DISTRICTS) (3 VOTES)**

**SUBJECT**

The recommended action is to authorize the Treasurer and Tax Collector to execute and administer a Contract with State Street Bank and Trust Company (State Street) for the provision of Investment Custody Services.

**IT IS RECOMMENDED THAT THE BOARD:**

1. Delegate authority to the Treasurer and Tax Collector, or their designee, to execute and administer the attached Contract with State Street to provide Investment Custody Services to the County of Los Angeles (County) Department of Treasurer and Tax Collector (TTC) commencing upon execution of the Contract by the Treasurer and Tax Collector, or their designee, for a three-year term, with an option to extend the Contract for three one-year extensions and six month to month extensions, with a maximum Contract Sum not to exceed \$1,752,086, composed of (i) \$1,592,805 for service costs; and (ii) \$159,281 for Pool Dollars for Additional Work.
2. Delegate authority to the Treasurer and Tax Collector, or their designee, to execute Change Notices or Amendments to the Contract to: (1) exercise the optional three one year extensions and six month-to-month extensions; (2) add, delete, and/or revise certain terms and conditions as mandated by federal, or state, or local law or regulation, or as required by the Board and/or Chief Executive Office (CEO); (3) internally reallocate funds between budget pools within the Contract; (4)

approve assignment or transfer of the Contract or of State Street's rights or obligations thereunder; (5) make changes to the Statement of Work as operationally necessary, with all actions subject to prior approval as to form by County Counsel; and (6) increase the Contract Sum by no more than 10% of the maximum Contract Sum for a particular year based on an increase in work volume.

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The TTC, in its capacity as the County Treasurer, is responsible for the investment and accountability of public funds within its control. This includes County funds as well as funds of other depositors, including the Sanitation Districts, the Metropolitan Transportation Authority, the South Coast Air Quality Management District, and certain other municipal agencies. Collectively, these funds are known as the "Treasury." The Treasury invests excess funds on a daily basis to ensure the safety of principal, provide sufficient cash to meet disbursement needs, and achieve a return. The TTC requires Investment Custody Services to transact, safekeep, and manage the cashflow requirements of the Treasury's investments.

The recommended Contract will replace the existing contract with Citibank, N.A. for the provision of Investment Custody and Securities Lending Services, which expires on May 31, 2025.

### **Implementation of Strategic Plan Goals**

The approval of this Contract is consistent with the County's Strategic Plan North Star 3 – Realize Tomorrow's Government Today, Focus Area Goal G, Strategy ii – Manage and Maximize County Assets.

### **FISCAL IMPACT/FINANCING**

The total Contract sum for the maximum Contract term of six years and six months is \$1,752,086. There is no Net County Cost associated with this contract. Costs are offset from Treasury Management Expense, and is netted from interest earnings prior to distribution, as authorized per Government Code Section 27013. Therefore, TTC has sufficient funding to cover all contract costs for the maximum Contract term.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

California Government Code (CGC) Section 53608 grants to your Board the authority to deposit the Treasury's investments for safekeeping with permitted banks, and allows your Board to delegate that authority to the County Treasurer. CGC Sections 31000, 53649, and 53682 allows your Board to contract for these special services.

The recommended contract includes adequate terms and conditions to protect the County. The recommended Contract includes your Board's required provisions, including the requirement for State Street to notify and assist its employees with the Federal Earned Income Tax Credit application process; consideration of qualified GAIN/START participants for employment openings; compliance with the Jury Service Program; Safely Surrendered Baby Law; Zero Tolerance Human Trafficking; and State Street's compliance with the Defaulted Property Tax Reduction Program.

The Contract expressly provides that the County does not have an obligation to pay State Street for

expenditures that exceed the maximum Contract Sum. Additionally, the Contract contains performance standards, including a Key Performance Indicators Chart with fees to be assessed for substandard and/or non-performance.

## **CONTRACTING PROCESS**

On July 21, 2023, the TTC released a Request for Proposals (RFP) for the provision of Investment Custody and Securities Lending Services and posted the RFP on the County's "Doing Business with Us" website (Attachment A) under the following four Commodity Codes:

- 94625 Banking Services
- 94629 Cash Management Services
- 94630 Cash/Securities and Bonding Services
- 94656 Investment Management Services

These Commodity Codes consisted of approximately 332 registered vendors. The TTC also posted the RFP on the TTC's website and emailed it to an additional seven vendors on the TTC's mailing list (Attachment B).

Subsequently, the TTC issued one RFP addendum which provided updated information related to the RFP's Timetable and responses to questions received from the Proposers.

The proposal submission due date was September 1, 2023. The TTC received one proposal by the due date, from State Street. The proposal was missing certain information; consequently, the TTC issued a Supplemental Data Request for this information and State Street complied by providing the requested information by November 2, 2023.

An Evaluation Committee composed of staff from the TTC's Banking Operations Branch, the TTC's Finance and Investments Branch, and the TTC's Internal Controls Branch, utilized the County's Informed Averaging scoring methodology to score the proposal. The proposal submitted by State Street demonstrated State Street's understanding of the Contract's service requirements. State Street also has verifiable experience providing Investment Custody Services for the County's Deferred Compensation Plans as well as the Los Angeles County Employee Retirement Association.

During the negotiation process, TTC worked closely with CEO Risk Management (RM) and County Counsel to negotiate the most advantageous and commercially responsible terms possible for the County. Specifically, the TTC consulted with CEO RM regarding certain exceptions to the general provisions for insurance coverage terms and conditions. CEO RM advised the TTC of the risks associated with acceptance of the exceptions, and the TTC found the level of risks to be acceptable.

The TTC also worked closely with County Counsel regarding State Street's requested exceptions and changes to contract provisions pertaining to indemnification and liquidated damages. Following negotiations, the Contract provides that State Street will indemnify the County from and against losses arising directly from third-party claims against the County as a direct result of negligence, breach of law, bad faith, fraud or willful misconduct related to State Street's obligations and duties under the Contract. With respect to liquidated damages, the Contract includes a Key Performance Indicators Chart that includes a notice and cure period with fees to be assessed for failure to meet performance standards outlined in the chart, with a reasonable limit on damages. Based on the

services State Street will provide under the Contract and after consultation with County Counsel, the TTC determined that the negotiated exceptions are acceptable.

County Counsel has approved the recommended Contract as to form.

The TTC has evaluated and determined that the recommended Contract is exempt from Proposition A (County Code Chapter 2.121) and the Living Wage Program (County Code Chapter 2.201) does not apply.

A summary of the Community Business Enterprise Program Statistical Information for the recommended Contractor is included (Attachment C). On final analysis and consideration of award, the TTC selected the contractor without regard to race/ethnicity, color, religion, sex, national origin, age, sexual orientation, or disability.

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

Approval of the recommended actions will ensure that TTC can continue fulfilling its responsibilities pertaining to safekeeping Treasury assets after the current contract expires.

Respectfully submitted,



ELIZABETH BUENROSTRO GINSBERG

Treasurer and Tax Collector

EBG:DJJ:VN:MV:lac

Enclosures

c: Chief Executive Officer  
Executive Officer, Board of Supervisors  
County Counsel

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Solicitation Information

<b>Solicitation Number:</b>	TTC RFP 2023-02 ICSL					
<b>Title:</b>	Investment Custody and Securities Lending Services					
<b>Department:</b>	Treasurer and Tax Collector					
<b>Bid Type:</b>	Service	<b>Bid Amount:</b>	N/A			
<b>Commodity:</b>	BANKING SERVICES					
<b>Description:</b>	<p>The County of Los Angeles (County) Department of Treasurer and Tax Collector (TTC) is issuing this Request for Proposals (RFP) for the provision of Investment Custody and Securities Lending Services.</p> <p>You may download the RFP from the Internet by accessing the County's website at <a href="https://camisvr.co.la.ca.us/lacobids/">https://camisvr.co.la.ca.us/lacobids/</a>, selecting "Open Solicitations," and then searching by the solicitation title of Investment Custody and Securities Lending Services. You may also download the RFP by accessing the TTC's website <a href="https://ttc.lacounty.gov/contract-opportunities/">https://ttc.lacounty.gov/contract-opportunities/</a>. Potential Proposers are responsible for downloading and reviewing the entire RFP.</p> <p>The RFP contains the service requirements, proposal content and format requirements, a description of the proposal selection process, and a sample contract. Potential Proposers that meet the minimum requirements identified in Paragraph 3 (Proposer's Minimum Mandatory Requirements) are invited to submit a proposal to provide the services described in Exhibit A (Statement of Work) of Appendix A (Sample Contract) of the RFP. Potential Proposers should carefully review the RFP and ensure their proposal complies with all RFP requirements.</p> <p>Pursuant to Subparagraph 7.6.9 (Exceptions to Terms and Conditions of Sample Contract and/or Requirements of SOW and Attachments), Proposers must list all of their exceptions in their proposal submission. Proposers may not take exception to the Standard Terms and Conditions in their entirety and replace the County's Standard Terms and Conditions with the Proposer's. The TTC will consider such a proposal to be non responsive.</p> <p>The TTC will recommend approval of the contract to the most responsive and responsible Proposer. In general, the greater the number of exceptions to the terms and conditions the Proposer lists, and the more substantive the exceptions are, the less responsive the proposal will be deemed. Thus, a Proposer that lists large number of exceptions in quantity or quality will be scored accordingly. This practice reflects the fact that a Proposer that is able to accept the Standard Terms and Conditions as is, without any exception, is more responsive to the RFP than a Proposer that takes a number of exceptions to the Standard Terms and Conditions.</p> <p>During the negotiations process, the TTC limits the exceptions that can be negotiated to the exceptions listed in the proposal itself. The TTC would compromise the integrity of the RFP process if it were to negotiate an exception that the Proposer did not list in its proposal. If the Proposer had listed the exception in the proposal, the Proposer's score would likely have been less than originally calculated, thereby having a potential impact to the ranking of all proposals.</p> <p>Proposals must be prepared in accordance with Paragraph 7 (Business Proposal Requirements and Evaluation). Proposals are due no later than 5:00 p.m. Pacific Time on Friday, August 25, 2023, and must be emailed to: <a href="mailto:contracts@ttc.lacounty.gov">contracts@ttc.lacounty.gov</a>. Proposals received after the scheduled deadline will not be accepted.</p>					
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<b>Contact Email:</b>	<a href="mailto:contracts@ttc.lacounty.gov">contracts@ttc.lacounty.gov</a>					
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	TTC_RFP_2023-02_ICSL.pdf	Investment Custody and Securities Lending Services RFP	.pdf	5647938	07-21-2023	<a href="#">Download</a>
	ICSL_Reqd_Forms_Exh6.xlsx	Investment Custody and Securities Lending Services RFP (Exhibit 6)	.xlsx	31199	07-21-2023	<a href="#">Download</a>
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<b>Contact Email:</b>	<a href="mailto:contracts@ttc.lacounty.gov">contracts@ttc.lacounty.gov</a>																										
<b>Notice of Intent to Award (0):</b>	<a href="#">Click here to view notice intent to award list.</a>																										
<b>Solicitation Award (0):</b>	<a href="#">Click here to view award list.</a>																										
<b>Last Changed On:</b>	7/21/2023 12:42:24 PM																										
<b>Attachment File (3):</b>	<a href="#">Click here to download attachment files.</a>																										
	<table border="1"> <thead> <tr> <th>File Name</th> <th>Description</th> <th>Type</th> <th>Size</th> <th>Last Update On</th> <th></th> </tr> </thead> <tbody> <tr> <td>TTC_RFP_2023-02_ICSL.pdf</td> <td>Investment Custody and Securities Lending Services RFP</td> <td>.pdf</td> <td>5647938</td> <td>07-21-2023</td> <td><a href="#">Download</a></td> </tr> <tr> <td>ICSL_Reqd_Forms_Exh6.xlsx</td> <td>Investment Custody and Securities Lending Services RFP (Exhibit 6)</td> <td>.xlsx</td> <td>31199</td> <td>07-21-2023</td> <td><a href="#">Download</a></td> </tr> <tr> <td>ICSLAddendumOne.pdf</td> <td>ICSL Addendum One</td> <td>.pdf</td> <td>795373</td> <td>08-18-2023</td> <td><a href="#">Download</a></td> </tr> </tbody> </table>	File Name	Description	Type	Size	Last Update On		TTC_RFP_2023-02_ICSL.pdf	Investment Custody and Securities Lending Services RFP	.pdf	5647938	07-21-2023	<a href="#">Download</a>	ICSL_Reqd_Forms_Exh6.xlsx	Investment Custody and Securities Lending Services RFP (Exhibit 6)	.xlsx	31199	07-21-2023	<a href="#">Download</a>	ICSLAddendumOne.pdf	ICSL Addendum One	.pdf	795373	08-18-2023	<a href="#">Download</a>		
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**COUNTY OF LOS ANGELES  
DEPARTMENT OF TREASURER AND TAX COLLECTOR  
INVESTMENT CUSTODY SERVICES  
REQUEST FOR PROPOSALS – TTC RFP 2023-02 ICSL  
MAILING LIST**

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**REQUIRED FORMS – EXHIBIT 6  
COMMUNITY BUSINESS ENTERPRISE (CBE) INFORMATION**

TITLE		REFERENCE			
1 FIRM/ORGANIZATION INFORMATION		The information requested below is for statistical purposes only. On final analysis and consideration of award, contractor/vendor will be selected without regard to race/ethnicity, color, religion, sex, national origin, age, sexual orientation or disability.			
Total Number of Employees in California:		651			
Total Number of Employees (including owners):		42696			
Race/Ethnic Composition of Firm. Enter the make-up of Owners/Partners/Associate Partners into the following categories: <b>State Street is a publicly held company. Our common stock is listed on the New York Stock Exchange (NYSE) under the ticker symbol STT.</b>					
Race/Ethnic Composition	Owners/Partners/Associate Partners		Percentage of how ownership of the firm is distributed		
	Male	Female	Male	Female	
Black/African American			%	%	
Hispanic/Latino			%	%	
Asian or Pacific Islander			%	%	
Native Americans			%	%	
Subcontinent Asian			%	%	
White			%	%	

TITLE		REFERENCE				
2 CERTIFICATION AS MINORITY, WOMEN, DISADVANTAGED, DISABLED VETERAN, AND LESBIAN, GAY, BISEXUAL, TRANSGENDER, QUEER, AND QUESTIONING-OWNED (LGBTQQ) BUSINESS ENTERPRISE		If your firm is currently certified as a minority, women, disadvantaged, disabled veteran or lesbian, gay, bisexual, transgender, queer, and questioning-owned business enterprise by a public agency, complete the following.				
		<input checked="" type="checkbox"/> <b>Check if not applicable</b>				
Agency Name	Minority	Women	Disadvantaged	Disabled Veteran	LGBTQQ	



**CONTRACT**

**BY AND BETWEEN**

**COUNTY OF LOS ANGELES**

**TREASURER AND TAX COLLECTOR**

**AND**

**STATE STREET BANK AND TRUST COMPANY**

**FOR**

**INVESTMENT CUSTODY SERVICES**

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## **STANDARD EXHIBITS**

- A** Statement of Work
- B** Pricing Schedule
- C** Intentionally Omitted
- D** County's Administration
- E** Custodian's Administration
- F** Form(s) Required at the Time of Contract Execution
  - F1 Contractor Employee Acknowledgement and Confidentiality Agreement
- G** Safely Surrendered Baby Law
- H** Defaulted Property Tax Reduction Program

## **UNIQUE EXHIBITS**

- I** Information Security and Privacy Requirements

**CONTRACT BETWEEN COUNTY OF LOS ANGELES  
TREASURER AND TAX COLLECTOR AND  
STATE STREET BANK AND TRUST COMPANY  
FOR  
INVESTMENT CUSTODY SERVICES**

This Contract ("Contract") has been made and entered into by and between the County of Los Angeles ("County") and State Street Bank and Trust Company ("Custodian" or "Contractor") with an effective date of the \_\_\_\_\_ day of \_\_\_\_\_, 2024 ("Effective Date"). Custodian is located at One Congress Street, Boston, MA 02114. County and Custodian are referred to herein collectively as the "parties" and each individually as a "party."

**RECITALS**

**WHEREAS**, pursuant to [California Government Code Section 31000](#), the Board of Supervisors of the County (Board) is authorized to contract for special services on behalf of the County or any County officer or department; and

**WHEREAS**, the Board has determined that the Investment Custody Services to be provided under this Contract must be performed by specially trained and experienced persons; and

**WHEREAS**, the Custodian is a duly organized and validly existing trust company under the laws of the Commonwealth of Massachusetts specializing in providing investment custody services; and

**WHEREAS**, California Government Code Section 53608 authorizes the Board to deposit investment securities for safekeeping with qualified financial institutions and to delegate that authority to the Treasurer and Tax Collector; and

**WHEREAS**, the County and Custodian desire to establish a custody account(s) to provide for the safekeeping and recordkeeping of certain property beneficially owned by the County; and

**WHEREAS**, California Government Code Section 53682 authorizes the County to enter into a contract with a qualified financial institution setting forth the conditions for services to be rendered; and

**WHEREAS**, the Board has authorized the Treasurer and Tax Collector to execute and administer this Contract.

**NOW THEREFORE**, in consideration of the mutual covenants contained herein, and for good and valuable consideration, the parties agree to the following:

# 1 APPLICABLE DOCUMENTS

Exhibits A through I are attached to and form a part of this Contract. In the event of any conflict or inconsistency in the definition or interpretation of any word, responsibility, schedule, or the contents or description of any task, deliverable, goods, service, or other work, or otherwise between the base Contract and the Exhibits, or between Exhibits, such conflict or inconsistency will be resolved by giving precedence first to the terms and conditions of the Contract and then to the Exhibits according to the following priority.

## Standard Exhibits:

Exhibit A	Statement of Work
Exhibit B	Pricing Schedule
Exhibit C	Intentionally Omitted
Exhibit D	County's Administration
Exhibit E	Custodian's Administration
Exhibit F	Forms Required at the Time of Contract Execution
Exhibit G	Safely Surrendered Baby Law
Exhibit H	Defaulted Property Tax Reduction Program

## Unique Exhibits:

Exhibit I	Information Security and Privacy Requirements
-----------	---

This Contract constitutes the complete and exclusive statement of understanding between the parties, and supersedes all previous contracts, written and oral, and all communications between the parties relating to the subject matter of this Contract. No change to this Contract will be valid unless prepared pursuant to Subparagraph 8.1 (Change Notices and Amendments) of this Contract and signed by both parties.

# 2 DEFINITIONS

The headings used throughout the Contract and the Statement of Work are for convenience and reference only and are not intended to define the scope of any provision thereof. The following terms as used in the Contract and the Statement of Work must be construed to have the following meanings, unless otherwise apparent from the context in which they are used. NOTE: Refer to Exhibit I (Information Security and Privacy Requirements) for additional technology-related terms and conditions.

**2.1 Account:** The custody account established and maintained by the Custodian which (1) is intended for the safekeeping of Property of the County, (2) collectively comprises individual sub-accounts to hold such Property for the County and (3) is not a custodial account which is treated as a trust under Section 401(f) of the Internal Revenue Code.

- 2.2 Additional Work:** Service enhancements and/or additional Services, which may be provided by the Custodian to the County upon County's request and Custodian's agreement in accordance with Subparagraph 8.1 (Change Notices and Amendments).
- 2.3 Affiliate:** Means an affiliate of Custodian having the same direct or indirect parent corporation as Custodian.
- 2.4 Authentication Procedures:** Means the use of security codes, passwords, tested communications or other authentication procedures as may be agreed upon in writing by County and Custodian from time to time for purposes of enabling the Custodian to verify that purported Authorized Account Instructions have been originated by an Authorized Account Person.
- 2.5 Authorized Account Instructions:** Means all directions and instructions to Custodian from any Authorized Account Person which will be in writing and transmitted by first class mail, facsimile, or other electronic transmission in accordance with Authentication Procedures.
- 2.6 Authorized Account Person:** Means any employee or agent of the County who is authorized to issue Authorized Account Instructions.
- 2.7 Board of Supervisors (Board):** The Board of Supervisors of the County of Los Angeles acting as governing body.
- 2.8 Business Days:** Any day when the Federal Reserve is open for business.
- 2.9 Calendar Days:** Monday through Sunday, including County and Custodian observed holidays, unless otherwise stated.
- 2.10 Contract:** This agreement executed between the County and Custodian. Included are all supplemental agreements amending or extending the service to be performed. The Contract sets forth the terms and conditions for the issuance and performance of all tasks, deliverables, services, and other work including the (Statement of Work) Exhibit A.
- 2.11 Contract Discrepancy Report:** A document utilized by the TTC to document discrepancies or deficiencies with Custodian's performance and record explanations of unsatisfactory performance identified as Exhibit A (SOW), Attachment A.1.
- 2.12 Contract Term:** The period of the Contract, commencing upon the Effective Date, unless sooner terminated or extended, in whole or in part, as provided in this Contract.
- 2.13 Custodian:** State Street Bank and Trust Company as set forth in the introductory clause of this Contract, acting as the financial institution that has entered into this Contract with the County to provide the Services specified herein. References to "Custodian" herein are interchangeable with references to "Contractor."
- 2.14 Custodian's Authorized Official(s):** The individual(s) authorized by the

Custodian, that the Custodian represents and warrants has actual authority to execute documents under this Contract on behalf of the Custodian.

- 2.15 Custodian’s Contract Administrator:** The individual authorized by the Custodian as principal officer to oversee contractual or administrative matters relating to this Contract that cannot be resolved by the Custodian’s Contract Manager. Additionally, Custodian’s Contract Administrator must oversee all projects and serve as a point of escalation, as needed.
- 2.16 Custodian’s Contract Manager/Custodian’s Alternate Contract Manager:** The individual authorized by the Custodian to administer the Contract operations under this Contract.
- 2.17 Custodian’s Employees/Staff:** Any person designated by the Custodian to perform services under this Contract.
- 2.18 Custodian’s Financial Manager:** The individual authorized by the Custodian to have full authority to act on behalf of the Custodian in all matters relating to invoicing under this Contract.
- 2.19 County:** The County of Los Angeles.
- 2.20 County’s Contract Administrator:** The individual authorized by the TTC with authority for the County to oversee contractual or administrative matters relating to this Contract that cannot be resolved by the County’s Contract Manager. Additionally, County’s Contract Administrator must oversee all projects and serve as a point of escalation, as needed.
- 2.21 County’s Contract Manager:** The individual authorized by the County’s Contract Administrator to manage the operations under this Contract.
- 2.22 County’s Contract Monitor:** Person with responsibility to oversee the day-to-day activities of this Contract. Responsibility for inspections of any and all tasks, deliverables, services, and other work provided by the Custodian.
- 2.23 Data:** Any Confidential Information of the County relating to its holdings, transactions or other information that the Custodian obtains with respect to the County in connection with the provision of the Services under this Contract or any other agreement.
- 2.24 Day(s):** Calendar Day(s), unless otherwise specified.
- 2.25 Delegate(s):** Any agent, subcontractor, consultant or other third party, whether affiliated or unaffiliated with the Custodian. The term Delegate does not include Subcustodians, central securities depositories, authorized data sources, suppliers of information technology or related services, or financial market utilities.
- 2.26 Effective Date:** The date set forth in the introductory clause of this Contract.
- 2.27 External Investment Pool (Treasury Pool):** The investment portfolio the Treasurer and Tax Collector manages on behalf of the Treasury Pool participants that include the County, other entities that are required by State of

California statutes, and voluntary local agencies.

- 2.28 Fiscal Year:** The 12-month period beginning July 1st and ending the following June 30th.
- 2.29 Other Specific Investments (OSI):** The investment portfolio that consists of assets held by the Treasury on behalf of the County's Community Health Plan pursuant to the California Code of Regulations.
- 2.30 Performance Requirements Summary (PRS) Chart/Key Performance Indicator (KPI) Chart:** Identifies key performance indicators of the Contract and SOW that the TTC will evaluate to ensure the Custodian meets performance standards, as specified in this Contract and SOW.
- 2.31 Proposal:** A Contractor's response to a Request for Proposals detailing the Contractor's proposed work specifications and pricing for performing the work requested in the County's solicitation.
- 2.32 Property:** Collectively includes cash in any currency, any securities, and any other property.
- 2.33 Pool Dollars:** The maximum amount allocated under this Contract for the provision of Additional Work mutually agreed to in accordance with the terms of this Contract.
- 2.34 Quality Control Plan:** All necessary measures taken by the Custodian to ensure that the quality of Services will meet the Contract requirements regarding timelines, security, accuracy, appearance, completeness, consistency, and conformity to the requirements set forth in Exhibit A (SOW).
- 2.35 Sanctions:** Any and all economic sanctions, trade sanctions, financial sanctions, sectoral sanctions, secondary sanctions, trade embargoes, anti-terrorism laws and other sanctions laws, regulations or embargoes, including those imposed, administered or enforced from time to time by the United States of America, including those administered by the Office of Foreign Assets Control, the U.S. Department of State, the U.S. Department of Commerce, or through any existing or future executive order.
- 2.36 Services:** Collectively, all functions, responsibilities, tasks, subtasks, deliverables, trainings, customizations, consulting services, and other services: (a) specifically identified in the SOW; (b) identified in this Contract as being Custodian's responsibility; and (c) otherwise necessary to comply with the terms of this Contract. Without increasing the scope of the Services, if any component task, subtask, service, or function is: (i) an inherent or necessary part of the Services defined in subparts (a), (b), or (c) of this Subparagraph; or (ii) a customary part of the Services defined in subparts (a), (b), or (c) of this Subparagraph, and not in conflict with Custodian's established methods of providing services and as to a service(s) within either subpart (i) and (ii) of this sentence above, is not specifically described in this Contract, then such service or function will be deemed to be part of the Services. Access to any software provided to the County by the Custodian pursuant to this Contract will

be deemed part of the Services.

- 2.37 Specific Purpose Investment (SPI):** The investment portfolio the Treasurer manages which consists of specific investments requested by certain local agencies approved by the TTC.
- 2.38 Standard of Care:** Means the standard governing the Custodian's performance under this Contract, which standard requires Custodian to discharge each of its duties and exercise each of its powers with the reasonable skill, care, and diligence expected of a professional provider of custody services to institutional investors and act in good faith and in accordance with generally applicable industry standards and practices in the performance of its duties under this Contract.
- 2.39 Statement of Work (SOW):** A written description of tasks, deliverables, and/or other work required by the County pursuant to this Contract, in the form attached as Exhibit A hereto.
- 2.40 Subcustodian:** Any qualified bank, credit institution, trust company or other entity appointed by the Custodian to perform safekeeping, processing and other elements of the Services, including Affiliates or non-Affiliates of the Custodian.
- 2.41 Treasurer and Tax Collector:** The director of the County of Los Angeles Department of Treasurer and Tax Collector.
- 2.42 Treasury:** The public funds that the TTC, in its capacity as the County's Treasurer, is statutorily authorized and responsible for banking, investing, and accounting. This includes the Treasury Pool, SPI, and OSI investment portfolios.
- 2.43 TTC:** The County of Los Angeles Department of Treasurer and Tax Collector.

### 3 SERVICES

Custodian agrees to provide the Services to the County in the manner and form described in the body of this Contract and as set forth in the SOW, attached hereto as Exhibit A.

#### 3.1 GRATUITOUS EFFORTS

Should Custodian perform custodial services outside the scope of the SOW, such services will be deemed to be a gratuitous effort on the part of the Custodian. Custodian will have no claim against the County to any compensation for such work nor will Custodian incur any liability regarding the provision of such services. Notwithstanding any other provision of this Contract and the SOW, the County acknowledges that Custodian will have no duty or responsibility to provide such services, nor will Custodian incur any liability regarding the provision of such services outside the scope of the SOW, unless mutually agreed to in writing.

### **3.2 ADDITIONAL WORK**

Upon County's written request and mutual approval pursuant to the terms of this Contract, Custodian must provide Additional Work, including customizations, enhancements, additional programming, and/or additional Services, in accordance with this Subparagraph and Exhibit A (SOW), at the applicable pricing terms set forth in Exhibit B (Pricing Schedule).

## **4 TERM OF CONTRACT**

- 4.1** The Contract Term will commence on the Effective Date, and will continue for three years, unless sooner terminated or extended in whole or in part, as provided in this Contract.
- 4.2** After the initial term, the TTC will have the sole option to extend the Contract Term for up to three additional one-year periods and six month-to-month extensions, for a maximum total Contract Term of six years and six months. The TTC may exercise each such extension option at its sole discretion. In the event the TTC desires to renew the Contract by exercising an extension option, the TTC will notify Custodian in writing or by email of its intent to renew the Contract at least 30 Calendar Days prior to the expiration of the then current Contract Term. To exercise the option to renew, an amendment to the Contract will be prepared, as provided in Subparagraph 8.1 (Change Notices and Amendments) of this Contract.
- 4.3** The County maintains a database that tracks/monitors Custodian performance history. Information entered into the database may be used for a variety of purposes, including determining whether the County will exercise a Contract Term extension option.

## **5 CONTRACT SUM**

### **5.1 TOTAL CONTRACT SUM**

- 5.1.1** The total Contract Sum under the terms of this Contract will be the total monetary amount payable by the County to the Custodian for provision of the Services specified herein in accordance with Exhibit B (Pricing Schedule) and must not exceed \$1,752,086. Any adjustments to the Contract Sum must be in accordance with Subparagraph 8.1 (Change Notices and Amendments).
- 5.1.2** Contract rates specified in Exhibit B (Pricing Schedule), must remain firm and fixed for the Contract Term, including all optional extensions.
- 5.1.3** The total Contract Sum in Subparagraph 5.1.1 must be deemed to include all amounts necessary for County to reimburse Custodian for all applicable California and other state and local sales/use taxes on the Services provided by the Custodian to the County pursuant to or



otherwise due as a result of this Contract. All California sales/use taxes must be paid directly by the Custodian to the State or other taxing authority.

**5.1.4** The County and Custodian acknowledge that as part of Custodian's compensation, Custodian may earn interest on balances, including disbursement balances, if any, and balances arising from purchase and sale transactions. Such interest will not be considered an amount payable by the County to the Custodian as part of the maximum Contract Sum.

**5.2 WRITTEN APPROVAL FOR REIMBURSEMENT**

The Custodian will not be entitled to payment or reimbursement for any tasks or services performed, nor for any incidental or administrative expenses whatsoever incurred in or incidental to performance hereunder, except as specified herein or otherwise as agreed to in writing between the Parties.

**5.3 NOTIFICATION OF 75% OF TOTAL CONTRACT SUM**

The Custodian must maintain a system of record keeping that will allow the Custodian to determine when it has incurred 75% of the total contract sum under this Contract. Upon occurrence of this event, the Custodian must notify the County's Contract Administrator in writing or by email to the addresses provided in Exhibit D (County's Administration).

**5.4 MISCELLANEOUS COMPENSATION**

To the extent Custodian advances funds to the Account to effect the settlement of purchase transactions on behalf of the County, Custodian will be entitled to interest in accordance with Exhibit A (SOW), Subparagraph 3.1.4 (Advances).

**5.5 TRANSITION PERIOD FEE**

County and Custodian may agree on a transition period to address expiration or termination of this Contract. Custodian will continue to provide the Services during the transition period at the compensation set forth in the then current Pricing Schedule and subject to all of the terms and conditions of this Contract, except as otherwise mutually agreed to by the parties. This provision will survive the expiration or other termination of this Contract.

**5.6 NO PAYMENT FOR SERVICES PROVIDED FOLLOWING EXPIRATION/TERMINATION OF CONTRACT**

The Custodian will have no claim against County for payment of any money or reimbursement, of any kind whatsoever, for any service provided by the Custodian after the expiration or other termination of this Contract. Should the Contractor receive any such payment, it must, promptly following discovery of such receipt, notify County and must promptly repay all such funds to County. Payment by County for services rendered after expiration or termination of this Contract will not constitute a waiver of County's right to recover such payment from the Contractor. This provision will survive the expiration or other

termination of this Contract.

## **5.7 INVOICES AND PAYMENTS**

- 5.7.1** The Custodian must invoice the County only for providing the deliverables and Services specified in Exhibit A (SOW), and elsewhere hereunder. The Custodian must prepare invoices, which will include the charges owed to the Custodian by the County under the terms of this Contract. The Custodian's payments will be as provided in Exhibit B (Pricing Schedule) and the Custodian will be paid only for the deliverables and services contemplated hereunder.
- 5.7.2** The Custodian's invoices must be priced in accordance with Exhibit B (Pricing Schedule).
- 5.7.3** TTC will pay all invoices via Direct Deposit (Electronic Funds Transfer). The Custodian is responsible for registering for Direct Deposit and updating banking information timely if there are any changes. The registration and account updates for Direct Deposit should be completed at <https://directdeposit.lacounty.gov>.
- 5.7.4** The Custodian must submit monthly invoices to the County within 30 Calendar Days of the end of each month in which Services were rendered as specified in Exhibit A (SOW) and elsewhere hereunder.
- 5.7.5** The Custodian's invoices must be reasonably legible and contain the information set forth in Exhibit A (SOW), describing the deliverables and services for which payment is claimed. Each monthly invoice must include the following information:
- Custodian's name and address
  - TTC's name and address
  - Invoice date
  - Unique invoice number
  - Month/Year when service was delivered
  - Custodian's Tax Identification Number
  - Custodian's Vendor Identification Number that the County assigns
  - Remittance Address
  - Contract Name and Number
  - Deliverables and Services as described in Exhibit A (SOW), and Exhibit B (Pricing Schedule), for which payment is claimed
  - Each line item on the invoice should be numbered sequentially
- 5.7.6** All invoices and supporting documentation must be submitted via email to:

**5.7.7** The Custodian must not invoice the County in advance, nor will the Custodian be entitled to advance payment for any deliverables or services.

**5.7.8 COUNTY APPROVAL OF INVOICES**

All invoices submitted by the Custodian for payment must have the written approval of the County’s Contract Manager prior to any payment thereof. In no event will the County be liable or responsible for any payment prior to such written approval. Approval for payment will not be unreasonably withheld, conditioned or delayed. The County will authorize payment and such payment must be made within 60 Calendar Days following receipt of any undisputed invoice.

**5.7.9 DISPUTED FEES/INVOICES**

County will review each invoice promptly. The County’s Contract Manager may, in writing or by email, request Custodian to provide a revised, annotated invoice based on an identified discrepancy within 15 Business Days from receipt of an invoice. Revised or corrected invoices must be properly marked. Revised invoices must indicate “Revised” if using the same invoice number, or “Cancel/Supersede” and reference the original invoice number, if using a new invoice number.

Within 45 Calendar Days after the Custodian receives County notification of any discrepancies or disputed fees, the Custodian must provide County a written justification detailing the basis for such fees. If County does not hear from the Custodian within the 45-Calendar Day period, the discrepancies noted, and charges approved by County will be deemed accepted and agreed to by the Custodian. County must authorize payment of disputed fees promptly upon resolution of such dispute to the reasonable satisfaction of County and the Custodian.

**5.7.10 OVERPAYMENT OF INVOICES**

Any overpayment received by the Custodian must be returned to County within 45 Calendar Days of discovery by the Custodian or notification by the County’s Contract Manager, whichever occurs first.

**5.8 INTENTIONALLY OMITTED**

**5.9 DEFAULT METHOD OF PAYMENT: DIRECT DEPOSIT OR ELECTRONIC FUNDS TRANSFER**

**5.9.1** The County, at its sole discretion, has determined that the most efficient and secure default form of payment for deliverables and/or services provided under an agreement/contract with the County will be Electronic Funds Transfer (EFT) or direct deposit, unless an alternative

method of payment is deemed appropriate by the Auditor-Controller (A-C).

- 5.9.2** The Contractor must submit a direct deposit authorization request via the website <https://directdeposit.lacounty.gov> with banking and vendor information, and any other information that the A-C determines is reasonably necessary to process the payment and comply with all accounting, record keeping, and tax reporting requirements.
- 5.9.3** Any provision of law, grant, or funding agreement requiring a specific form or method of payment other than EFT or direct deposit will supersede this requirement with respect to those payments.
- 5.9.4** At any time during the duration of the Contract, a Contractor may submit a written request for an exemption to this requirement. Such request must be based on specific legal, business or operational needs and explain why the payment method designated by the A-C is not feasible and an alternative is necessary. The A-C, in consultation with the contracting department(s), will decide whether to approve exemption requests.

## **6 ADMINISTRATION OF CONTRACT - COUNTY**

### **6.1 COUNTY'S ADMINISTRATION**

A listing of all County's Administration referenced in the following Subparagraphs are designated in Exhibit D (County's Administration). The County will notify the Custodian in writing of any change in the names or addresses shown.

The TTC will assign a County Contract Administrator, a County Contract Manager and a County Contract Monitor to provide, among other things, overall management and coordination of the Contract and to act as liaisons for the TTC.

### **6.2 COUNTY'S CONTRACT ADMINISTRATOR**

- 6.2.1** The County's Contract Administrator is responsible for ensuring that the Custodian meets the objectives of this Contract and leads the County in determining the Contractor's compliance with this Contract. This includes inspecting all deliverables and services provided by or on behalf of the Custodian.
- 6.2.2** The County's Contract Administrator is responsible for providing, among other things, overall direction to the Custodian in the areas relating to County and TTC policy, information requirements, and procedural requirements. Additionally, County's Contract Administrator must serve as a point of escalation, as needed.
- 6.2.3** The County's Contract Administrator is not authorized to make any changes in any of the terms and conditions of this Contract, except as permitted in accordance with Subparagraph 8.1 (Change Notices and

Amendments), of this Contract, and is not authorized to further obligate the County in any respect whatsoever.

### **6.3 COUNTY'S CONTRACT MANAGER**

**6.3.1** The County's Contract Manager is responsible for managing all operational matters under the Contract; requesting meetings as needed with the Custodian's Contract Manager; and inspecting any and all tasks, deliverables, services, or other work provided by or on behalf of the Custodian.

**6.3.2** The County's Contract Manager is not authorized to make changes to the terms and conditions of the Contract and is not authorized to further obligate the County in any respect whatsoever.

### **6.4 COUNTY'S CONTRACT MONITOR**

The County's Contract Monitor is responsible for overseeing the day-to-day administration of this Contract. The Contract Monitor reports to the County's Contract Manager.

### **6.5 COUNTY'S CONTRACTS' SECTION – CONTRACT MONITOR**

The County's Contracts' Section – Contract Monitor is responsible for ensuring annual requirements and Contract deliverables (e.g., financial statements, insurance certificates, pending litigation statement, etc.) are received timely from the Contractor in accordance with the Contract provisions.

### **6.6 COUNTY'S DEPARTMENTAL CHIEF INFORMATION OFFICER (DCIO)**

The DCIO is responsible for managing the planning, design, coordination, development, implementation, and maintenance of the TTC's information systems.

### **6.7 COUNTY'S DEPARTMENTAL INFORMATION SECURITY OFFICER (DISO)**

The DISO develops and implements departmental Information Technology (IT) security application, policies, standards, and procedures intended to prevent the unauthorized use, release, modification, loss, or destruction of Data and to ensure the integrity and security of the TTC's IT infrastructure.

## **7 ADMINISTRATION OF CONTRACT - CUSTODIAN**

The Custodian must assign a sufficient number of employees to perform the required Services under this Contract. The Custodian must appoint at least one authorized employee, determined and agreed upon between the Custodian and the TTC, to act for the Custodian in every detail and that employee must speak and read fluently in English.

A listing of all of Custodian's Administration referenced in the following Subparagraphs is designated in Exhibit E (Custodian's Administration). The Custodian will notify the County's Contract Administrator and County's Contract Manager in writing of any

changes as they occur.

## **7.1 CUSTODIAN'S CONTRACT ADMINISTRATOR**

- 7.1.1** The Custodian's Contract Administrator must be a full-time employee of the Custodian. The Custodian's Contract Administrator must be a principal officer in the Custodian's office to service this Contract and to act as a liaison for the Custodian in coordinating the performance of services under the Contract. The Custodian must provide the County's Contract Administrator and County's Contract Manager with the information specified on Exhibit E (Custodian's Administration), for the individual designated to act as the Custodian's Contract Administrator at the time this Contract is implemented and as changes occur during the Contract Term. Such notification must be made by the Custodian no later than five Business Days after a change occurs and will include a description of the new Custodian's Contract Administrator's relevant experience.
- 7.1.2** The Custodian's Contract Administrator must be responsible for the Custodian's performance of all deliverables and services provided by or on behalf of the Custodian and, on behalf of the Custodian, ensure the Custodian's compliance with the Contract. Additionally, Custodian's Contract Administrator must serve as a point of escalation, as needed.
- 7.1.3** The Custodian's Contract Administrator must be available to meet and confer with the County's Contract Administrator on an as-needed basis either in person or by telephone as mutually agreed upon by the parties, to review Contract performance and discuss Contract coordination. Such meetings will be conducted at a time and place as mutually agreed upon by the parties.

## **7.2 CUSTODIAN'S CONTRACT MANAGER/CUSTODIAN'S ALTERNATE CONTRACT MANAGER**

- 7.2.1** The Custodian's Contract Manager, and a designated Alternate Contract Manager, must be a full-time employee of the Custodian. The Custodian must provide the County's Contract Administrator and County's Contract Manager with the information specified on Exhibit E (Custodian's Administration), for the individual designated to act as the Custodian's Contract Manager and Custodian's Alternate Contract Manager at the time this Contract is implemented and as changes occur during the Contract Term. Such notification must be made by the Custodian no later than five Business Days after a change occurs and will include for a description of the relevant experience for the new Custodian's Contract Manager and Custodian's Alternate Contract Manager. The Custodian's Contract Manager and Custodian's Alternate Custodian's Contract Manager must have full authority to act on behalf of the Custodian on all matters related to the

Custodian's day-to-day activities as related to the Contract and must coordinate with County's Contract Manager on a regular basis.

- 7.2.2** The Custodian's Contract Manager/Custodian's Alternate Contract Manager must be available during regular business hours of 8:00 a.m. to 5:00 p.m. Pacific Time (PT), Monday through Friday, for telephone and email contact and to meet as needed with the County's Contract Manager to discuss the Contract.

### **7.3 CUSTODIAN'S FINANCIAL MANAGER**

The Custodian's Financial Manager must be a full-time employee of the Custodian. The Custodian must provide the County's Contract Administrator and County's Contract Manager with the information specified on Exhibit E (Custodian's Administration), for the individual designated to act as the Custodian's Financial Manager at the time this Contract is implemented and as changes occur during the Contract Term. Such notification must be made by the Custodian no later than five Business Days after a change occurs and will include a current resume for the new Custodian's Financial Manager.

The Custodian must assign a Financial Manager to act as liaison for the Custodian and have full authority to act on behalf of Custodian in all matters related to payments and fees under this Contract. The Custodian's Financial Manager must be available during the hours of 8:00 a.m. to 5:00 p.m. PT, Monday through Friday, for telephone and email contact and to meet with County personnel regarding any invoices issued under this Contract.

### **7.4 CUSTODIAN'S EMPLOYEES**

- 7.4.1** The Custodian is responsible for training and supervising employees assigned to perform services under this Contract. All employees assigned by the Custodian to perform these services must at all times be employees of the Custodian; and the Custodian must have the sole right to hire, suspend, discipline, or discharge them.

- 7.4.2** The Custodian must ensure a high standard of conduct of the Custodian's employees, including compliance at all times with all applicable local, State, and Federal laws and regulations related to investment custody services, and the specific requirements of this Contract.

- 7.4.3** The Custodian must supply each of its employees with appropriate, annual training regarding Information Security procedures, Risks, and Threats. The Custodian agrees that training at a minimum must include, but may not be limited to, the following topics:

- 1. Secure Authentication:** The importance of utilizing secure authentication, including proper management of authentication credentials (login name and password) and multi-factor authentication.

2. **Social Engineering Attacks:** Identifying different forms of social engineering including, but not limited to, phishing, phone scams, and impersonation calls.
3. **Handling of County Information:** The proper identification, storage, transfer, archiving, and destruction of County information.
4. **Causes of Unintentional Information Exposure:** Provide awareness of causes of unintentional exposure of Information such as lost mobile devices, emailing Information to inappropriate recipients, etc.
5. **Identifying and Reporting Incidents:** Awareness of the most common indicators of an Incident and how such indicators should be reported within the organization.
6. **Privacy:** The Custodian's Privacy Policies and procedures as described in Exhibit I (Information Security and Privacy Requirements), Section 2d, Privacy Program.

**7.4.4** The Custodian must have an established set of procedures to ensure the Custodian's employees promptly report actual and/or suspected breaches of confidentiality.

**7.4.5** The Custodian's employees assigned to provide services under this Contract must:

- a. Communicate effectively using good judgment and discretion;
- b. Be trained sufficiently in performing the services; and
- c. Comply with the requirements of this Contract.

**7.4.6** At the request of the County, the Custodian will meet and confer with the County's Contract Administrator to discuss and address concerns with Custodian's staff and will consider requests from the County regarding the removal and replacement of critical Custodian staff, which will include Custodian Contract Administrator and Custodian Contract Manager.

## **7.5 INTENTIONALLY OMITTED**

## **7.6 BACKGROUND AND SECURITY INVESTIGATIONS**

**7.6.1** Each of the Custodian's staff performing Services under this Contract, who is in a designated sensitive position, which, for purposes of this Contract are those members of Custodian's staff designated in Exhibit E (Custodian's Administration), must undergo and pass, to the satisfaction of County, a California Department of Justice (DOJ) background investigation as a condition of beginning and continuing to perform Services under this Contract. Such background investigation must be obtained through fingerprints submitted to the DOJ to include State, local, and federal-level



review, which may include, but will not be limited to, criminal conviction information. Examples of disqualifying factors may include, but are not limited to: bribery; robbery; theft; fraud; embezzlement; forgery; extortion; perjury; convictions involving stolen property; any felony conviction; a misdemeanor conviction involving moral turpitude, or any job-related misdemeanor conviction. The fees associated with the background investigation will be at the expense of the Custodian, regardless of whether the member of Custodian's staff passes or fails the background investigation.

If a member of Custodian's staff does not pass the background investigation, County may request that the member of Custodian's staff be immediately removed from performing services under the Contract at any time during the Contract Term. County will not provide to Contractor or to Contractor's staff any information obtained through the background investigation.

- 7.6.2** The Custodian must provide to the County the legal name of each person in a designated sensitive position and the dates on which said persons submitted fingerprints to the California DOJ. The Custodian must provide such information in writing within five Calendar Days of the date on which the fingerprinting occurred.
- 7.6.3** A member of Custodian's staff will not begin to perform services under the Contract until they have successfully passed a background investigation to the satisfaction of the County.
- 7.6.4** During the Contract Term, if the County identifies a subsequent disqualifying factor for a member of the Custodian's staff, the County will request that the member of the Custodian's staff be immediately removed from performing services under the Contract. Custodian must promptly comply with the County's request.
- 7.6.5** The County will notify the Custodian when Custodian's staff member does not pass the background investigation or receives a subsequent disqualifying factor.
- 7.6.6** The County may request that Custodian's staff be immediately removed from working on this Contract at any time during the Contract Term.
- 7.6.7** The County, in its sole discretion, may immediately deny or terminate facility access to any member of Custodian's staff that does not pass such investigation to the satisfaction of the County or whose background or conduct is incompatible with County facility access.
- 7.6.8** Disqualification of any member of Custodian's staff pursuant to this Subparagraph 7.6 will not relieve Custodian of its obligation to provide

all Services in accordance with the terms and conditions of this Contract.

## **7.7 CONFIDENTIALITY**

- 7.7.1** The Custodian must maintain the confidentiality of all records and information received, obtained and/or produced under the provisions of this Contract in accordance with all applicable Federal, State or local laws, rules, regulations, ordinances, directives, guidelines, policies and procedures relating to confidentiality, including, without limitation, County policies concerning information technology security and the protection of confidential records and information. The Custodian is not authorized to release any information listed above without express approval from the County.
- 7.7.2** Except as otherwise provided herein, or as may be required under the Public Records Act, all information provided under this Contract by the Custodian regarding the Custodian's business and operations will be treated as confidential and proprietary and will be used solely by the County in receiving the services under the Contract.
- 7.7.3** The foregoing will not apply to any information (a) that is publicly available when provided or thereafter becomes publicly available other than through a breach of this Contract; (b) that is independently derived by the receiving party without the use of any information provided by the disclosing party in connection with this Contract; (c) that is disclosed to comply with any legal or regulatory proceeding, investigation, audit, examination, subpoena, civil investigate demand or other similar process; (d) that is disclosed as required by operation of law or regulation, to satisfy any legal requirement (including, but not limited to, in response to court-issued orders, investigative demands, subpoenas or similar processes or to satisfy the requirements of any applicable regulatory authority), or as required to comply with the requirements of any market infrastructure that the disclosing party or its agents direct the Custodian or its Affiliates to employ (or which is required in connection with the holding or settlement of instruments included in the assets subject to this Contract); (e) that is disclosed to its attorneys, accountants, auditors, consultants and other similar advisors that have a reasonable need to know such information ("Representatives"), provided such information is disclosed under obligations of confidentiality that prohibit the disclosure or use of such information by the Representatives for any purpose other than the specific engagement with the Custodian for which the Representative has been retained and that are otherwise no less restrictive than the confidentiality obligations contained in this Contract; or (f) where the party seeking to disclose has received the prior written consent of the party providing the information, which consent will not be unreasonably withheld.

- 7.7.4** In connection with the provision of the services and the discharge of its other obligations under this Contract, the Custodian (which term for purposes of this Subparagraph 7.7 includes each of its parent company, branches and affiliates) may collect and store information regarding the Account or the County and share such information with its Affiliates, Delegates and Subcustodians in order and to the extent reasonably necessary to perform Services as defined by this Contract, as well as financial and operational management and reporting, risk management, legal and regulatory compliance and client service management.
- 7.7.5** Except as expressly contemplated by this Contract, nothing in this Subparagraph 7.7 will limit the confidentiality and data-protection obligations of the Custodian and its Affiliates, Delegates, and Subcustodians under this Contract and applicable law. The Custodian will cause any Affiliate, Delegate, Subcustodian, agent or service provider to which it has disclosed Data pursuant to this Subparagraph 7.7 to comply at all times with confidentiality and data-protection obligations as if it were a party to this Contract.
- 7.7.6** Access to Data received from the County must be restricted only to Custodian's employees, Delegates, and Subcustodians who need the Data to perform their official duties in the performance of this Contract.
- 7.7.7** The Custodian's employees, Delegates, and Subcustodians who access, disclose or use the Data for a purpose not authorized by this Contract may be subject to civil and criminal sanctions contained in applicable Federal and State statutes.
- 7.7.8** The Custodian must inform all of its officers, employees, agents, Delegates and Subcustodians providing services hereunder of the confidentiality provisions of this Contract.
- 7.7.9** The Contractor's staff identified in Exhibit E (Custodian's Administration) must sign and provide Exhibit F1 (Contractor Employee Acknowledgement and Confidentiality Agreement) to the Contracts' Section – Contract Monitor, as indicated on Exhibit D (County's Administration), within three Business Days of providing services under this Contract and adhere to the provisions of Exhibit F1.

## **8 STANDARD TERMS AND CONDITIONS**

### **8.1 CHANGE NOTICES AND AMENDMENTS**

- 8.1.1** The County reserves the right to initiate Change Notices (i) that either **do not affect** the Contract Sum, fees or payments, SOW, and/or Contract Term, or (ii) for any expenditure of Pool Dollars for Additional

Work under the Contract, or (iii) that do not materially alter the Contract. All such changes will be agreed upon by the Custodian and accomplished with an executed Change Notice signed by the Custodian and by the County's Contract Administrator. For any Additional Work requested by the County, following agreement on the scope of such Additional Work, a Change Notice must be prepared and executed by each of: (a) the County's Contract Administrator, or designee, and (b) Custodian's authorized representative(s). Any requests for the expenditure of Pool Dollars must be approved in writing by the County's Contract Administrator.

**8.1.2** For any change which **affects** the Contract Sum, fees or payments, SOW, and/or Contract Term, an Amendment to this Contract must be prepared and executed by Custodian's Authorized Official and by the Treasurer and Tax Collector, except that the TTC is expressly authorized to increase the Contract Sum set forth in Paragraph 5 (Contract Sum) not to exceed 10% of the maximum Contract Sum for a particular contract year based on an increase in work volume. Any such change must be in writing and signed by Custodian's Authorized Official and the Treasurer and Tax Collector, or their authorized designee, provided County Counsel approval is obtained prior to execution of such Amendment(s) as applicable.

**8.1.3** The Board or Chief Executive Officer (CEO), or designee, may require the addition and/or change of certain terms and conditions in the Contract during the Contract Term in response to changes in law or regulatory requirements applicable to the County or changes in County policy necessitating such changes. The County reserves the right to request the addition and/or change of such provisions as required by the Board or CEO. To implement such changes, the Custodian's Authorized Official and the Treasurer and Tax Collector, or their authorized designee, must negotiate in good faith with the aim of effecting an Amendment to the Contract.

**8.1.4** The Treasurer and Tax Collector, or their designee may, at their sole discretion, authorize extensions of the Contract Term as defined in Paragraph 4 (Term of Contract). To exercise the TTC's option to extend the Contract Term, an Amendment to the Contract will be prepared and executed by the Custodian's Authorized Official and the Treasurer and Tax Collector, or their designee, prior to the expiration of the then current Contract Term.

## **8.2 ASSIGNMENT AND DELEGATION/MERGERS OR ACQUISITIONS**

**8.2.1** The Contractor must notify the County of any pending acquisitions/mergers of its company unless otherwise legally prohibited from doing so; *provided, however*, that notwithstanding the foregoing, the Contractor may complete a merger or acquisition without prior

notice to the County so long as such merger or acquisition is in furtherance of its recovery or resolution plan in accordance with U.S. regulatory requirements under the Dodd Frank Act. If the Contractor is restricted from legally notifying the County of pending acquisitions/mergers, then it should notify the County of the actual acquisitions/mergers as soon as the law allows and provide to the County the legal framework that restricted it from notifying the County prior to the actual acquisitions/mergers.

**8.2.2** The Contractor must not assign, exchange, or transfer its rights or duties under this Contract, whether in whole or in part, without the prior written consent of County, in its reasonable discretion, and any attempted assignment or otherwise transfer of its rights or duties, without such consent will be null and void; *provided, however*, that notwithstanding the foregoing, the Contractor may assign this Contract to a successor of all or a substantial portion of its business, or to an Affiliate of the Contractor, in each case, without the consent of the County so long as the transfer of business is in furtherance of its recovery or resolution plan in accordance with U.S. regulatory requirements under the Dodd Frank Act. For purposes of this Subparagraph, County consent will require a written Amendment to the Contract, which is formally approved and executed by the parties. Any payments by the County to any approved assignee on any claim under this Contract will be deductible, at County's sole discretion, against the claims, which the Contractor may have against the County. For the avoidance of doubt, Contractor's use of Delegates and Subcustodians, will not constitute an assignment of its rights or duties under the Contract.

**8.2.3** Any assignment or transfer of any of the Contractor's duties, responsibilities, obligations, or performance of same by any person or entity other than the Contractor, whether through assignment, merger, buyout, or any other mechanism, with or without consideration for any reason whatsoever without County's express prior written approval or otherwise as permitted pursuant to Subparagraph 8.2.2 hereof, will be a material breach of the Contract which may result in the termination of this Contract. In the event of such termination, County will be entitled to pursue the same remedies against Contractor as it could pursue in the event of default by Custodian.

### **8.3 WARRANTIES**

The Custodian represents and warrants that the person executing this Contract for the Custodian is an authorized agent who has actual authority to bind the Custodian to each and every term, condition, and obligation of this Contract and that all requirements of the Custodian have been fulfilled to provide such actual authority.

#### **8.4 BUDGET REDUCTIONS**

In the event that the County's Board adopts, in any fiscal year, a County Budget which provides for reductions in the salaries and benefits paid to the majority of County employees and imposes similar reductions with respect to County contracts, the County reserves the right to reduce its payment obligation under this Contract correspondingly for that fiscal year and any subsequent fiscal year during the Contract Term (including any extensions), and the services to be provided by the Custodian under this Contract will also be reduced correspondingly. The County's notice to the Contractor regarding said reduction in payment obligation will be provided promptly following the Board's approval of such actions and the County and the Custodian agree to engage in good faith negotiations to amend the Contract as needed to address such reduction in payment obligations and corresponding reduction in services. Except as set forth in the preceding sentence, the Contractor must continue to provide all of the services set forth in this Contract.

#### **8.5 INTENTIONALLY OMITTED**

#### **8.6 COMPLIANCE WITH APPLICABLE LAW**

In the performance of this Contract, Custodian must comply with all applicable Federal, State and local laws, rules, regulations, ordinances, directives, guidelines, policies and procedures, and all provisions required thereby to be included in this Contract are hereby incorporated herein by reference.

#### **8.7 COMPLIANCE WITH CIVIL RIGHTS LAWS**

The Contractor hereby assures that it will comply with Subchapter VI of the [Civil Rights Act of 1964](#), 42 USC Sections 2000 (e) (1) through 2000 (e) (17), to the end that no person will, on the grounds of race, creed, color, sex, religion, ancestry, age, condition of physical handicap, marital status, political affiliation, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under this Contract or under any project, program, or activity supported by this Contract. Additionally, Contractor certifies to the County:

- 8.7.1** That Contractor has a written policy statement prohibiting discrimination in all phases of employment.
- 8.7.2** That Contractor periodically conducts a self-analysis or utilization analysis of its work force.
- 8.7.3** That Contractor has a system for determining if its employment practices are discriminatory against protected groups.
- 8.7.4** Where problem areas are identified in employment practices, the Contractor has a system for taking reasonable corrective action, to include establishment of goals or timetables.

## **8.8 COMPLIANCE WITH THE COUNTY'S JURY SERVICE PROGRAM**

### **8.8.1 JURY SERVICE PROGRAM**

This Contract is subject to the provisions of the County's ordinance entitled Contractor Employee Jury Service ("Jury Service Program") as codified in [Sections 2.203.010 through 2.203.090 of the Los Angeles County Code](#).

### **8.8.2 WRITTEN EMPLOYEE JURY SERVICE POLICY**

1. Unless the Contractor has demonstrated to the County's reasonable satisfaction either that the Contractor is not a "Contractor" as defined under the Jury Service Program ([Section 2.203.020 of the County Code](#)) or that the Contractor qualifies for an exception to the Jury Service Program ([Section 2.203.070 of the County Code](#)), the Contractor must have and adhere to a written policy that provides that its Employees will receive from the Contractor, on an annual basis, no less than five days of regular pay for actual jury service. The policy may provide that Employees deposit any fees received for such jury service with the Contractor or that the Contractor deduct from the Employee's regular pay the fees received for jury service.
2. For purposes of this Subparagraph, "Contractor" means a person, partnership, corporation or other entity which has a contract with the County or a subcontract with a County Contractor and has received or will receive an aggregate sum of \$50,000 or more in any 12-month period under one or more County contracts or subcontracts. "Employee" means any California resident who is a full-time employee of the Contractor. "Full-time" means 40 hours or more worked per week, or a lesser number of hours if: 1) the lesser number is a recognized industry standard as determined by the County, or 2) Contractor has a long-standing practice that defines the lesser number of hours as full-time. Full-time employees providing short-term, temporary services of 90 days or less within a 12-month period are not considered full-time for purposes of the Jury Service Program. If the Custodian uses any Delegate to perform services for the County under the Contract, the Delegate will also be subject to the provisions of this Subparagraph. The provisions of this Subparagraph will be inserted into any such Subcontract agreement and a copy of the Jury Service Program must be attached to the Contract.
3. If the Contractor is not required to comply with the Jury Service Program when the Contract commences, the Contractor will have a continuing obligation to review the applicability of its "exception status" from the Jury Service Program, and the Contractor must immediately notify the County if the Contractor at any time either

comes within the Jury Service Program's definition of "Contractor" or if the Contractor no longer qualifies for an exception to the Jury Service Program. In either event, the Custodian must immediately implement a written policy consistent with the Jury Service Program. The County may also require, at any time during the Contract and at its sole discretion, that the Contractor demonstrate, to the County's satisfaction that the Contractor either continues to remain outside of the Jury Service Program's definition of "Contractor" and/or that the Contractor continues to qualify for an exception to the Program.

4. Contractor's violation of this Subparagraph of the Contract may constitute a material breach of the Contract. In the event of such material breach, County may, in its sole discretion, terminate the Contract and/or bar the Contractor from the award of future County contracts for a period of time consistent with the seriousness of the breach.

## **8.9 CONFLICT OF INTEREST**

**8.9.1** No County employee whose position with the County enables such employee to influence the award of this Contract or any competing Contract, and no spouse or economic dependent of such employee will be employed in any capacity by the Contractor or have any other direct or indirect financial interest in this Contract. No officer or employee of the Contractor who may financially benefit from the performance of work hereunder will in any way participate in the County's approval, or ongoing evaluation, of such work, or in any way attempt to unlawfully influence the County's approval or ongoing evaluation of such work.

**8.9.2** The Contractor must comply with all conflict of interest laws, ordinances, and regulations now in effect or hereafter to be enacted during the term of this Contract. The Contractor warrants that it is not now aware of any facts that create a conflict of interest. If the Contractor hereafter becomes aware of any facts that might reasonably be expected to create a conflict of interest, it must immediately make full written disclosure of such facts to the County. Full written disclosure must include, but is not limited to, identification of all persons implicated and a complete description of all relevant circumstances. Failure to comply with the provisions of this Subparagraph will be a material breach of this Contract.

## **8.10 CONSIDERATION OF HIRING COUNTY EMPLOYEES TARGETED FOR LAYOFFS OR ARE ON A COUNTY RE-EMPLOYMENT LIST**

Should the Contractor require additional or replacement personnel after the Effective Date of this Contract to perform the services set forth herein, the Contractor must give first consideration for such employment openings to qualified, permanent County employees who are targeted for layoff or qualified,



former County employees who are on a re-employment list during the life of this Contract.

## **8.11 CONSIDERATION OF HIRING GAIN/START PARTICIPANTS**

**8.11.1** Should the Contractor require additional or replacement personnel after the Effective Date of this Contract, the Contractor will give consideration for any such employment openings to participants in the County's Department of Public Social Services Greater Avenues for Independence (GAIN) Program or Skills and Training to Achieve Readiness for Tomorrow (START) Program who meet the Contractor's minimum qualifications for the open position. For this purpose, consideration will mean that the Contractor will interview qualified candidates. The County will refer GAIN/START participants by job category to the Contractor. Contractor must report all job openings with job requirements to: [Gainstart@dpss.lacounty.gov](mailto:Gainstart@dpss.lacounty.gov) and [bservices@opportunity.lacounty.gov](mailto:bservices@opportunity.lacounty.gov) and DPSS will refer qualified GAIN/START job candidates.

**8.11.2** In the event that both laid-off County employees and GAIN/START participants are available for hiring, County employees must be given first priority.

## **8.12 CONTRACTOR RESPONSIBILITY AND DEBARMENT**

### **8.12.1 RESPONSIBLE CONTRACTOR**

A responsible Contractor is a Contractor who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity and experience to satisfactorily perform the Contract. It is the County's policy to conduct business only with responsible Contractors.

### **8.12.2 CHAPTER 2.202 OF THE COUNTY CODE**

The Contractor is hereby notified that, in accordance with [Chapter 2.202 of the County Code](#), if the County acquires information concerning the performance of the Contractor on this or other contracts which indicates that the Contractor is not responsible, the County may, in addition to other remedies provided in the Contract, debar the Contractor from bidding or proposing on, or being awarded, and/or performing work on County contracts for a specified period of time, which generally will not exceed five years but may exceed five years or be permanent if warranted by the circumstances, and terminate any or all existing contracts the Contractor may have with the County.

### **8.12.3 NON-RESPONSIBLE CONTRACTOR**

The County may debar a Contractor if the Board finds, in its discretion, that the Contractor has done any of the following: 1) violated a term of a contract with the County or a nonprofit corporation created by the County, 2) committed an act or omission which negatively reflects on

the Contractor's quality, fitness or capacity to perform a contract with the County, any other public entity, or a nonprofit corporation created by the County, or engaged in a pattern or practice which negatively reflects on same, 3) committed an act or offense which indicates a lack of business integrity or business honesty, or 4) made or submitted a false claim against the County or any other public entity.

#### **8.12.4 CONTRACTOR HEARING BOARD**

1. If there is evidence that the Contractor may be subject to debarment, the Department will notify the Contractor in writing of the evidence which is the basis for the proposed debarment and will advise the Contractor of the scheduled date for a debarment hearing before the Contractor Hearing Board.
2. The Contractor Hearing Board will conduct a hearing where evidence on the proposed debarment is presented. The Contractor and/or the Contractor's representative will be given an opportunity to submit evidence at that hearing. After the hearing, the Contractor Hearing Board will prepare a tentative proposed decision, which will contain a recommendation regarding whether the Contractor should be debarred, and if so, the appropriate length of time of the debarment. The Contractor and the Department will be provided an opportunity to object to the tentative proposed decision prior to its presentation to the Board.
3. After consideration of any objections, or if no objections are submitted, a record of the hearing, the proposed decision, and any other recommendation of the Contractor Hearing Board will be presented to the Board. The Board will have the right to modify, deny, or adopt the proposed decision and recommendation of the Contractor Hearing Board.
4. If a Contractor has been debarred for a period longer than five years, that Contractor may, after the debarment has been in effect for at least five years, submit a written request for review of the debarment determination to reduce the period of debarment or terminate the debarment. The County may, in its discretion, reduce the period of debarment or terminate the debarment if it finds that the Contractor has adequately demonstrated one or more of the following: 1) elimination of the grounds for which the debarment was imposed; 2) a bona fide change in ownership or management; 3) material evidence discovered after debarment was imposed; or 4) any other reason that is in the best interests of the County.
5. The Contractor Hearing Board will consider a request for review of a debarment determination only where 1) the Contractor has been debarred for a period longer than five years; 2) the debarment has been in effect for at least five years; and 3) the request is in writing,

states one or more of the grounds for reduction of the debarment period or termination of the debarment, and includes supporting documentation. Upon receiving an appropriate request, the Contractor Hearing Board will provide notice of the hearing on the request. At the hearing, the Contractor Hearing Board will conduct a hearing where evidence on the proposed reduction of debarment period or termination of debarment is presented. This hearing will be conducted and the request for review decided by the Contractor Hearing Board pursuant to the same procedures as for a debarment hearing.

6. The Contractor Hearing Board's proposed decision will contain a recommendation on the request to reduce the period of debarment or terminate the debarment. The Contractor Hearing Board will present its proposed decision and recommendation to the Board. The Board will have the right to modify, deny, or adopt the proposed decision and recommendation of the Contractor Hearing Board.

#### **8.12.5 DELEGATES OF CUSTODIAN**

These terms will also apply to Delegates of the Custodian.

#### **8.13 CONTRACTOR'S ACKNOWLEDGEMENT OF COUNTY'S COMMITMENT TO SAFELY SURRENDERED BABY LAW**

The Contractor acknowledges that the County places a high priority on the implementation of the Safely Surrendered Baby Law. The Contractor understands that it is the County's policy to encourage all County Contractors to voluntarily post the County's poster, Exhibit G (Safely Surrendered Baby Law), in a prominent position at the Contractor's place of business within the County. The Contractor will also encourage its Delegates, if any, to post this poster in a prominent position in the Delegate's place of business. Information and posters for printing are available at <https://lacounty.gov/residents/family-services/child-safety/safe-surrender/>.

#### **8.14 CONTRACTOR'S WARRANTY OF ADHERENCE TO COUNTY'S CHILD SUPPORT COMPLIANCE PROGRAM**

- 8.14.1 The Contractor acknowledges that the County has established a goal of ensuring that all individuals who benefit financially from the County through contracts are in compliance with their court-ordered child, family and spousal support obligations in order to mitigate the economic burden otherwise imposed upon the County and its taxpayers.
- 8.14.2 As required by the County's Child Support Compliance Program ([County Code Chapter 2.200](#)) and without limiting the Contractor's duty under this Contract to comply with all applicable provisions of law, the Contractor warrants that it is now in compliance and will during the

term of this Contract, maintain compliance with employment and wage reporting requirements as required by the Federal Social Security Act ([42 USC Section 653a](#)) and [California Unemployment Insurance Code Section 1088.5](#), and will implement all lawfully served Wage and Earnings Withholding Orders or Child Support Services Department Notices of Wage and Earnings Assignment for Child, Family or Spousal Support, pursuant to [Code of Civil Procedure Section 706.031](#) and [Family Code Section 5246\(b\)](#).

## **8.15 COUNTY'S QUALITY ASSURANCE PLAN**

The County Contract Manager or its agent(s) will monitor the Contractor's performance under this Contract on not less than an annual basis. Such monitoring will include assessing the Contractor's compliance with all Contract terms and conditions and performance standards. Contractor deficiencies which the County reasonably determines are significant or continuing and that may place performance of the Contract in jeopardy if not corrected will be reported to the Board and listed in the appropriate Contractor performance database. The report to the Board will include improvement/corrective action measures taken by the County and the Contractor. If improvement does not occur reasonably consistent with the corrective action measures, the County may terminate this Contract or impose other penalties as specified in this Contract.

## **8.16 DAMAGE TO COUNTY FACILITIES, BUILDINGS OR GROUNDS**

**8.16.1** The Custodian will repair, or cause to be repaired, at its own cost, any and all damage to County facilities, buildings, or grounds to the extent caused by the Custodian or employees or agents of the Custodian. Such repairs must be made promptly after the Custodian has become aware of such damage, but in no event later than 30 days after such notice.

**8.16.2** If the Custodian fails to make timely repairs, County may make any necessary repairs. All costs incurred by County that are attributable to the Custodian, as reasonably determined by County, for such repairs must be repaid by the Custodian by cash payment upon demand.

## **8.17 EMPLOYMENT ELIGIBILITY VERIFICATION**

The Custodian warrants that it fully complies with all Federal and State statutes and regulations regarding the employment of aliens and others and that all its employees performing work under this Contract meet the citizenship or alien status requirements set forth in Federal and State statutes and regulations. The Custodian must obtain from all employees performing work hereunder, all verification and other documentation of employment eligibility status required by Federal and State statutes and regulations including, but not limited to, the Immigration Reform and Control Act of 1986, (P.L. 99-603), or as they currently exist and as they may be hereafter amended. The Custodian must retain all such documentation for all covered employees for the period prescribed by law.

## **8.18 COUNTERPARTS AND ELECTRONIC SIGNATURES AND REPRESENTATIONS**

This Contract may be executed in two or more counterparts, each of which will be deemed an original but all of which together will constitute one and the same Contract. The facsimile, email or electronic signature of the parties will be deemed to constitute original signatures, and facsimile or electronic copies hereof will be deemed to constitute duplicate originals.

The County and the Custodian hereby agree to regard electronic representations of original signatures of authorized officers of each party, when appearing in appropriate places on the Change Notices and/or Amendments prepared pursuant to Subparagraph 8.1 (Change Notices and Amendments) and received via communications facilities (facsimile, email or electronic signature), as legally sufficient evidence that such legally binding signatures have been affixed to Change Notices and/or Amendments to this Contract.

## **8.19 FAIR LABOR STANDARDS**

The Custodian must comply with all applicable provisions of the Federal Fair Labor Standards Act

## **8.20 FORCE MAJEURE AND BUSINESS CONTINUITY**

**8.20.1** Neither party will be liable for such party's failure to perform its obligations under and in accordance with this Contract, if such failure arises out of fires, floods, epidemics, quarantine restrictions, other natural occurrences, strikes, lockouts (other than a lockout by such party or any of such party's Delegates), freight embargoes, or other similar events to those described above, but in every such case the failure to perform must be beyond the reasonable control and subject to the business continuity obligations of such party (such events are referred to in this Subparagraph as "force majeure events").

**8.20.2** Notwithstanding the foregoing, a default by a Delegate of Custodian will not constitute a force majeure event, unless such default arises out of causes beyond the reasonable control of both Custodian and such Delegate, and without any failure of the Custodian to meet its business continuity obligations hereunder. In such case, Custodian will not be liable for failure to perform. As used in this Subparagraph, the term "Delegate" and "Delegates" mean Delegates at any tier.

**8.20.3** In the event Custodian's failure to perform arises out of a force majeure event, Custodian agrees to fulfill its business continuity obligations set forth in this Subparagraph 8.20.

**8.20.4 Business Continuity Plan.** The Custodian must at all times maintain a business continuity plan and a disaster recovery plan and will take commercially reasonable measures to maintain and periodically test such plans. The Custodian will implement such plans following the occurrence of an event which results in an interruption or suspension

of the Services to be provided by the Custodian. Custodian must notify the TTC in writing within two Business Days when such a plan implementation occurs. The Custodian will present plan updates to TTC within ten Business Days upon request for such presentation.

**8.20.5 Internal Controls Review and Report.** The Custodian will retain a firm of independent auditors to perform an annual review of certain internal controls and procedures employed by the Custodian in the provision of the Services and issue a standard System and Organization Controls 1 or equivalent report based on such review. The Custodian will provide a copy of the report to the County upon request.

## **8.21 GOVERNING LAW, JURISDICTION, AND VENUE**

This Contract will be governed by, and construed in accordance with, the laws of the State of California. The Custodian agrees and consents to the jurisdiction of the state or federal courts, as appropriate, located in the State of California for all purposes regarding this Contract and further agrees and consents that venue of any action brought hereunder will be exclusively in the County of Los Angeles.

## **8.22 INDEPENDENT CONTRACTOR STATUS**

**8.22.1** This Contract is by and between the County and the Custodian and is not intended, and must not be construed, to create the relationship of agent, servant, employee, partnership, joint venture, or association, as between the County and the Custodian. The employees and agents of one party must not be, or be construed to be, the employees or agents of the other party for any purpose whatsoever.

**8.22.2** The Custodian will be solely liable and responsible for providing to, or on behalf of, all persons performing work pursuant to this Contract all compensation and benefits. The County will have no liability or responsibility for the payment of any salaries, wages, unemployment benefits, disability benefits, Federal, State, or local taxes, or other compensation, benefits, or taxes for any personnel provided by or on behalf of the Custodian.

**8.22.3** The Custodian understands and agrees that all persons performing work pursuant to this Contract are, for purposes of Workers' Compensation liability, solely employees of the Custodian and not employees of the County. The Custodian will be solely liable and responsible for furnishing any and all Workers' Compensation benefits to any person as a result of any injuries arising from or connected with any work performed by or on behalf of the Custodian pursuant to this Contract.

## **8.23 INDEMNIFICATION**

**8.23.1** The Custodian must indemnify, defend and hold harmless the County,

its officers and employees (each, a “County Indemnitee”) from and against any and all direct loss, damages, liability, claims, actions, costs and expenses (including reasonable and documented attorneys’ fees) (“Indemnification Losses”), arising directly from a claim against a County Indemnitee brought by a third party as a direct result, and to the extent, of the Custodian’s, or any Delegate’s, or Subcustodian’s negligent acts or omissions, failure to exercise the Standard of Care, breach of applicable law, bad faith, fraud or willful misconduct in connection with the performance of its obligations or failure to perform its duties under this Contract; *provided, however*, that such indemnity will not apply to any Indemnification Losses to the extent that they arise out of a County Indemnitee’s or its agents’ (other than Custodian, any Delegate or Subcustodian) action or omission.

- 8.23.2** The County will use reasonable efforts to mitigate any Indemnification Losses in respect of which it claims indemnification under this Contract.
- 8.23.3** The Custodian will be without liability to the County for any Indemnification Losses to the extent they arise from or are caused by: (i) the Custodian acting upon any Authorized Account Instructions or, if Authorized Account Instructions are not required in a particular circumstance, any other instruction, information, notice, request, consent, certificate, instrument or other writing given by an Authorized Account Person; (ii) a delay in processing or any failure to process any Authorized Account Instructions to the extent permitted under Subparagraph 5.3 (Authorized Account Instructions) of the SOW, subject to the satisfaction of the conditions set out in that Subparagraph, as applicable; (iii) the failure of the County or any person authorized by it to comply with the County’s obligations under this Contract; (iv) any other acts or omissions of the County, any person authorized by it or any third party, including any third party agent, market participant, authorized data source, central securities depository, financial market utility or securities system; or (v) error in the online data access provided pursuant to Paragraph 4 (Accounting and Reporting) of the SOW that are caused by the contents of data from third parties. For avoidance of doubt, any actions or omissions of the County, including without limitation any Authorized Account Instructions, that are the result of erroneous reports or work product from the Custodian will not absolve the Custodian from its indemnification obligations under this Subparagraph.
- 8.23.4** Notwithstanding any express provision to the contrary the Custodian will not be liable for any (i) indirect, consequential, incidental, punitive, special or exemplary damages, or (ii) loss of profit, revenue, business, anticipated savings, goodwill or damage to reputation, except as otherwise provided in the SOW, in each case whether or not Custodian has been apprised of the likelihood of such damages occurring.

Any legal defense pursuant to the Custodian indemnification and hold harmless obligations under this Subparagraph 8.23 will be conducted by the Custodian and performed by the counsel selected by the Custodian and approved by the County, as applicable, which such approval will not be unreasonably withheld. Notwithstanding the preceding sentence, the County will have the right to participate in any such defense at its sole cost and expense, except that in the event the Custodian fails to provide the County with a full and adequate defense, as determined by the County, in its sole judgment, the County will be entitled to retain its own counsel (including, without limitation, County Counsel) and reimbursement from the Custodian for all such costs and expenses incurred by the County in doing so. The Custodian will not have the right to enter into any settlement, agree to any injunction or other equitable relief, or make any admission, in each case, on behalf of the County without the County's prior written approval.

## **8.24 GENERAL PROVISIONS FOR ALL INSURANCE COVERAGE**

**8.24.1** Without limiting Custodian's indemnification of County, and in the performance of this Contract and until all of its obligations pursuant to this Contract have been met, Custodian must provide and maintain at its own expense insurance coverage satisfying the requirements specified in Subparagraphs 8.24 and 8.25 of this Contract. These minimum insurance coverage terms, types and limits (the "Required Insurance") also are in addition to and separate from any other contractual obligation imposed upon Custodian pursuant to this Contract. The County in no way warrants that the Required Insurance is sufficient to protect the Custodian for liabilities which may arise from or relate to this Contract.

### **8.24.2 EVIDENCE OF COVERAGE AND NOTICE TO COUNTY**

- 1.** An ACORD Certificate of Insurance Coverage ("Certificate of Insurance" or "COI") must be delivered to County to the email address shown below and provided prior to commencing services under this Contract.
- 2.** Renewal COIs must be provided to County within ten Business Days following a request from the County, subject to renewal availability on commercially reasonable terms.
- 3.** COIs must identify all Required Insurance coverage types and limits specified herein, as well as the lead insurer, broker, policy number and term of each insurer providing coverage, and its National Association of Insurance Commissioners (NAIC) identification number.
- 4.** COIs must be attached to a cover memo, signed by an authorized representative of Custodian, that references this Contract by name or number and the relationship of the insured



party named on the COI to the Custodian identified as the contracting party in this Contract.

5. Neither the County's failure to obtain, nor the County's receipt of, or failure to object to a non-complying COI will be construed as a waiver of any of the Required Insurance provisions.

COIs must be sent to: [contracts@ttc.lacounty.gov](mailto:contracts@ttc.lacounty.gov).

6. Custodian also must promptly report to County any injury or property damage accident or incident, including any injury to a Custodian employee occurring on County property, and any loss, disappearance, destruction, misuse, or theft of County property, monies or securities entrusted to Custodian. Custodian also must promptly notify County of any third-party claim or suit filed against Custodian or any of its Delegates which arises from or relates to this Contract and could result in the filing of a claim or lawsuit against Custodian and/or County.

#### **8.24.3 ADDITIONAL INSURED STATUS AND SCOPE OF COVERAGE**

The County of Los Angeles, its Special Districts, Elected Officials, Officers, agents, employees and volunteers (collectively County and its agents) must be provided additional insured status under Custodian's General Liability policy with respect to liability arising out of Custodian's ongoing and completed operations performed on behalf of the County. County and its agents additional insured status must apply with respect to liability and defense of suits arising out of the Custodian's acts or omissions, where such liability is attributable to the Custodian. The scope of protection also must apply to the County and its agents as an additional insured. Use of an automatic additional insured endorsement form is acceptable providing it satisfies the Required Insurance provisions herein.

#### **8.24.4 CANCELLATION OF INSURANCE**

The Custodian must provide County with written notice within 30 Business Days of cancellation upon receipt of such notice. Failure to provide written notice of cancellation of, or of an election to self-insure with respect to, Required Insurance may constitute a material breach of the Contract, in the sole discretion of the County, upon which the County may suspend or terminate this Contract.

#### **8.24.5 FAILURE TO MAINTAIN INSURANCE**

The Custodian's failure to maintain the Required Insurance will constitute a material breach of the Contract, upon which County immediately may suspend or terminate this Contract.

#### **8.24.6 INSURER FINANCIAL RATINGS**

Coverage must be placed with insurers with A.M. Best ratings of A-VII

or better.

**8.24.7 CUSTODIAN'S INSURANCE MUST BE PRIMARY**

The Custodian's Commercial General Liability Policy, with respect to any claims related to this Contract, must be primary with respect to all other sources of coverage available to Custodian. Any County maintained insurance or self-insurance coverage must be in excess of and not contribute to any Custodian coverage.

**8.24.8 WAIVERS OF SUBROGATION**

To the fullest extent permitted by law, the Custodian hereby waives its rights and its insurer(s)' rights of recovery against County under the Commercial General Liability Policy only for any loss arising from or relating to this Contract. The Custodian must require its Commercial General Liability insurers to execute any waiver of subrogation endorsements which may be necessary to effect such waiver.

**8.24.9 SUBCUSTODIAN INSURANCE COVERAGE REQUIREMENTS**

The Custodian must include all Subcustodians as insureds under Custodian's own policies or must provide County with each Subcustodian's separate evidence of insurance coverage. The Custodian will be responsible for verifying each Subcustodian complies with the Required Insurance provisions herein and must require that each Subcustodian name the County and Custodian as additional insureds on the Subcustodian's General Liability policy. The Custodian must obtain County's prior review and approval of any Subcustodian request for modification of the Required Insurance.

**8.24.10 DEDUCTIBLES AND SELF-INSURED RETENTIONS**

The Custodian's policies will not obligate the County to pay any portion of any Custodian deductible or Self-Insured Retention.

**8.24.11 CLAIMS MADE COVERAGE**

If any part of the Required Insurance is written on a claims made basis, any policy retroactive date will precede the Effective Date of this Contract. Custodian understands and agrees that, subject to availability on commercially reasonable terms, it will maintain such coverage for a period of not less than three years following Contract expiration, termination or cancellation.

**8.24.12 APPLICATION OF EXCESS LIABILITY COVERAGE**

The Custodians may use a combination of primary and excess insurance policies which provide coverage as broad as the underlying primary policies, to satisfy the Required Insurance provisions.

**8.24.13 MUTUAL REVIEW AND APPROVAL OF INSURANCE REQUIREMENTS**

The County and the Custodian agree to engage in a good faith review of the Required Insurance provisions, and to engage in good faith negotiations to adjust such Required Insurance provisions, provided that both the County and the Custodian mutually agree that there have been changes in risk exposures.

**8.25 INSURANCE COVERAGE**

**8.25.1 COMMERCIAL GENERAL LIABILITY**

Insurance (providing scope of coverage equivalent to ISO policy form CG 00 01), naming County and its agents as an additional insured, with limits of not less than:

General Aggregate:	\$2 million
Products/Completed Operations Aggregate:	\$1 million
Personal and Advertising Injury:	\$1 million
Each Occurrence:	\$1 million

**8.25.2 WORKERS COMPENSATION AND EMPLOYERS' LIABILITY**

Custodian will provide workers' compensation benefits, as required by the Labor Code of the State of California or by any other state to Custodian employees for injuries arising from or connected with services provided to the County under this Contract, and for which the Custodian is responsible. Custodian will provide and maintain a program of Workers' Compensation insurance in an amount and form to meet all applicable statutory requirements, including Employers' Liability coverage for all of Custodian's employees.

**8.25.3 CRIME COVERAGE**

A Fidelity Bond or Crime Insurance policy with limits of not less than \$150 million per occurrence and in the aggregate to cover the following:

Employee Dishonesty	\$150 million
Forgery or Alteration	\$150 million
Theft, Disappearance and Destruction	\$150 million
Burglary and Robbery	\$150 million
Electronic and Computer Crime	\$150 million

**8.25.4 BANKERS PROFESSIONAL LIABILITY/ERRORS AND OMISSIONS**

Insurance covering Custodian's liability arising from any error, omission, negligent or wrongful act, breach of the Standard of Care, misstatement, or misleading statement by the Custodian, its officers

or employees, or agents resulting in losses arising under this Contract, subject to policy terms and conditions, with limits of not less than \$100 million per claim and aggregate. Further, Contractor understands and agrees that, subject to availability on commercially reasonable terms, it must maintain such coverage for a period of not less than three years following the Contract Term.

**8.25.5 CYBER LIABILITY INSURANCE**

The Custodian will secure and maintain cyber/network security and privacy liability insurance with limits of at least \$15 million in the aggregate extending coverage for loss arising from a failure of network security or failure to protect Data.

**8.26 INTENTIONALLY OMITTED**

**8.27 INTENTIONALLY OMITTED**

**8.28 NONDISCRIMINATION AND AFFIRMATIVE ACTION**

**8.28.1** The Contractor certifies and agrees that all persons employed by it, its affiliates, subsidiaries, or holding companies are and will be treated equally without regard to or because of race, color, religion, ancestry, national origin, sex, age, physical or mental disability, marital status, or political affiliation, in compliance with all applicable Federal and State anti-discrimination laws and regulations.

**8.28.2** The Contractor certifies to the County each of the following:

1. That Contractor has a written policy statement prohibiting discrimination in all phases of employment.
2. That Contractor periodically conducts a self-analysis or utilization analysis of its work force.
3. That Contractor has a system for determining if its employment practices are discriminatory against protected groups.
4. Where problem areas are identified in employment practices, the Contractor has a system for taking reasonable corrective action, to include establishment of goals or timetables.

**8.28.3** The Contractor must take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to race, color, religion, ancestry, national origin, sex, age, physical or mental disability, marital status, or political affiliation, in compliance with all applicable Federal and State anti-discrimination laws and regulations. Such action must include, but is not limited to: employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.

- 8.28.4** The Contractor certifies and agrees that it will deal with its Delegates, bidders, or vendors without regard to or because of race, color, religion, ancestry, national origin, sex, age, physical or mental disability, marital status, or political affiliation.
- 8.28.5** The Contractor certifies and agrees that it, its affiliates, subsidiaries, or holding companies will comply with all applicable Federal and State laws and regulations to the end that no person will, on the grounds of race, color, religion, ancestry, national origin, sex, age, physical or mental disability, marital status, or political affiliation, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under this Contract or under any project, program, or activity supported by this Contract.
- 8.28.6** The Contractor will allow County representatives access to the Contractor's employment records during regular business hours to verify compliance with the provisions of this Subparagraph 8.28 (Nondiscrimination and Affirmative Action) when so requested by the County.
- 8.28.7** If the County finds that any provisions of this Subparagraph 8.28 (Nondiscrimination and Affirmative Action) have been violated, such violation will constitute a material breach of this Contract upon which the County may terminate or suspend this Contract. While the County reserves the right to determine independently that the anti-discrimination provisions of this Contract have been violated, in addition, a determination by the California Fair Employment and Housing Commission or the Federal Equal Employment Opportunity Commission that the Contractor has violated Federal or State anti-discrimination laws or regulations will constitute a finding by the County that the Contractor has violated the anti-discrimination provisions of this Contract.
- 8.28.8** The parties agree that in the event the Contractor violates any of the anti-discrimination provisions of this Contract, the County will, at its sole option, be entitled to the sum of \$500 for each such violation pursuant to [California Civil Code Section 1671](#) as liquidated damages in lieu of terminating or suspending this Contract.

## **8.29 NON EXCLUSIVITY**

Nothing herein is intended nor will be construed as creating any exclusive arrangement with the Custodian. This Contract will not restrict County from acquiring similar, equal or like deliverables and/or services from other entities or sources.

## **8.30 NOTICE OF DELAYS**

Except as otherwise provided under this Contract, when either party has knowledge that any actual or potential situation is delaying or threatens to delay the timely performance of this Contract, that party must, within one Business

Day, give notice thereof, including all relevant information with respect thereto, to the other party.

### **8.31 DISPUTE RESOLUTION PROCEDURE**

It is the intent of the parties that all disputes arising under this Contract be resolved expeditiously, amicably, and at the level within each party's organization that is most knowledgeable about the disputed issue. The parties understand and agree that the procedures outlined in this Subparagraph are not intended to supplant the routine handling of inquiries and complaints through informal contact with their respective managers. Accordingly, for purposes of the procedures set forth in this Subparagraph, a "dispute" will mean any action, dispute, claim, or controversy of any kind, whether in contract or tort, statutory or common law, legal or equitable, now existing or hereafter arising under or in connection with, or in any way pertaining to this Contract.

- 8.31.1** Custodian and County agree to act promptly and diligently to mutually resolve any disputes, which may arise with respect to this Contract. All such disputes must be subject to the provisions of this Subparagraph 8.31 (Dispute Resolution Procedure), (such provisions must be collectively referred to as the "Dispute Resolution Procedure"). Time is of the essence in the resolution of disputes.
- 8.31.2** Custodian and County agree that the existence and details of a dispute notwithstanding, both parties must continue without delay their performance hereunder.
- 8.31.3** If Custodian fails to continue without delay its performance hereunder which the County reasonably determines should not be delayed as a result of such dispute, then any reasonable additional costs, which may be incurred by the Custodian or County as a result of Custodian's failure to continue to so perform must be borne by the Custodian, and Custodian must make no claim whatsoever against the County for such costs. Custodian must promptly reimburse the County for such reasonable costs of the County, or County may deduct all such additional reasonable costs from any amounts due to the Custodian from the County. Notwithstanding the foregoing, the County will use reasonable efforts to mitigate any such additional costs in respect of which it claims reimbursement under this Subparagraph 8.31.3, and any failure to so mitigate will reduce the additional costs to be reimbursed by an amount that would reasonably have been saved by such mitigation efforts.
- 8.31.4** If County fails to continue without delay to perform its responsibilities under this Contract, which the Parties, by mutual agreement, should not be delayed as a result of such dispute, then any reasonable additional costs incurred by the Custodian or the County as a result of County's failure to continue to so perform must be borne by the County, and County will make no claim whatsoever against the Custodian for such

costs. County must promptly reimburse Custodian for all such reasonable additional Custodian costs. Notwithstanding the foregoing, the Custodian will use reasonable efforts to mitigate any such additional costs in respect of which it claims reimbursement under this Subparagraph 8.31.4, and any failure to so mitigate will reduce the additional costs to be reimbursed by an amount that would reasonably have been saved by such mitigation efforts.

- 8.31.5** In the event of any dispute between the parties with respect to this Contract, Custodian and County must submit the matter to their respective Contract Managers for the purpose of endeavoring to resolve such dispute.
- 8.31.6** In the event that the Contract Managers are unable to resolve the dispute within a reasonable time not to exceed ten days from the date of submission of the dispute to them, then the matter must be immediately submitted to the parties' respective Contract Administrators for further consideration and discussion to attempt to resolve the dispute.
- 8.31.7** In the event that the Contract Administrators are unable to resolve the dispute within a reasonable time not to exceed ten days from the date of submission of the dispute to them, then the matter must be immediately submitted to Custodian's Senior Vice President, Head of Public Funds and the Treasurer and Tax Collector, or their designee. These persons must have ten days to attempt to resolve the dispute.
- 8.31.8** In the event that at these levels, there is not a resolution of the dispute acceptable to both parties, then each party may assert its other rights and remedies provided under this Contract and/or its rights and remedies as provided by law or at equity.
- 8.31.9** All disputes utilizing this dispute resolution procedure must be documented in writing by each party and must state the specifics of each alleged dispute and all actions taken. The parties must act in good faith to resolve all disputes. At all three levels described in this Subparagraph 8.31 (Dispute Resolution Procedure), the efforts to resolve a dispute must be undertaken by conference between the parties' respective representatives, either orally, by face-to-face meeting or by telephone, or in writing by exchange of correspondence, which correspondence may be in electronic form, including via e-mail.

## **8.32 NOTICE TO EMPLOYEES REGARDING THE FEDERAL EARNED INCOME CREDIT**

The Contractor must notify its employees, and will require each Delegate to notify its employees, that they may be eligible for the Federal Earned Income Credit under the Federal income tax laws. Such notice must be provided in accordance with the requirements set forth in [Internal Revenue Service Notice No. 1015](#).

### **8.33 NOTICE TO EMPLOYEES REGARDING THE SAFELY SURRENDERED BABY LAW**

The Contractor must notify and provide to its employees in the County and will require each Delegate to notify and provide to its employees in Los Angeles County, information regarding the Safely Surrendered Baby Law, its implementation in Los Angeles County, and where and how to safely surrender a baby. The information is set forth in Exhibit G (Safely Surrendered Baby Law) of this Contract. Additional information is available at <https://lacounty.gov/residents/family-services/child-safety/safe-surrender/>.

### **8.34 NOTICES**

All notices or demands required or permitted to be given or made under this Contract must be made electronically or in writing and if in writing will be hand delivered with signed receipt or mailed by first class registered or certified mail, postage prepaid, addressed to the parties as identified in Exhibit D (County's Administration) and Exhibit E (Custodian's Administration) or via facsimile or electronic copy representation pursuant to Subparagraph 8.18 (Counterparts and Electronic Signatures and Representations). Addresses may be changed by either party giving ten days' prior written notice thereof to the other party. The Treasurer and Tax Collector, or their designee, will have the authority to issue all notices or demands required or permitted by the County under this Contract.

### **8.35 PROHIBITION AGAINST INDUCEMENT OR PERSUASION**

Notwithstanding the above, the Custodian and the County agree that, during the term of this Contract and for a period of one year thereafter, neither party will in any way intentionally induce or persuade any employee of one party to become an employee or agent of the other party. No bar exists against any hiring action initiated through a public announcement.

### **8.36 CALIFORNIA PUBLIC RECORDS ACT**

**8.36.1** Any documents submitted by the Contractor; all information obtained in connection with the County's right to audit and inspect the Contractor's documents, books, and accounting records pursuant to Subparagraph 8.38 (Record Retention and Inspection-Audit Settlement) of this Contract; as well as those documents which were required to be submitted in response to the Request For Proposals used in the solicitation process for this Contract, become the exclusive property of the County. All such documents become a matter of public record and will be regarded as public records.

Exceptions will be those elements in the California [Government Code Section 7921.000 et seq.](#) ("Public Records Act") and which are marked "trade secret," "confidential," or "proprietary." The County will not in any way be liable or responsible for the disclosure of any such records including, without limitation, those so marked, if disclosure is required by law, or by an order issued by a court of competent



jurisdiction. In the event a Public Records Act request is made for Contractor documents marked as "trade secret," "confidential," or "proprietary" relating to the Contract, or if disclosure of documents marked as "trade secret," "confidential," or "proprietary" relating to the Contract is required by law, or by an order issued by a court of competent jurisdiction, the County will provide reasonable notice to Contractor prior to releasing any such documents and will cooperate with the Contractor in objecting to any such disclosure to the extent the Contractor asserts a reasonable basis for exemption under the Public Records Act.

- 8.36.2** In the event the County is required to defend an action on a Public Records Act request for any of the aforementioned documents, information, books, records, and/or contents of a Proposal marked "trade secret," "confidential," or "proprietary," the Contractor agrees to defend and indemnify the County from all costs and expenses, including reasonable attorney's fees, in action or liability arising under the Public Records Act.

### **8.37 PUBLICITY**

- 8.37.1** The Custodian must not disclose any details in connection with this Contract to any person or entity except as may be otherwise provided hereunder or required by law. However, in recognizing the Custodian's need to identify its services and related clients to sustain itself, the County will not inhibit the Custodian from publishing its role under this Contract within the following conditions:
1. The Custodian must develop all publicity material in a professional manner; and
  2. During the term of this Contract, the Custodian will not, and will not authorize another to, publish or disseminate any commercial advertisements, press releases, feature articles, or other materials using the name of the County without the prior written consent of the County's Contract Administrator. The County will not unreasonably withhold written consent.
- 8.37.2** The Custodian may, without the prior written consent of County, indicate in its Proposals and sales materials that it has been awarded this Contract with the County, provided that the requirements of this Subparagraph 8.37 (Publicity) will apply.

### **8.38 RECORD RETENTION AND INSPECTION-AUDIT SETTLEMENT**

- 8.38.1** The Custodian must maintain accurate and complete financial records of its activities and operations relating to this Contract in accordance with generally accepted accounting principles. The Custodian must also maintain accurate and complete employment and other records relating to its performance of this Contract. The Custodian agrees that the

County, or its authorized representatives, will have access to and the right to examine, audit, excerpt, copy, or transcribe any pertinent transaction, activity, or record relating to this Contract. All such material, including, but not limited to, all financial records, bank statements, cancelled checks or other proof of payment, and proprietary data and Information, will be kept and maintained by the Custodian and will be made available to the County during the term of this Contract and for a period of five years thereafter unless the County's written permission is given to dispose of any such material prior to such time. All such material must be maintained by the Custodian either at a location in Los Angeles County, or accessible to County representatives within Los Angeles County following reasonable prior notice.

- 8.38.2** Subject to confidentiality restrictions, Custodian agrees to notify the County in the event that an audit of the Custodian is conducted specifically regarding this Contract by any Federal or State auditor, or by any auditor or accountant employed by the Custodian or otherwise, and the Custodian must provide a copy of such audit report to the County within 30 days of the receipt thereof by the Custodian Contract Administrator.
- 8.38.3** Failure on the part of the Custodian to comply with any of the provisions of this Subparagraph 8.38 (Record Retention and Inspection-Audit Settlement) will constitute a material breach of this Contract upon which the County may terminate or suspend this Contract.
- 8.38.4** If, at any time during the term of this Contract or within five years after the expiration or termination of this Contract, representatives of the County conduct an audit of the Custodian regarding the work performed under this Contract, and if such audit finds that the County's dollar liability for any such work is less than payments made by the County to the Custodian, then the difference must be repaid by the Custodian to the County by cash payment upon demand. If such audit finds that the County's dollar liability for such work is more than the payments made by the County to the Custodian, then the difference will be paid to the Custodian by the County by cash payment, provided that in no event will the County's maximum obligation for this Contract exceed the funds appropriated by the County for the purpose of this Contract.
- 8.38.5** **Financial Statements:** Beginning one year after the Effective Date of this Contract, and every year thereafter until the expiration of this Contract, Custodian, at the request of the County, must submit to the Contracts' Section – Contract Monitor, as indicated on Exhibit D (County's Administration), a complete set of audited financial statements submitted to the Federal Reserve for the preceding 12-month period. Such statements must, at a minimum, include a Balance Sheet (Statement of Financial Position) and Income Statement (Statement of Operations). The County reserves the right to request

these financial statements on a more frequent basis and will so notify Custodian in writing. All financial statements will be kept confidential, only if stamped or marked as confidential on each page of the financial statement.

**8.38.6 Pending Litigation:** Custodian must submit to the County an annual statement regarding any pending litigation that would have a material adverse impact on its performance under the Contract since the Custodian last reported same to the County. The Custodian's publicly filed documents referencing its material litigation will be deemed to satisfy the requirements of this provision.

### **8.39 RECYCLED BOND PAPER**

Consistent with the Board's policy to reduce the amount of solid waste deposited at the County landfills, the Custodian agrees to use recycled-content paper to the maximum extent possible on this Contract.

### **8.40 DELEGATION**

**8.40.1 Use of Delegates.** The Custodian will have the right, without prior notice to or the consent of the County, to employ Delegates to provide or assist it in the provision of any part of the Services other than Services required by local, State or federal law applicable to either party to be performed by a qualified custodian or central securities depository. Unless otherwise agreed in a fee schedule, the Custodian will be responsible for the compensation of its Delegates.

**8.40.2 Provision of Information Regarding Delegates.** The Custodian will provide or make available to the County on a quarterly or other periodic basis information regarding its global operating model for the delivery of the Services, which information will include the identities of Delegates affiliated with the Custodian that perform or may perform any part of the Services, and the locations from which such Delegates perform Services, as well as such other information about its Delegates as the County may reasonably request from time to time.

**8.40.3 Third Parties.** Nothing in this Subparagraph limits or restricts the Custodian's right to use Affiliates or third parties to perform or discharge, or assist it in the performance or discharge of, any obligations or duties under this Contract other than the provision of the Services.

**8.40.4 Sanctions.** The Custodian will not employ Delegates who are located in a country or territory that is a target of Sanctions, including a target of any country sanctions program administered and enforced by the United States Office of Foreign Assets Control.

**8.41 TERMINATION FOR BREACH OF WARRANTY TO MAINTAIN COMPLIANCE WITH COUNTY’S CHILD SUPPORT COMPLIANCE PROGRAM**

Failure of the Contractor to maintain compliance with the requirements set forth in Subparagraph 8.14 (Contractor’s Warranty of Adherence to County’s Child Support Compliance Program) will constitute default under this Contract. Without limiting the rights and remedies available to the County under any other provision of this Contract, failure of the Contractor to cure such default within 90 Calendar Days of written notice will be grounds upon which the County may terminate this Contract pursuant to Subparagraph 8.43 (Termination for Default) and pursue debarment of the Contractor, pursuant to [County Code Chapter 2.202](#).

**8.42 TERMINATION FOR CONVENIENCE**

**8.42.1** This Contract may be terminated, in whole or in part, from time to time, when such action is deemed by the County, in its sole discretion, to be in its best interest. Termination of work hereunder will be effected by notice of termination to the Custodian specifying the extent to which performance of work is terminated and the date upon which such termination becomes effective. The date upon which such termination becomes effective will be no less than 30 Calendar Days after the notice is sent. In no event will County’s termination of this Contract pursuant to this Subparagraph 8.42 (Termination for Convenience) be deemed a waiver of County’s right to make a claim against the Custodian for damages resulting from any default by the Custodian or its Delegates which occurred prior to the effective termination date.

**8.42.2** After receipt of a notice of termination and except as otherwise directed by the County, the Custodian must:

1. Stop work under this Contract on the date and to the extent specified in such notice, and
2. Complete performance of such part of the work as would not have been terminated by such notice.

**8.42.3** Custodian may terminate this Contract in whole or in part for convenience, by delivery to the County of a written Notice of Termination for Convenience specifying the date upon which such termination becomes effective, which will not be less than 730 Calendar Days after the notice is sent.

**8.42.4** All material including books, records, documents, or other evidence bearing on the costs and expenses of the Custodian under this Contract must be maintained by the Custodian in accordance with Subparagraph 8.38 (Record Retention and Inspection-Audit Settlement).

**8.43 TERMINATION FOR DEFAULT**

**8.43.1** The County may, by written notice to the Custodian, terminate

the whole or any part of this Contract, if in the judgment of County's Contract Administrator:

1. The Custodian or any of its Delegates has materially failed to perform the Services described in the SOW and subsequently fails to cure such default within 30 Calendar Days of receipt of notice from the County of such default; or
2. The Custodian or any of its Delegates materially fails to perform or cause to be performed any of the other provisions of this Contract and fails to cure such default within 30 Calendar Days (or such longer period as the County may authorize in writing) of receipt of notice from the County specifying such default; or
3. Upon notice, but without further cure period, if Custodian or any of its Delegates repeatedly fails to perform according to this Contract following notice and failure to cure pursuant to Sections (1) and (2) of this Subparagraph 8.43.1.

**8.43.2** The County may, without prior notice or opportunity to cure given to the Custodian, terminate the whole or any part of this Contract, if in the judgment of County's Contract Administrator:

1. The Custodian or any of its Delegates materially breaches any of the warranties, representations and covenants made in Subparagraph 8.3 (Warranties) so as to materially adversely affect the County; or
2. The Custodian is subject to criminal investigation, indictment or conviction, or is found civilly or criminally liable by a trial court, judge or administrative panel in connection with any matter involving breach of trust or fiduciary duty, fraud, theft, or moral turpitude; or
3. The Custodian attempts or purports to assign this Contract, or any portion thereof, or any of its rights or obligations hereunder, except in accordance with Subparagraph 8.2 (Assignment and Delegation/Mergers or Acquisitions).

**8.43.3** If, after the County has given notice of termination under the provisions of this Subparagraph 8.43 (Termination for Default), it is determined by the County that the Custodian was not in default under the provisions of this Subparagraph 8.43 (Termination for Default), or that the default was excusable, the rights and obligations of the parties will be the same as if the notice of termination had been issued pursuant to Subparagraph 8.42 (Termination for Convenience).

**8.43.4** The rights and remedies of the County provided in this Subparagraph 8.43 (Termination for Default) will not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract.

- 8.43.5** The Custodian may, by written notice to the County, terminate this Contract in whole or in part, if in the reasonable judgement of the Custodian's Contract Administrator:
1. The County has materially failed to perform its obligations under this Contract and subsequently fails to cure such default within 30 Calendar Days of receipt of notice from the Custodian of such default after following the Dispute Resolution Procedure set forth in Subparagraph 8.31 hereof; or
  2. Upon notice, but without further cure period, if the County repeatedly fails to perform according to this Contract following notice and failure to cure pursuant to Section (1) of this Subparagraph 8.43.7.
- 8.43.6** If, after the Custodian has given notice of termination under the provisions of this Subparagraph 8.43 (Termination for Default), it is determined by the Custodian that the County was not in default under the provisions of this Subparagraph 8.43 (Termination for Default), or that the default was excusable, the rights and obligations of the parties will be the same as if the notice of termination had been issued pursuant to Subparagraph 8.42 (Termination for Convenience).
- 8.43.7** The rights and remedies of the Custodian provided in this Subparagraph 8.43 (Termination for Default) will not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract.

#### **8.44 TERMINATION FOR IMPROPER CONSIDERATION**

- 8.44.1** The County may, by written notice to the Contractor, immediately terminate the right of the Contractor to proceed under this Contract if it is found that consideration, in any form, was offered or given by the Contractor, either directly or through an intermediary, to any County officer, employee, or agent with the intent of securing this Contract or securing favorable treatment with respect to the award, amendment, or extension of this Contract or the making of any determinations with respect to the Contractor's performance pursuant to this Contract. In the event of such termination, the County will be entitled to pursue the same remedies against the Contractor as it could pursue in the event of default by the Contractor.
- 8.44.2** The Contractor must immediately report any attempt by a County officer, employee, or agent to solicit such improper consideration. The report must be made to the Los Angeles County Fraud Hotline at (800) 544-6861 or <https://fraud.lacounty.gov/>.
- 8.44.3** Among other items, such improper consideration may take the form of cash, discounts, services, the provision of travel or entertainment, or

tangible gifts.

#### **8.45 TERMINATION FOR INSOLVENCY**

**8.45.1** The County may terminate this Contract forthwith in the event of the occurrence of any of the following:

1. Insolvency of the Custodian. The Custodian will be deemed to be insolvent if it has ceased to pay its debts for at least 60 days in the ordinary course of business or cannot pay its debts as they become due, whether or not a petition has been filed under the Federal Bankruptcy Code and whether or not the Custodian is insolvent within the meaning of the Federal Bankruptcy Code;
2. The filing of a voluntary or involuntary petition regarding the Custodian under the Federal Bankruptcy Code;
3. The appointment of a receiver or trustee for the Custodian; or
4. The execution by the Custodian of a general assignment for the benefit of creditors.

**8.45.2** The rights and remedies of the County provided in this Subparagraph 8.45 (Termination for Insolvency) will not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract.

#### **8.46 TERMINATION FOR NON-ADHERENCE OF COUNTY LOBBYIST ORDINANCE**

The Custodian, and each County Lobbyist or County Lobbying firm as defined in [County Code Section 2.160.010](#) retained by the Custodian, must fully comply with the County's Lobbyist Ordinance, [County Code Chapter 2.160](#). Failure on the part of the Custodian or any County Lobbyist or County Lobbying firm retained by the Custodian to fully comply with the County's Lobbyist Ordinance will constitute a material breach of this Contract, upon which the County may in its sole discretion, immediately terminate or suspend this Contract.

#### **8.47 TERMINATION FOR NON-APPROPRIATION OF FUNDS**

Notwithstanding any other provision of this Contract, the County will not be obligated for the Custodian's performance hereunder or by any provision of this Contract during any of the County's future Fiscal Years unless and until the County's Board appropriates funds for this Contract in the County's Budget for each such future Fiscal Year. In the event that funds are not appropriated for this Contract, then this Contract will terminate as of June 30 of the last Fiscal Year for which funds were appropriated. The County will notify the Custodian in writing of any such non-allocation of funds at the earliest possible date, but in no event later than 30 Calendar Days prior to the termination date.

#### **8.48 EFFECT OF TERMINATION**

**8.48.1** In the event County terminates this Contract in whole or in part as provided hereunder or upon the expiration of the Contract, as

applicable, then, unless otherwise specified by County in writing:  
(a) Custodian must continue the performance of this Contract to the extent not terminated; (b) Custodian must cease to perform the Services being terminated on the date and to the extent specified in such notice and provide to the County all completed Services and Services in progress, in a media reasonably requested by the County; (c) County will pay to the Custodian all sums due and payable to Custodian for Services properly performed through the effective date of such expiration or termination (prorated as appropriate); (d) Custodian must return to the County all monies paid by the County, yet unearned by the Custodian, including any prepaid fees if applicable; (e) Custodian must promptly return to the County any and all of the County's Information that relates to the portion of the Contract or Services terminated by the County, including all County Information, in a media reasonably requested by the County.

**8.48.2** Expiration or termination of this Contract for any reason will not release either party from any liabilities or obligations set forth in this Contract which (i) the parties have expressly agreed upon in writing will survive any such expiration or termination, or (ii) remain to be performed or by their nature would be intended to be applicable following any such expiration or termination.

**8.48.3** Custodian understands and agrees that County has obligations that it cannot satisfy without use of the Services provided to the County hereunder, and that a failure to satisfy such obligations could result in irreparable damage to the County and the entities it serves. Therefore, Custodian agrees that in the event of any expiration or termination of this Contract, Custodian must fully cooperate with the County in the transition of the County to a successor vendor, toward the end that there be no interruption of County's day-to-day operations during such transition.

**8.48.4** For 90 days prior to the expiration date of this Contract, or upon notice of termination of this Contract ("Transition Period"), Custodian must assist the County in extracting and/or transitioning all County Information in the format determined by the County. The Transition Period may be modified as agreed upon in writing by the parties in a Change Notice. In addition, upon the expiration or termination of this Contract, County may require Custodian to provide services in the form of Additional Work to assist County to transition system operations from Custodian to County or County's designated third party ("Transition Services"). Upon County's request for Transition Services, County and Custodian agree to negotiate in good faith the scope of work and the price for such Transition Services. Custodian agrees that in the event that County terminates the Contract for default by the Custodian pursuant to Subparagraph 8.43 (Termination for



Default) hereof, Contractor must perform Transition Services at no cost to the County. Custodian must provide the County with all of the Transition Services as provided in this Subparagraph 8.48.4.

If, after the County issues a notice of termination for default pursuant to Subparagraph 8.43, it is determined pursuant to Subparagraph 8.12.4, Contractor Hearing Board, for any reason that Custodian and its Delegates was/were not in default, or that such default was excusable, then the rights and obligations of the parties will be the same as if the County had issued a notice of termination for convenience pursuant to Subparagraph 8.42.

The duty of Custodian to provide such Transition Services must be conditioned on the County continuing to comply with its obligations under the Contract, including payment of all applicable fees. Custodian will have no right to withhold or limit its performance or any of such Transition Services on the basis of any alleged breach of this Contract by the County, other than a failure by the County to timely pay the amounts due and payable hereunder. County will have the right to seek specific performance of this Subparagraph 8.48.4 in any court of competent jurisdiction and Custodian hereby waives any defense that damages are an adequate remedy. Compliance with this Subparagraph 8.48.4 by either party will not constitute a waiver or estoppel with regard to any rights or remedies available to the parties.

**8.48.5** Contractor must promptly return to the County any and all County Information, including County Information that relate to that portion of the Contract and Services terminated by the County.

**8.48.6** County must have the rights to access any County Information, without limitation.

#### **8.49 VALIDITY**

If any provision of this Contract or the application thereof to any person or circumstance is held invalid, the remainder of this Contract and the application of such provision to other persons or circumstances will not be affected thereby.

#### **8.50 USE OF COUNTY SEAL AND/OR TTC LOGOS**

The County claims right, title and interest in and to certain intellectual property, including, but not limited to, the current and former County Seals and TTC logos (collectively, "County Seals"). Except as expressly authorized herein, the Custodian must not reproduce, copy, distribute, republish, download, display, post, transmit or make any other use of any kind whatsoever of the County Seals, in any format or by any means whatsoever. At no time will the Custodian in any manner (i) modify the County Seals or (ii) create derivative works of the County Seals. The Custodian must not in any manner sublicense, transfer or

assign its rights, or delegate its duties, with respect to use of the County Seals, whether in whole or in part, without the prior written consent of the County, in its discretion, and any attempted sublicense, transfer, assignment or delegation without such consent will be null and void.

#### **8.51 WAIVER**

No waiver by the County of any breach of any provision of this Contract will constitute a waiver of any other breach or of such provision. Failure of the County to enforce at any time, or from time to time, any provision of this Contract will not be construed as a waiver thereof. The rights and remedies set forth in this Subparagraph will not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract.

#### **8.52 WARRANTY AGAINST CONTINGENT FEES**

**8.52.1** The Custodian warrants that no person or selling agency has been employed or retained to solicit or secure this Contract upon any Contract 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 Custodian for the purpose of securing business.

**8.52.2** For breach of this warranty, the County will have the right to terminate this Contract.

#### **8.53 WARRANTY OF COMPLIANCE WITH COUNTY'S DEFAULTED PROPERTY TAX REDUCTION PROGRAM**

The Contractor acknowledges that County has established a goal of ensuring that all individuals and businesses that benefit financially from County through the Contract are current in paying their property tax obligations (secured and unsecured roll) in order to mitigate the economic burden otherwise imposed upon County and its taxpayers.

Unless Contractor qualifies for an exemption or exclusion, the Contractor warrants and certifies that to the best of its knowledge it is now in compliance, and during the term of this Contract will maintain compliance, with Los Angeles County Code Chapter 2.206, set forth in Exhibit H (Defaulted Property Tax Reduction Program).

#### **8.54 TERMINATION FOR BREACH OF WARRANTY TO MAINTAIN COMPLIANCE WITH COUNTY'S DEFAULTED PROPERTY TAX REDUCTION PROGRAM**

Failure of the Contractor to maintain compliance with the requirements set forth in Subparagraph 8.53 (Warranty of Compliance with County's Defaulted Property Tax Reduction Program) will constitute default under this Contract. Without limiting the rights and remedies available to the County under any other provision of this Contract, failure of the Contractor to cure such default within ten days of notice will be grounds upon which the County may terminate this contract and/or pursue debarment of Contractor, pursuant to [Los Angeles County Code](#)

[Chapter 2.206.](#)

**8.55 TIME OFF FOR VOTING**

The Contractor must notify its employees and must require each relevant Delegate to notify and provide to its employees, information regarding the time off for voting law ([Elections Code Section 14000](#)). Not less than ten days before every statewide election, every Contractor and relevant Delegates must keep posted conspicuously at the place of work, if practicable, or elsewhere where it can be seen as employees come or go to their place of work, a notice setting forth the provisions of [Section 14000](#).

**8.56 INTENTIONALLY OMITTED**

**8.57 INTENTIONALLY OMITTED**

**8.58 INTENTIONALLY OMITTED**

**8.59 NO OFFSHORE SERVERS**

Custodian will not host any County Information on servers located outside the United States. Custodian's and any Delegate's employees located outside of the United States may have secure remote access to County Information hosted only on servers in the United States for purposes contemplated under the SOW of this Contract.

**8.60 SEVERABILITY**

If any provision of this Contract or the application thereof to any person or circumstance is held invalid, the remainder of this Contract and the application of such provision to other persons or circumstances will not be affected thereby.

**8.61 CONTRACT DRAFTED BY ALL PARTIES**

This Contract is the result of arm's length negotiations between the parties. Consequently, each party has had the opportunity to receive advice from independent or in-house counsel of its own choosing. This Contract will be construed to have been drafted by all parties such that any ambiguities in this Contract will not be construed against either party.

**8.62 NO THIRD-PARTY BENEFICIARIES**

Notwithstanding any other provision of this Contract, the Custodian and County do not in any way intend that any person or entity will acquire any rights as a third-party beneficiary of this Contract, except that this provision will not be construed to diminish the Custodian's indemnification obligations hereunder.

**8.63 GREEN INITIATIVES**

The Custodian must use reasonable efforts to initiate "green" practices for environmental and energy conservation benefits. The Custodian must notify County's Contract Manager of Custodian's green initiatives prior to the Contract's commencement.

**8.64 INTENTIONALLY OMITTED**

**8.65 COMPLIANCE WITH COUNTY’S ZERO TOLERANCE POLICY ON HUMAN TRAFFICKING**

The Custodian acknowledges that the County has established a Zero Tolerance Policy on Human Trafficking prohibiting Contractors from engaging in human trafficking.

If the Contractor or member of Contractor’s staff is convicted of a human trafficking offense, the County will require that the Contractor or member of Contractor’s staff be removed immediately from performing services under the Contract. The County will not be under any obligation to disclose confidential information regarding the offenses other than those required by law.

Disqualification of any member of the Contractor’s staff pursuant to this Subparagraph will not relieve Custodian of its obligation to complete all work in accordance with the terms and conditions of this Contract.

**8.66 COMPLIANCE WITH FAIR CHANCE EMPLOYMENT HIRING PRACTICES**

Contractor, and its Delegates, must comply with fair chance employment hiring practices set forth in [California Government Code Section 12952](#). Contractor’s violation of this Subparagraph of the Contract may constitute a material breach of the Contract. In the event of such material breach, County may, in its sole discretion, terminate the Contract.

**8.67 COMPLIANCE WITH THE COUNTY POLICY OF EQUITY**

The Contractor acknowledges that the County takes its commitment to preserving the dignity and professionalism of the workplace very seriously, as set forth in the County Policy of Equity (CPOE) (<https://ceop.lacounty.gov/>). The Contractor further acknowledges that the County strives to provide a workplace free from discrimination, harassment, retaliation and inappropriate conduct based on a protected characteristic, and which may violate the CPOE. The Contractor, its employees and Delegates acknowledge and certify receipt and understanding of the CPOE. Failure of the Contractor, its employees or its Delegates to uphold the County's expectations of a workplace free from harassment and discrimination, including inappropriate conduct based on a protected characteristic, may subject the Contractor to termination of contractual agreements as well as civil liability.

**8.68 LICENSES, PERMITS, AND REGULATORY AUTHORIZATIONS**

The Custodian represents and warrants to the County that: (i) it holds such licenses, permits, and regulatory authorizations as are necessary to perform the Services under the Contract, and (ii) it will seek to maintain all such licenses, permits, registrations, and professional certifications throughout the Contract Term and any term extensions and/or option periods exercised by the County.

**8.69 PROHIBITION FROM PARTICIPATION IN FUTURE SOLICITATION(S)**

A Proposer, or a Contractor or its subsidiary or Delegate ("Proposer/Contractor"), is prohibited from submitting a bid or proposal in a County solicitation if the

Proposer/Contractor has provided advice or consultation for the solicitation. A Proposer/Contractor is also prohibited from submitting a bid or proposal in a County solicitation if the Proposer/Contractor has developed or prepared any of the solicitation materials on behalf of the County. A violation of this provision will result in the disqualification of the Contractor/Proposer from participation in the County solicitation or the termination or cancellation of any resultant County contract.

#### **8.70 INJURY AND ILLNESS PREVENTION PROGRAM**

The Custodian will be required to comply with the State of California's Cal OSHA's regulations. [California Code of Regulations Title 8 Section 3203](#) requires all California employers to have a written, effective Injury and Illness Prevention Program (IIPP) that addresses hazards pertaining to the particular workplace covered by the program.

#### **8.71 CAMPAIGN CONTRIBUTION PROHIBITION FOLLOWING FINAL DECISION IN CONTRACT PROCEEDING**

Pursuant to [Government Code Section 84308](#), Contractor and its Delegates, are prohibited from making a contribution of more than \$250 to a County officer for 12 months after the date of the final decision in the proceeding involving this Contract. Failure to comply with the provisions of [Government Code Section 84308](#) and of this Subparagraph, may be a material breach of this Contract as determined in the sole discretion of the County.

### **9 UNIQUE TERMS AND CONDITIONS**

#### **9.1 CUSTODIAN BUSINESS REQUIREMENTS**

The Custodian must be qualified to do business in the State of California.

#### **9.2 CUSTODIAN WORKING PAPERS AND PROPRIETARY MATERIALS**

- 9.2.1** County retains all right, title, and interest in all County Information. Custodian may not use any County Information except to the extent necessary to fulfill the express purposes of this Contract.
- 9.2.2** During the term of this Contract and for five years thereafter, the Custodian must maintain and provide security for all of the Custodian's working papers prepared under this Contract. The County will have the right to inspect, copy and use at any time during and subsequent to the term of this Contract, any and all such working papers and all County Information contained therein.
- 9.2.3** Any and all materials, software and tools which the Custodian considers to be proprietary or confidential, must be specifically identified by the Custodian to the County's Contract Manager as proprietary or confidential, and must be plainly and prominently marked by the Custodian as "Proprietary" or "Confidential" on each appropriate page of any document containing such material.

**9.2.4** The County will use reasonable means to ensure that the Custodian’s proprietary and/or confidential items are safeguarded and held in confidence. The County agrees not to reproduce, distribute or disclose to non-County entities any such proprietary and/or confidential items without the prior written consent of the Custodian.

**9.2.5** Notwithstanding any other provision of this Contract, the County will not be obligated to the Custodian in any way under Subparagraph 9.2.4 for any of the Custodian’s proprietary and/or confidential items which are not plainly and prominently marked with restrictive legends as required by Subparagraph 9.2.3 or for any disclosure which the County is required to make under any State or federal law or order of court.

**9.3 INFORMATION SECURITY AND PRIVACY REQUIREMENTS**

Custodian must comply with Exhibit I (Information Security and Privacy Requirements) of this Contract. The Information Security and Privacy Requirements apply to Custodians and their Delegates. Custodian will be required to maintain compliance during the term of this Contract. Failure to maintain material compliance, or to timely cure material defects, may be cause for termination of the Contract or initiation of debarment proceedings against the non-compliant Contractor (Los Angeles County Code, Chapter 2.202).

**10 SURVIVAL**

In addition to any terms and conditions of this Contract that expressly survive expiration or termination of this Contract by their terms, the following provisions will survive the expiration or termination of this Contract for any reason:

- Subparagraph 5.5 Transition Period Fee
- Subparagraph 5.6 No Payment for Services Provided Following Expiration/Termination of Contract
- Subparagraph 7.7 Confidentiality
- Subparagraph 8.6 Compliance with Applicable Law
- Subparagraph 8.21 Governing Law, Jurisdiction, and Venue
- Subparagraph 8.23 Indemnification
- Subparagraph 8.24 General Provisions for All Insurance Coverage
- Subparagraph 8.25 Insurance Coverage
- Subparagraph 8.38 Record Retention and Inspection-Audit Settlement
- Subparagraph 8.48 Effect of Termination
- Subparagraph 8.62 No Third-Party Beneficiaries
- Paragraph 10 Survival

**IN WITNESS WHEREOF**, Custodian has executed this Contract, or caused it to be duly executed and the County of Los Angeles, by order of its Board of Supervisors has caused this Contract to be executed on its behalf by the Treasurer and Tax Collector, on the day and year first above written.

**STATE STREET BANK AND TRUST COMPANY**

( *Brenda Dulger-Sheikin* )

By

Brenda Dulger-Sheikin

\_\_\_\_\_  
Name

Senior Vice President

\_\_\_\_\_  
Title

**COUNTY OF LOS ANGELES**

By

\_\_\_\_\_  
Treasurer and Tax Collector

APPROVED AS TO FORM:

DAWYN R. HARRISON  
County Counsel

By  \_\_\_\_\_  
Senior Deputy County Counsel

**CONTRACT FOR  
INVESTMENT CUSTODY SERVICES**

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**EXHIBIT A**

**STATEMENT OF WORK**

**INVESTMENT CUSTODY SERVICES**

**STATEMENT OF WORK  
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**STATEMENT OF WORK  
INVESTMENT CUSTODY SERVICES**

**STATEMENT OF WORK ATTACHMENTS**

A.1 CONTRACT DISCREPANCY REPORT

A.2 PERFORMANCE REQUIREMENTS SUMMARY CHART/KEY PERFORMANCE INDICATORS CHART

A.3 ACCOUNT STRUCTURE

# 1 INTRODUCTION

The Custodian will provide all the work detailed in this Exhibit A, Statement of Work (SOW), which incorporates all attachments hereto, and execute Services in accordance with all tax and securities laws and regulations applicable to the Custodian.

The Custodian will assume the responsibility for the custody and safekeeping of the County of Los Angeles Treasury (Treasury) assets to the extent expressly agreed to in the Contract.

## 1.1 The County of Los Angeles Treasury

The Treasurer and Tax Collector (TTC), acting in its capacity as the County's Treasurer, is statutorily authorized and responsible for the banking, investment, and accountability of public funds within its control. Collectively, these funds are known as the "Treasury." The Treasury consists of three investment portfolios, the External Investment Pool (Treasury Pool) portfolio, the Specific Purpose Investments portfolio, and Other Specific Investments, with approximately \$52.3 billion, \$283.6 million, and \$302,000, respectively, in total net position as of the June 30, 2023, annual audited financial statements.

### 1.1.1 Treasury Pool

The Treasurer manages a Treasury Pool on behalf of the Treasury Pool participants that include the County and other entities that are required by the State of California (State) statutes to participate in the Treasury Pool, such as local school districts, community colleges, and the superior courts. Voluntary participants in the Treasury Pool consist of the Sanitation Districts, the Metropolitan Transportation Authority, the South Coast Air Quality Management District, and certain other local agencies.

The Treasury Pool's investment strategy is based on the following three prioritized objectives to:

1. Ensure the safety of principal,
2. Provide liquidity to Treasury Pool participants, and
3. Achieve a return.

The Treasury Pool's basic investment strategy is to buy and hold, to a designated maturity, high quality fixed income investments. On an annual basis, the TTC requests delegated investment authority from the Los Angeles County Board of Supervisors (Board) in accordance with Section 53607 of the California Government Code (Government Code).

### **1.1.2 Specific Purpose Investments**

The Treasurer maintains the Specific Purpose Investments (SPI) portfolio to manage specific investments requested by certain entities approved by the Treasurer. The Treasurer provides this service to Treasury Pool participants and external local agencies; however, the related investment activity occurs separately from the Treasury Pool. The individual investment strategies are targeted for the needs of the requesting entity.

### **1.1.3 Other Specific Investments**

Other Specific Investments (OSI) represent assets held by the Treasurer pursuant to Section 1300.76.1, Title 28, California Code of Regulations (Code of Regulations). The Treasurer maintains these assets in the Special Safekeeping Account on behalf of the County's Community Health Plan (CHP). The Treasurer assigns these investments to the California Commission of Corporations to meet CHP deposit requirements imposed by the Code of Regulations.

The OSI investment activity occurs separately from the Treasury Pool and the Code of Regulations governs the related investment strategies.

### **1.1.4 Authorized Investments**

As permitted by the Government Code, the Treasurer developed, and the Board adopted, an investment policy that defines the authorized investments and establishes the limits within which the Treasurer may invest. The Treasurer manages these investments and reports the related investment activity to the Board on a monthly basis. The Treasurer's Investment Policy is available on the TTC website at <https://ttc.lacounty.gov/investor-information/>, under Investments.

### **1.1.5 County Treasury Investment Information**

Fund balances and investment asset categories for the Treasury Pool and SPI are available in the County's Monthly Report of Investments to the Board. This report is available on the TTC website at <https://ttc.lacounty.gov/investor-information/>, under Investments.

## **2 INTENTIONALLY OMITTED**

### **3 SCOPE OF WORK**

#### **3.1 Accounts and Cash Management**

##### **3.1.1 Custodial Accounts**

The Custodian will establish and maintain accounts to manage the daily investment activity of the Treasury. The Custodian will establish all accounts and maintain assets within the accounts pursuant to Attachment A.3, Account Structure, of this SOW.

##### **3.1.2 Daily Cash Activities**

For each Business Day, the daily cash movement process will consist of the following:

- 3.1.2.1** Each afternoon before 2:00 p.m. Pacific Time (PT), the TTC will compare its projected income and maturities with the Custodian's report to balance the next Business Day's maturities and income receipts.
- 3.1.2.2** In case there are any discrepancies, the TTC will notify the Custodian, using an agreed upon communication method, of any differences noted.
- 3.1.2.3** The Custodian will provide a status of the discrepancies identified no later than 3:00 p.m. PT.
- 3.1.2.4** The TTC will initiate a wire transfer, in a secure manner as agreed to by the TTC and the Custodian, indicating the amount to be wired from the Custodian to the TTC the following Business Day.
- 3.1.2.5** The Custodian will process the directed wire by no later than 6:00 a.m. PT on the next Business Day. The wire will be sent to the TTC's designated concentration account.
- 3.1.2.6** The TTC will send an initial wire to partially clear the day's purchases by no later than 9:00 a.m. PT.
- 3.1.2.7** The TTC will wire the remaining funds necessary to clear the day's purchases by no later than 11:00 a.m. PT.

##### **3.1.3 Daily Investment Process**

The TTC will provide daily trade instructions to the Custodian. The Custodian will confirm receipt of the instructions and process the trades as directed by TTC.

The TTC will purchase securities before all TTC's funds are immediately available for transfer to the seller of such securities. When this occurs, the process is as follows:

- 3.1.3.1** The TTC and Custodian will follow the procedures set forth in Subparagraph 3.1.2 (Daily Cash Activities), for the morning cash movement process that includes an initial balancing wire to/from the TTC's concentration account, subsequent true up wires where appropriate, and support for investment activity, income, and maturity proceeds associated with the daily forecasted activities.
- 3.1.3.2** The TTC agrees to provide all funds necessary to complete such purchases no later than the Custodian's close of business on the same Business Day that all such securities are purchased.
- 3.1.3.3** The TTC and the Custodian will mutually notify each other and partner toward resolution as soon as possible if cash movement discrepancies may result in overdraft on any given day. Nothing in this Subparagraph will be construed as a commitment to lend.
- 3.1.3.4** In the event the TTC fails to provide immediately available funds to consummate any securities purchased by the end of the contractual settlement date, the amount of the deficiency will constitute and be deemed an Advance under Subparagraph 3.1.4 (Advances) of this SOW.

#### **3.1.4 Advances**

The TTC and the Custodian will agree upon procedures designed to prevent any overnight overdrafts from occurring in any of the accounts. Nonetheless, if Custodian should advance funds to or on behalf of the accounts which result in an overnight overdraft to the accounts, the amount of the overnight overdraft will constitute an advance, hereunder an "Advance." The procedures will consist of at least the following:

- 3.1.4.1** Any such Advance is at the sole discretion of Custodian on an uncommitted case-by-case basis and will be payable on demand and may be repaid by the Custodian's application of such funds as are next received or otherwise are available in the accounts. Any Advance not repaid by the Custodian's close of business on any day will bear interest for such day and thereafter until payment in full based on the overdraft language detailed in Exhibit B (Pricing Schedule) of the Contract.
- 3.1.4.2** In order to secure each Advance made by the Custodian to or for the benefit or on behalf of or otherwise with respect to an account for purpose of funding purchases of securities, the TTC hereby transfers and assigns over to

the Custodian all rights in and to any funds held in the accounts for which such purchases were made and the securities acquired by such accounts with the proceeds of such Advance and all rights arising therefrom, including:

- (1) The right to receive and collect payments and prepayments with respect to such securities;
- (2) The right to receive and collect any proceeds of insurance or proceeds of the sale of such securities;
- (3) Proceeds of such securities, including any and all dividends, interest, cash, instruments, and other Property received, or otherwise receivable; and
- (4) The right to exercise such rights and remedies conferred on the TTC pursuant to the terms of such securities as may be necessary or convenient to enforce payment of the same or to otherwise protect the interests of the Custodian.

### **3.1.5 Fund Transfers**

Authorized Account Persons will request wire transfers of funds between and from the accounts by providing the Custodian with Authorized Account Instructions in a secure manner as agreed to by the TTC and the Custodian.

The Custodian will provide the TTC, or its designee, pursuant to Paragraph 3 (Scope of Work) of this SOW with confirmation without undue delay upon receipt of the TTC's, or its designee's, Authorized Account Instructions.

The TTC or its designee may authorize the Custodian to transfer funds between/among the accounts via Authorized Account Instructions.

## **3.2 Custody**

### **3.2.1 Appointment, Acceptance, and Authorization**

The County hereby appoints the Custodian as its agent to preserve, control, and safekeep any Property deposited or otherwise entrusted to it on behalf of the TTC. The Custodian hereby agrees to act in such capacity and accepts the appointment as Custodian subject to the terms and conditions set forth in this Contract. The Custodian agrees to preserve, control and safekeep any and all Property, through itself or through a Subcustodian, which Custodian may accept and receive from time to time for deposit to the Account.

The TTC authorizes the Custodian to hold such securities in the



Account, which the Custodian has established with one of its branches or a branch of a qualified financial institution, as specified in California Government Code Section 53608. The Custodian will hold the Treasury's securities that are registered in the name of the Custodian or its Subcustodian's nominee, in bearer form, book entry form, a clearinghouse corporation or a depository, so long as the Custodian's records clearly indicate at all times that the assets held are part of the Account of the Treasury. The Custodian may hold securities in the TTC's name upon receipt of instructions by Authorized Account Persons.

### **3.2.2 Receipt of Property**

Custodian must take all reasonable steps to ensure receipt of all Property, which the County delivers to Custodian or its Subcustodians.

### **3.2.3 Safekeeping / Holding of Property**

Any securities deposited to the Account will be held in a Custodial vault, or where available to the Custodian, in "book entry" accounts with domestic central securities depositories.

**3.2.3.1** If the Custodian or its Delegates or Subcustodians retain physical possession of such securities, the Custodian or its Delegates or Subcustodians will ensure that the securities are, at all times, properly identified as belonging solely to the Treasury.

**3.2.3.2** If the Custodian or its Delegates or Subcustodians deposit securities with domestic depositories, the Custodian will maintain records, which specify the location and the Treasury's ownership of such securities.

Subject to the Custodian's Standard of Care, Custodian will have no responsibility for any Property owned by the County until it is received by Custodian or a Subcustodian. Custodian or its Subcustodians will hold all Property free and clear of any rights, charges, security interests, liens or claims of any kind not authorized by the County (including but not limited to those arising through Custodian or a Subcustodian), or otherwise existing at the time such Property is delivered to Custodian or its Subcustodians.

### **3.2.4 Custodial Account Transactions**

The Custodian or its Subcustodians will release, transfer, exchange or deliver the securities in the Accounts upon receipt of Authorized Account Instructions under the following circumstances:

**3.2.4.1** Upon sale of such securities by the TTC and receipt by the Custodian or its Delegates or Subcustodians of

payment therefore, each such payment will be in an amount confirmed by Authorized Account Instructions, unless otherwise directed by such Authorized Account Persons:

- (1) in accordance with the customary or established practices in the jurisdiction or market where delivering securities to the purchaser thereof, or to a dealer or other agent therefore, against expectation of receiving later payment for such assets; or
- (2) in the case of a sale effected through securities depositories, clearing agencies and book entry systems, in accordance with rules governing such operations.

- 3.2.4.2** When securities are called, redeemed, retired, or otherwise become payable, in return for delivery of cash or other consideration to the Custodian, or its Delegates or Subcustodians, unless Authorized Account Instructions provide otherwise.
- 3.2.4.3** Upon receipt of payment in connection with any repurchase agreement related to such securities.
- 3.2.4.4** In exchange for or upon conversion into other securities alone or other securities and cash pursuant to any securities issuer's plan, merger, consolidation, reorganization, recapitalization, or readjustment.
- 3.2.4.5** Upon conversion of the original securities, into other securities, pursuant to the terms of the original securities.
- 3.2.4.6** Upon exercise of subscription, purchase or other similar rights represented by securities.
- 3.2.4.7** For the purpose of exchanging interim receipts or temporary securities for definitive securities.
- 3.2.4.8** In connection with investments in options and futures contracts, including delivery as original and/or variation margin, and in foreign exchange or foreign exchange contracts, swaps, and other derivative investments with third parties.
- 3.2.4.9** For other proper purposes of the Treasury.
- 3.2.4.10** Upon the termination of the Contract and in accordance with any Authorized Account Instructions.

### **3.2.5 Custodial Account Payment**

Upon receipt of Authorized Account Instructions, the Custodian or its Subcustodians will make payment of funds from an Account for the following purposes:

- 3.2.5.1** In connection with the purchase of securities for the Treasury and the delivery of such securities to, or the crediting of such securities to, the account of the Custodian or its Delegates or Subcustodians.
- 3.2.5.2** In connection with the conversion, exchange or surrender of securities.
- 3.2.5.3** In exchange for or in connection with investments in options and futures contracts, including delivery as original and/or variation margin.
- 3.2.5.4** For any other purposes which the Treasury may deem necessary and proper.

In making payments to service providers pursuant to Authorized Account Instructions, the County acknowledges that Custodian is acting as paying agent, and not as the payer, for tax information reporting and withholding purposes.

### **3.3 Settlement**

#### **3.3.1 Communication of Trade Information**

The TTC will provide Authorized Account Instructions to the Custodian in a manner and form agreed to by the TTC, including but not limited to electronic, written, or facsimile daily trade communications.

- 3.3.1.1** The TTC will provide to the Custodian a data file from the TTC, in method and format agreed upon by both the TTC and the Custodian, for the purpose of communicating trade information to the Custodian.
- 3.3.1.2** If the TTC agrees to use the Custodian's system or electronic processing method to communicate trade information, the Custodian will provide access and training to all users identified by the TTC.

#### **3.3.2 Approved Brokers**

The TTC's Authorized Account Persons will notify the Custodian, in writing, of specific broker/dealers which the TTC has authorized for trades.

### **3.3.3 Affirmations**

The Custodian will obtain written representation from the TTC, which provides that the broker/dealers will be responsible for affirming trades made through the DTC-ID affirmation process.

### **3.3.4 Confirmations**

The Custodian will check the transaction data received against the broker trade confirmations (electronic or otherwise) and inform the TTC, in writing, of any discrepancies, or confirmations received but not listed on the daily trade reports, by the end of the Business Day.

### **3.3.5 Payment of Securities**

Settlement and payment for securities deposited to and withdrawn from the Accounts will be effected on a delivery versus payment basis whenever possible unless the Custodian is otherwise instructed by Authorized Account Persons.

**3.3.5.1** In absence of such Authorized Account Instructions, and in the event that delivery versus payment is not possible, settlement may be effected in accordance with the customary or established securities processing practices and procedures in the jurisdiction or market in which the transaction occurs, including free delivery.

### **3.3.6 Settlement Procedures**

Settlement will be made on a contractual settlement basis in all markets supported. In providing contractual settlement, Custodian will credit TTC's cash account for eligible security sales and debit TTC's cash account for eligible security purchases on intended settlement date, regardless of when the transaction actually settles in the marketplace. Share availability is contingent on actual settlement.

**3.3.6.1** Custodian trade notifications for purchases and sales comply with the standards as provided by the Custodian.

**3.3.6.2** Securities for sale transactions must be available in good deliverable form (i.e., shares out for registration would not be considered in good deliverable form).

**3.3.6.3** The Custodian will provide near real-time data to TTC to allow for monitoring of all market trade activity. This would include views that would show if a contractually settled trade failed to actually settle within a reasonable time as determined by the Custodian in its sole discretion. If a contractually settled trade fails to settle, Custodian:

- (1) Will pull funding back after 30 days for a contractually funded sell.
- (2) Will not pull funding back on a buy until the trade is either canceled or settled.

### **3.3.7 Termination of Contractual Settlement**

The Custodian will notify the TTC in writing if the Custodian determines that due to any material change in market conditions or government regulations, it is necessary to temporarily or permanently suspend contractual settlement in the relevant market. The Custodian will send such a notification to the TTC as soon as possible, but at the latest, by the end of the Business Day in which the contractual settlement suspension begins or takes place.

The Custodian agrees that any such market or regulatory change will apply to all of its global custody customers.

### **3.3.8 Trade Settlement Problems**

The Custodian will provide a suite of reporting and near real-time data that will allow TTC transparency into their trade settlements status. The Custodian will provide access to trade settlement professionals who will support TTC in understanding settlement issues incurred. The Custodian will support resolution with the appropriate actions upon Authorized Account Instructions from TTC to do so.

### **3.3.9 Contractual Income**

The Custodian will credit the Accounts with income and maturity proceeds net of any taxes, if any, on securities on the date of contractual payment or upon the date of actual receipt as agreed upon between the Custodian and the TTC.

To the extent the TTC and the Custodian have agreed to credit income on the contractual payment date, the Custodian may reverse such accounting entries with back value to the contractual payment date if the Custodian reasonably believes that it will not receive such amount.

### **3.3.10 Contractual Settlement**

Custodian will attend to the settlement of securities transactions on the basis of either contractual settlement date accounting or actual settlement date accounting as agreed upon between the TTC and the Custodian.

To the extent the TTC and the Custodian have agreed to settle certain securities transactions on the basis of contractual settlement date, any entry relating to such contractual settlement

where the related transaction remains unsettled, will be addressed in accordance with established procedures.

### **3.3.11 Contractual Settlement Failure Reporting and Remittance**

Custodian will provide the TTC, or its designee, with a comprehensive report for both purchase and sale settlement failures within 15 Business Days of the monthly trust statement in file formats specified by the TTC, such as CSV, delimited, Excel, and PDF.

Both parties agree to make a good faith effort to resolve any disputed items in the purchase and sale settlement failure report within 30 Calendar Days after the TTC, or its designee, notifies the Custodian of such disputed items and to promptly remit the amount due to the appropriate party upon resolution of such disputed items to the reasonable satisfaction of the TTC and the Custodian.

### **3.3.12 Corporate Action/Capital Change Notifications**

The Custodian will notify the TTC of any corporate actions which may affect the securities custodied.

The TTC will notify the Custodian electronically or in writing of its decision no later than the date specified in the Custodian's notice.

Custodian will not act on voluntary corporate actions without Authorized Account Instructions.

Custodian will act on involuntary corporate actions without Authorized Account Instructions.

### **3.3.13 Discretion**

With respect to custodial services, Custodian has no discretionary authority with respect to investment management of the Account nor reporting nor disclosure responsibilities to governmental regulatory agencies. Custodian will be under no duty to question any direction of an Authorized Account Person with respect to the portion of the Account over which such Authorized Account Person has authority, to review any Property held in the Account, to make any suggestions with respect to the investment and reinvestment of the assets in the Accounts, or to evaluate or question the performance of any Authorized Account Person. Except with respect to claims arising from, connected with, or related in any manner to a breach of this Contract by Custodian, or any Subcustodian, subject, in each case, to the Standard of Care and other limitations of liability contained in the Contract, Custodian will not be responsible or liable for any diminution of value of any securities or other Property held by the Custodian or any Subcustodian.

### **3.4 Income and Collection**

#### **3.4.1 Income Collection**

Custodian, or its Subcustodians, will determine and collect all income, interest, dividends, refunds, reclamations, or other Property payable in connection with the securities held in the Accounts, and credit such income to the Accounts.

#### **3.4.2 Late Posting of Income**

Custodian will compensate the Treasury for failure to credit the Accounts on the income payment date at the Federal Funds rate on the dollar amount due to the County, calculated from the payment date to the date funds were credited to the Accounts.

#### **3.4.3 Uncollectable Income**

If the Custodian causes the Accounts to be credited on the payable date for interest, dividends, or redemptions, the TTC, or its designee, will promptly return to the Custodian any such Property so credited upon written notification from the Custodian that the Custodian or its Subcustodians cannot collect such Property in the ordinary course of business.

Custodian or its Subcustodians will have no duty or obligation to take any action with respect to collection of such Property beyond the Custodian's or its Subcustodian's ordinary collection procedures; provided, however, the Custodian will cooperate with the TTC and will cause its Subcustodians or nominees to cooperate with the TTC to facilitate any reasonable action by the TTC to protect the TTC's interests.

#### **3.4.4 Income Reinvestment**

Securities purchased through an income reinvestment program will be posted to the Accounts upon receipt of electronic or written instructions from Authorized Account Persons.

### **3.5 Custodian Responsibilities**

Until or unless the Custodian or its Subcustodians receive Authorized Account Instructions from Authorized Account Persons to the contrary, the Custodian or its Subcustodians will:

- 3.5.1** Present for payment any securities in the Accounts that are called, redeemed, retired or otherwise become payable, and all coupons and other income items that are called for payment upon presentation, to the extent that the Custodian, or its Delegates or Subcustodians, are aware of such opportunities for payment, and credit cash received upon presentation of such securities.

- 3.5.2** If registered in a shared nominee name, Custodian can execute in the name of the Treasury such ownership and other certificates as may be required to obtain payments in respect thereof for the securities in the Accounts. If the registration is in TTC's name Custodian will require TTC intervention, which Custodian can assist in supporting.
- 3.5.3** Exchange interim receipts or temporary securities in the Accounts for definitive securities as long as the market announces the event to initiate the change.
- 3.5.4** Execute assignment documentation necessary to meet CHP requirements imposed by the Code of Regulations.
- 3.5.5** Make a reasonable and timely effort to forward to the TTC such communications relative to any securities in the Accounts which require specific action, to the extent that such communications are received by the Custodian or its Delegates or Subcustodians in time for forwarding.
- 3.5.6** Custodian will provide corporate action servicing for TTC, including providing access to information in time to make investment decisions via Custodian's web-based corporate action platform.
- Through this platform, Custodian will track, provide notifications for, and process corporate actions for both simple and complex investment types, in the markets where TTC invests. Custodian will regularly communicate with depositories, Subcustodians and other market agents to gather event information and use industry standard technology to communicate with TTC and market agents.
- 3.5.7** With respect to Treasury's Property held by others, the Custodian's or its Delegates' or Subcustodians' sole responsibility shall be to accurately reflect information which it has received from Authorized Account Persons on its books.

## **4 ACCOUNTING AND REPORTING**

### **4.1 Accounting Services**

The Custodian will provide trade date, full accrual accounting services for the transactions of the Accounts.

### **4.2 Account Reconciliation**

The Custodian will provide the TTC, or its authorized designee(s), with online access to the Accounts via secure online information delivery technology to facilitate the "auto-reconciliation" process and implement such processes for the Accounts.



### **4.3 Standard Reports**

**4.3.1** The Custodian will make available to the TTC, or its authorized designee(s), all reports in the Custodian's report library through the Custodian's secure online website or electronically as specified by the TTC in file formats specified by the TTC, such as CSV, delimited, Excel, and PDF.

**4.3.2** At a minimum, the Custodian will provide the following reports for TTC use on a daily basis:

- (1) Position Report: Report of all securities held in custody by account including the par value, book value, and CUSIP number.
- (2) Investment Transaction Report: Report of all investment transactions made for the day.
- (3) Investment Purchase Report: Report of all securities purchased for the day, including any purchases that were traded, but not settled.
- (4) Settlement Status Report: Report that identifies all securities that were purchased, sold, or transferred and the related settlement status for each security.
- (5) Maturities and Income Projection Report: Report that identifies the maturities and interest income expected for the next five Business Days.
- (6) Account Statement Report: Report that identifies the cash transactions, including the balances per account for a specific day or time period.

**4.3.3** At a minimum, the Custodian will provide a monthly trust statement to TTC within five Business Days of the end of the monthly reporting period.

**4.3.3.1** If, within 60 Days after the Custodian delivers the monthly trust statement to the TTC, the TTC or its authorized designee has not given the Custodian written notice of any exception or objection thereto, the monthly trust report will be deemed to have been approved.

**4.3.4** From time to time, the TTC may request reports from the Custodian to assist the TTC in complying with applicable laws, Governmental Accounting Standards Board (GASB) pronouncements, and audit requirements. The Custodian will make such reports available to the TTC within a timeframe and in a format agreed upon by the TTC and the Custodian. These reports may include, but are not limited to:

- (1) Service Organization Controls (SOC) Reports.
- (2) GASB 72 Report: Report that identifies the measurements used by the Custodian, or its Delegate, to determine the fair value of each asset held in the Accounts pursuant to the pricing service required in Subparagraph 4.6 (Pricing of the Custodial Accounts).

**4.3.5** Any changes to the formats or frequency of the reports will be provided to the Custodian in writing by the TTC. From time to time, the TTC may request additional reports or one-time only reports created from the Custodian's existing data fields. The Custodian will make such reports available to the TTC within one week from the TTC's request in file formats specified by the TTC, such as CSV, delimited, Excel, and PDF.

#### **4.4 Online Daily Access**

The TTC, or its designee, will have daily access via a secure web interface to all online information for all Property held by the Custodian.

#### **4.5 Online Daily Flexible Report Creator**

The Custodian will make available an on-line flexible report created for use by the TTC, or its authorized designee(s).

#### **4.6 Pricing of the Custodial Accounts**

The Custodian will determine the fair market value of the Accounts on a daily basis in accordance with market industry practice, or as appropriate, depending on the security type.

In determining fair market value of the Accounts, the Custodian will be protected in relying on values reported by reputable external pricing sources, which are customarily used in the custodial services industry.

The Custodian will deliver to the TTC a daily data file, in a format agreed upon by the TTC and the Custodian, listing all securities held in custody by the Custodian, its market price, and extended market values.

#### **4.7 Data**

Upon receipt of Authorized Account Instructions from Authorized Account Persons, the Custodian will provide the TTC, or its designee, with Account data in the format agreed to by the Custodian and the TTC.

The TTC or its designee may request such information be provided on a daily, monthly, quarterly or annual basis. Custodian shall comply with any such information request.

#### **4.8 Proxy Voting Materials**

Custodian will deliver all proxy voting materials it receives to the TTC, or

its designee. Proxy voting materials will include, but not be limited to, meeting notices, voting instruction forms, and proxy statements related to a proxy voting program in file formats specified by the TTC such as CSV, delimited, Excel, and PDF.

## **5 GENERAL ADMINISTRATION**

### **5.1 Appointment of Authorized Persons**

The County will provide the Custodian with a list of the names and (if applicable) signatures, of Authorized Account Persons in a form agreed by the parties from time to time. The Custodian may rely upon the authority of each Authorized Account Person until it receives written notice to the contrary from the County and has had a reasonable time to act on such notice.

### **5.2 Authentication Procedures**

The Custodian will implement Authentication Procedures. County acknowledges that the Authentication Procedures are intended to provide a commercially reasonable degree of protection against unauthorized transactions of certain types and are not designed to detect errors. Any purported Authorized Account Instruction received by the Custodian in accordance with an Authentication Procedure will be taken to have originated from an Authorized Account Person and will constitute an Authorized Account Instruction under this Contract for all purposes.

### **5.3 Authorized Account Instructions**

Authorized Account Instructions must be in writing from an Authorized Account Person. All Authorized Account Instructions will be confirmed by Custodian in writing within 48 hours and will bind Custodian upon receipt.

County will fully protect Custodian against all loss, liability, claims and demands which result from Custodian acting in accordance with Authorized Account Instructions, or from misrepresentations made by any Authorized Account Person; provided, however, Custodian will not receive such protection where any Authorized Account Instructions result in violations of Custodian's internal policies or applicable law. If Custodian receives instructions from a source other than an Authorized Account Person, Custodian will not comply with such instructions and will immediately notify the County in writing of such unauthorized instructions.

## **6 INFORMATION SECURITY AND PRIVACY REQUIREMENTS**

The Custodian must adhere to physical and/or computer security safeguards as identified in Exhibit I (Information Security and Privacy Requirements) of the Contract.

## **7 QUALITY CONTROL PLAN/SERVICE LEVEL AGREEMENT**

Custodian must establish and maintain a comprehensive Quality Control Plan, also referred to as “Service Level Agreement (SLA)” to ensure the Custodian meets the requirements of the Contract and provides a consistently high level of service throughout the Contract Term. Custodian will provide the SLA to the County’s Contract Administrator within ten Business Days following the Effective Date of this Contract. The SLA is subject to mutual agreement between County and Custodian and will be amended accordingly as changes occur during the Contract Term.

The SLA must include the following:

- a) The method of monitoring to ensure that all Contract requirements are being met. It must specify the activities the Custodian will monitor, including activities monitored on either a scheduled or an unscheduled basis; how often the monitoring will be performed; and the title of the individual(s) who will perform the monitoring;
- b) The methods used by the Custodian to identify and prevent deficiencies in the quality of service performed before the level of performance becomes unacceptable and not in compliance with the Contract;
- c) A record of all inspections conducted by the Custodian, any corrective action taken, the date a problem was first identified, a clear description of the problem, and the time elapsed between identification and completed corrective action, which must be provided to the TTC upon request;
- d) The method for ensuring the Custodian maintains confidentiality; and
- e) On an ongoing basis, the Custodian’s performance will be compared to the Contract performance standards identified herein.

## **8 BUSINESS CONTINUITY PLAN**

The Custodian must at all times maintain a business continuity plan and a disaster recovery plan and will take commercially reasonable measures to maintain and periodically test such plans. The Custodian will implement such plans following the occurrence of an event which results in an interruption or suspension of the Services to be provided by the Custodian. Custodian must notify TTC in writing within two Business Days when such a plan implementation occurs. The Custodian will present plan updates to TTC within ten Business Days upon request for such presentation.

## **9 QUALITY ASSURANCE PLAN**

The County will evaluate the Custodian’s performance under the Contract using the quality assurance procedures as defined in Subparagraph 8.15 (County’s Quality Assurance Plan) of the Contract.

### **9.1 Contract Discrepancy Report**

If the County reasonably determines that a formal Contract Discrepancy Report (CDR), attached hereto as Attachment A.1, should be issued, the County will issue such CDR to the Custodian following the notice requirements set forth in the Contract. Promptly following receipt of this document, the Custodian will respond in writing to the County within three Business Days, acknowledging the reported discrepancies or presenting contrary evidence. The County will evaluate the evidence presented and determine in its reasonable discretion whether the discrepancy is valid. The Custodian will submit a plan for correction of all deficiencies identified in the CDR to the County within five Business Days and resolve the discrepancy within a reasonable time period mutually agreed upon by the County and the Custodian.

### **9.2 County Observations**

In addition to departmental contracting staff, other County personnel may observe performance, activities, and review documents relevant to this Contract at any time during regular business hours. However, these personnel may not unreasonably interfere with the Custodian's performance.

### **9.3 Custodian Complaint Log**

The Custodian will maintain a log of all material complaints received from the County arising from or in relation to the Contract. The Custodian must promptly investigate all such material complaints and provide a written report to the County regarding the disposition of each complaint within five Business Days of receiving the complaint. Each report will include a summary of the complaint, results of the Custodian's investigation, and a statement regarding the corrective action taken to avoid or mitigate the recurrence of such a complaint.

The County retains the right to terminate this Contract if the Custodian does not take any action to respond to said complaint(s).

## **10 DAYS OF OPERATION/HOURS/WORKDAY**

The Custodian will maintain days and hours of operation and staffing sufficient to complete all Services within the timeframes directed by the TTC. TTC's regular business hours are from Monday through Friday, during the hours of 8:00 a.m. to 5:00 p.m. PT. The Treasury begins operations at 5:00 a.m. PT.

Any Services that require access to County facilities may only be performed on Business Days during regular business hours (Monday through Friday, 8:00 a.m. to 5:00 p.m. PT), unless specified otherwise in the Contract, or requested by the County.

However, Custodian will provide any necessary Services, including, but not

limited to, those Services described in the Contract and Exhibit A (SOW), including any Attachments thereto, that do not require access to County facilities, regardless of the County's regular business hours. Custodian will be available to provide such services on Business Days.

## **11 PERFORMANCE REQUIREMENTS SUMMARY CHART/KEY PERFORMANCE INDICATORS CHART**

The Performance Requirements Summary Chart, also referred to as "Key Performance Indicators (KPI) Chart," (Attachment A.2) lists the required services monitored by the County during the Contract Term:

- 11.1** All listings of services used in the KPI Chart are intended to be completely consistent with this Contract and are not meant in any case to create, extend, revise, or expand any obligation of the Custodian beyond that defined in this Contract. In any case of apparent inconsistency between services or deliverables as stated in this Contract and the KPI Chart, the meaning apparent in this Contract will prevail. If any service or deliverable seems to be created in the KPI, which is not clearly and forthrightly set forth in this Contract, that apparent service will be null and void and will place no requirement on the Custodian.
- 11.2** At the County's sole discretion, when the Custodian's performance does not conform to the requirements of this Contract, the County will have the option to apply nonperformance remedies that may include, but are not limited to, the following:
  - a)** Require the Custodian to implement a Corrective Action Plan (CAP), subject to approval by the County. In the CAP, the Custodian must include reasons for the unacceptable performance, specific steps to return performance to an acceptable level, and monitoring methods to prevent recurrence.
  - b)** Issue an assessment of Fees-At-Risk to the Custodian based on the KPI Chart. Any Fees-At-Risk assessed are limited to an aggregate of 5% of the maximum Contract Sum for any given Contract year. The Custodian will credit the County no later than 30 Calendar Days after the assessment is issued.
  - c)** Reduce, suspend, or cancel this Contract for systematic, deliberate misrepresentations or unacceptable levels of performance.
  - d)** Initiate the Dispute Resolution Procedure identified in Contract Subparagraph 8.31.
- 11.3** Nothing within this Subparagraph precludes the County's right to terminate this Contract upon ten Days' written notice with or without cause as provided in this Contract.

## **12 GENERAL CRITERIA FOR SATISFACTORY AND UNSATISFACTORY PERFORMANCE**

Performance of the services listed in the KPI Chart is considered satisfactory when no discrepancies are found by the TTC through Contract monitoring or other means. When performance is unsatisfactory, the TTC may provide a CDR to the Custodian. The Custodian is required to respond to the CDR in writing within ten Business Days explaining why performance was unsatisfactory, how performance will be returned to satisfactory levels, and how a reoccurrence will be prevented.

The County's Contract Administrator will evaluate the written response and, at their sole discretion, determine whether the Custodian will be responsible for full payment, partial payment, or if the Contract termination process is applicable.

# **EXHIBIT A**

## **STATEMENT OF WORK**

### **ATTACHMENTS**

- A.1 Contract Discrepancy Report
- A.2 Performance Requirements Summary/Key Performance Indicators Chart
- A.3 Account Structure



**CONTRACT DISCREPANCY REPORT (CDR)**

**TO:**

**FROM:**

**DATES:**

**Prepared:** \_\_\_\_\_

**Returned by Contractor:** \_\_\_\_\_

**Action Completed:** \_\_\_\_\_

**DISCREPANCY or PROBLEMS:** \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Signature of County Representative

\_\_\_\_\_

Date

**CONTRACTOR RESPONSE (Cause and Corrective Action):** \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Signature of Contractor Representative

\_\_\_\_\_

Date

**COUNTY EVALUATION OF CONTRACTOR RESPONSE:** \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Signature of Contractor Representative

\_\_\_\_\_

Date

**COUNTY ACTIONS:** \_\_\_\_\_

\_\_\_\_\_

**CONTRACTOR NOTIFIED OF ACTION:**

County Representative's Signature and Date \_\_\_\_\_

Contractor Representative's Signature and Date \_\_\_\_\_

**PERFORMANCE REQUIREMENTS SUMMARY/  
KEY PERFORMANCE INDICATORS CHART**

**1 Governance**

**1.1 Monthly**

Custodian will record and report to County all performance achievement measurements relative to Key Performance Indicators (KPI) and performance standards on a monthly basis via a scorecard. County and Custodian will work together to provide information and reports, calculate certain designated metrics, and maintain documentation supporting the measurements upon mutual agreement.

**1.2 Quarterly**

County and Custodian will conduct quarterly meetings to review Custodian's responsiveness and service delivery relative to KPIs.

**1.3 Annually**

KPIs and performance standards may be changed upon mutual agreement annually.

**2 Operation**

**2.1 Initial Burn-In Period**

This will be six months for each new KPI. This burn-in period is a test in which KPIs are made to run for a period of time to detect problems without penalty. Burn-in periods will be conducted to ensure that a KPI functions properly and as intended by both parties; should shortcomings be detected the KPI will be revised or repaired upon mutual agreement. For Year 1 of the contract, the burn-in period will be limited to the implementation phase.

**2.2 Event Cure Period**

In the event that a KPI is not met in any calendar month (each, a "Deficiency"), Custodian shall promptly remedy or cure the Deficiency within ten Business Days, or as otherwise mutually agreed in writing, measured from the date Custodian becomes aware of the occurrence of the Deficiency, or from notification by County of such Deficiency, whichever occurs first (the "Cure Period"). If the Deficiency cannot be remedied without the active cooperation of a third party, then the Cure Period may, upon mutual agreement between County and Custodian, be extended beyond the initial ten Business Days. During the Cure Period, Custodian will be required to identify the root cause of the Deficiency and establish, to the reasonable satisfaction of the County, that

**PERFORMANCE REQUIREMENTS SUMMARY/  
KEY PERFORMANCE INDICATORS CHART**

it has implemented (or has commenced and is diligently pursuing) corrective measures that will:

**2.2.1** To the extent reasonably possible, place the County in a position similar to the position it would be in had such Deficiency not occurred, and

**2.2.2** Prevent a reoccurrence of such Deficiency.

Custodian will communicate, in writing, to County the root cause and corrective action of Deficiencies.

**2.3 Assessment of Fees-At-Risk**

In the event that Custodian fails to meet the required KPI and Custodian has not resolved such Deficiency during the applicable Cure Period for such Deficiency, County may assess Fees-At-Risk in accordance with this KPI Chart.

**2.4 Root Cause/Double Jeopardy**

All items will be measured based on the single root cause of the issue. A single root cause covering more than one KPI or across multiple accounts are counted as one incident.

**2.5 Department of Treasurer and Tax Collector (TTC) or TTC Vendor/Third Party Dependencies**

Custodian's dependencies on County or County vendors/third parties will be taken into consideration during root cause analysis of KPI breaches. If the root cause of a KPI breach stems from County or a County vendor/third party issue, the incident will not count as a Deficiency.

**2.6 Market Dependencies**

Custodian's market dependencies will be taken into consideration during root cause analysis of KPI breaches. If the root cause of the KPI breach is a market event and/or outside of Custodian's control, then the incident will not count as a Deficiency.

**PERFORMANCE REQUIREMENTS SUMMARY/  
KEY PERFORMANCE INDICATORS CHART**

<b>KPI #</b>	<b>KPI Name</b>	<b>Contract Reference</b>	<b>Performance Standards</b>	<b>Monitoring Method</b>	<b>Fees-At-Risk/Fees to be Assessed</b>
1	Notification of 75% of Total Contract Sum	<b>Contract Subparagraph 5.3</b> Notification of 75% of Total Contract Sum	The Custodian must maintain a system of record keeping that will allow the Custodian to determine when it has incurred 75% of the total contract sum under this Contract. Upon occurrence of this event, the Custodian must send written notification to the County's Contract Administrator at the address provided in Contract Exhibit D (County's Administration).	Review of documents	\$100 per incident of non-compliance.
2	Billing Accuracy	<b>Contract Subparagraph 5.7</b> Invoices and Payments	Custodian to provide complete and accurate invoices.	Review of documents	\$100 per incident of non-compliance.
3	Billing Timeliness	<b>Contract Subparagraph 5.7</b> Invoices and Payments	Submission of invoices and any supporting documentation by the 30th Calendar Day of the month following the month of service.	Review of documents	\$100 per incident of non-compliance.
4	Billing Revision Accuracy	<b>Contract Subparagraph 5.7</b> Invoices and Payments	Custodian to issue revised invoices based on agreed upon identified discrepancies within 45 Calendar Days.	Review of documents	\$100 per incident of non-compliance.
5	Contract Contact Information Accuracy	<b>Contract Subparagraph 7.1</b> Custodian's Contract Administrator <b>Subparagraph 7.2</b> Custodian's Contract Manager/Custodian's Alternate Contract Manager <b>Subparagraph 7.3</b> Custodian's Financial Manager	Custodian to notify the County's Contract Administrator and County's Contract Manager in writing of any changes to Contract Exhibit E (Custodian's Administration) and provide description of relevant experience within five Business Days.	Inspection, Observation and Complaints	\$50 per occurrence of failure to notify or if notification is late.

**PERFORMANCE REQUIREMENTS SUMMARY/  
KEY PERFORMANCE INDICATORS CHART**

<b>KPI #</b>	<b>KPI Name</b>	<b>Contract Reference</b>	<b>Performance Standards</b>	<b>Monitoring Method</b>	<b>Fees-At-Risk/Fees to be Assessed</b>
6	Notice of Contract Staff Consideration	<b>Contract Subparagraph 7.4.6</b> Consideration of Custodian's Employees	Custodian to consider and provide written responses to requests for removal and replacement of critical Custodian staff within five Business Days.	Inspection, Observation and Complaints	\$100 per employee per occurrence of non-consideration/failure to provide written response.
7	Custodian Personnel Background Checks	<b>Contract Subparagraph 7.6</b> Background and Security Investigations	Custodian personnel identified in Contract Exhibit E (Custodian's Administration) to complete background investigations.	Receipt of background investigation clearances prior to providing services on this Contract, complaints, and spot checks of assigned personnel	\$1,000 per incident of non-compliance.
8	Custodian Confidentiality	<b>Contract Subparagraph 7.7</b> Confidentiality	Custodian personnel identified in Exhibit E (Custodian's Administration) to sign and return <i>Contractor Acknowledgement and Confidentiality Agreement</i> within three Business Days of providing Services on this Contract.	Receipt and review of documents	\$100 per day for Contractor if form is not signed and submitted as required.
9	Insurance Maintenance	<b>Contract Subparagraph 8.24</b> General Provisions for All Insurance Coverage <b>Contract Subparagraph 8.25</b> Insurance Coverage	Custodian to maintain required insurance policies, subject to availability on commercially reasonable terms and <b>mutual review and approval of insurance requirements.</b>	Receipt and review of insurance information	\$1,000 per day per policy for non-renewal of policy after expiration; \$1,000 per day per policy for failure to maintain coverage.

**PERFORMANCE REQUIREMENTS SUMMARY/  
KEY PERFORMANCE INDICATORS CHART**

<b>KPI #</b>	<b>KPI Name</b>	<b>Contract Reference</b>	<b>Performance Standards</b>	<b>Monitoring Method</b>	<b>Fees-At-Risk/Fees to be Assessed</b>
10	Insurance Documentation Provision	<b>Contract Subparagraph 8.24</b> General Provisions for All Insurance Coverage <b>Contract Subparagraph 8.25</b> Insurance Coverage	Custodian to provide evidence of such coverage, subject to availability on commercially reasonable terms, to the TTC within ten Business Days upon receipt of a request.	Receipt and review of insurance information	\$100 per day per policy for each day that the certificates of insurance coverage and/or renewal certificates remain outstanding beyond the designated timeframe.
11	Record Maintenance	<b>Contract Subparagraph 8.38</b> Record Retention and Inspection-Audit Settlement	Custodian to maintain all required documents relating to this Contract during the Contract Term and for a period of five years following the expiration or termination of the Contract.	Inspection of files	\$50 per occurrence upon notification of incomplete/missing records, and/or failure to provide stated documents upon demand; \$500 per occurrence if requested documents are not received within 48 hours.
12	Financial Statement Timeliness	<b>Contract Subparagraph 8.38.5</b> Financial Statements	Custodian to provide required financial statements to the TTC within ten Business Days upon receipt a request.	Review of reports	\$50 per each day that Financial Statements remain outstanding beyond the designated timeframe. Incomplete/inaccurate Financial Statements will be considered late.
13	Pending Litigation Notification	<b>Contract Subparagraph 8.38.6</b> Pending Litigation	Custodian to notify the TTC annually of pending litigation that would have a material adverse impact on its performance under the Contract within ten Business Days upon receipt of request.	Review of reports	\$50 per each day that pending litigation notifications remain outstanding beyond the designated timeframe.

**PERFORMANCE REQUIREMENTS SUMMARY/  
KEY PERFORMANCE INDICATORS CHART**

<b>KPI #</b>	<b>KPI Name</b>	<b>Contract Reference</b>	<b>Performance Standards</b>	<b>Monitoring Method</b>	<b>Fees-At-Risk/Fees to be Assessed</b>
14	Delegation	<b>Contract Subparagraph 8.40.2</b> Provision of Information Regarding Delegates	Custodian to provide or make available to the County on a quarterly, or other periodic basis, mutually agreed to by County and Custodian, information regarding its global operating model for the delivery of the Services.	Inspection and Observation	\$500 per occurrence for failure to notify County timely as stated.
15	Timely Availability of Funds	<b>Statement of Work (SOW) Subparagraph 3.1.2</b> Daily Cash Activities	Custodian to make funds available for the total maturities and income receipts from the previous Business Day to the TTC by no later than 6:00 a.m. Pacific Time.	Observation and review of bank account	For funds made available within the Business Day, \$2,000 per occurrence for failure to make funds available.  For funds made available on the following Business Day, interest, calculated at the Federal Funds rate on the dollar amount due to the County from the originally scheduled payment date to the date funds are made available.
16	Timely Credit to Accounts	<b>SOW Subparagraph 3.4</b> Income and Collection	Custodian to determine and collect all income, interest, dividends, refunds, reclamations, or other Property payable in connection with the securities held in the Accounts, and credit such income to the Accounts as described in Subparagraph 3.4 of the SOW.	Observation and review of investment reports	Interest, calculated at the federal funds rate on the dollar amount due to the County for each Calendar Day beyond the Business Day the funds were due.

**PERFORMANCE REQUIREMENTS SUMMARY/  
KEY PERFORMANCE INDICATORS CHART**

<b>KPI #</b>	<b>KPI Name</b>	<b>Contract Reference</b>	<b>Performance Standards</b>	<b>Monitoring Method</b>	<b>Fees-At-Risk/Fees to be Assessed</b>
17	Accuracy and Timeliness of Reporting	<b>SOW Paragraph 4</b> Accounting and Reporting	Custodian to provide accurate and timely reporting related to investment transactions.	Review of investment reports	\$50 per occurrence of failure to provide accurate and/or timely reporting, per reporting period. Daily report deadlines are the end of each Business Day.
18	Quality Control Plan Maintenance	<b>SOW Paragraph 7</b> Quality Control Plan/Service Level Agreement (SLA)	Custodian to provide a written SLA to TTC within ten Business Days following the Effective Date of the Contract. Custodian to provide a revised SLA within ten Business Days following any agreed-upon updates to the SLA.	Receipt and review of SLA	\$100 per each day that the SLA is provided past the stated deadline.
19	Business Continuity Plan Maintenance	<b>Contract Subparagraph 8.20.4</b> Business Continuity Plan (BCP)  <b>SOW Paragraph 8</b> Business Continuity Plan	Custodian to maintain a written BCP and present updates to the TTC within ten Business Days upon request for such presentation.	Receipt of presentation and review of BCP	\$100 per each day that the BCP is presented past the stated deadline.



**ACCOUNT STRUCTURE**

<b>Account Name</b>	<b>Description</b>
Non-Trading/Trading (Pool)	Account used to safekeep investments and process transactions related to the Pool.
Specific Purpose Investments (SPI)	Account used to safekeep investments and process transactions related to the SPI.
Special Safekeeping	Account used to safekeep investments pursuant to court orders and/or state or local government statutes.

**INVESTMENT CUSTODY SERVICES  
PRICING SCHEDULE**

**EXHIBIT B**

**NOTE: PRICING IS FIRM AND FIXED FOR THE TERM OF THE CONTRACT**

<b>Service Costs</b>		<b>Maximum Contract Sum (1)</b>
<b>Year 1</b>		\$ 125,000
<b>Year 2</b>		\$ 255,000
<b>Year 3</b>		\$ 260,100
<b>Option Year 1</b>		\$ 265,302
<b>Option Year 2</b>		\$ 270,609
<b>Option Year 3</b>		\$ 276,022
<b>Option Month 1</b>		\$ 23,462
<b>Option Month 2</b>		\$ 23,462
<b>Option Month 3</b>		\$ 23,462
<b>Option Month 4</b>		\$ 23,462
<b>Option Month 5</b>		\$ 23,462
<b>Option Month 6</b>		\$ 23,462
<b>TOTAL SERVICE COSTS</b>		\$ 1,592,805
including optional renewal periods:		
<b>Additional Work Pricing</b>	<b>Rate Basis</b>	<b>Rate</b>
Transition Management Administration Services	Per Portfolio	\$ 10,000.00
SWIFT Messages	Per Message	\$ 0.30
Custom Report Development	Per Hour	\$ 150.00
Custom Programming	Per Hour	\$ 150.00
Custom Programming Maintenance	Per Year	\$ 4,000.00
Standard Data Extracts	Per Hour	\$ 150.00
Non-Standard Data Extracts	Per Hour	\$ 150.00
Tax Certifications and Form Filing	Per Filing	\$ 185.00
Deconversion Fee	Per Deconversion	\$ 10,000.00
Overdrafts	Overdraft amounts >\$50,000	USD Prime Rate
<b>Pool Dollars</b>		<b>Amount</b>
<b>TOTAL POOL DOLLARS</b>		\$ 159,281
<b>TOTAL PRICE</b>		<b>\$ 1,752,086</b>
<b>Notes:</b>		
(1) This amount includes a 2% increase from year to year.		

***INTENTIONALLY OMITTED***

## COUNTY'S ADMINISTRATION

CONTRACT NO. \_\_\_\_\_

### COUNTY'S CONTRACT ADMINISTRATOR:

Name: Damia J. Johnson  
Title: Assistant Treasurer and Tax Collector  
Address: 500 West Temple Street, Room 462  
Los Angeles, CA 90012  
Telephone: (213) 974-2139  
Facsimile: (213) 626-1701  
Email Address: [djohnson@ttc.lacounty.gov](mailto:djohnson@ttc.lacounty.gov)

### COUNTY'S CONTRACT MANAGER:

Name: Jennifer Koai  
Title: Operations Chief  
Address: 500 West Temple Street, Room 462  
Los Angeles, CA 90012  
Telephone: (213) 974-3385  
Facsimile: (213) 626-1701  
Email Address: [jkoai@ttc.lacounty.gov](mailto:jkoai@ttc.lacounty.gov)

### COUNTY'S CONTRACT MONITOR:

Name: Marivic Liwag  
Title: Assistant Operations Chief  
Address: 500 West Temple Street, Room 462  
Los Angeles, CA 90012  
Telephone: (213) 584-1252  
Facsimile: (213) 626-1701  
Email Address: [mliwag@ttc.lacounty.gov](mailto:mliwag@ttc.lacounty.gov)

## COUNTY'S ADMINISTRATION

CONTRACT NO. \_\_\_\_\_

### CONTRACTS' SECTION – CONTRACT MONITOR:

Name: Alyssa Lavalle  
Title: Contract Monitor  
Address: 500 West Temple Street, Room 464  
Los Angeles, CA 90012  
Telephone: (213) 584-1547  
Facsimile: (213) 687-4857  
Email Address: [alavalle@ttc.lacounty.gov](mailto:alavalle@ttc.lacounty.gov)

## COUNTY'S ADMINISTRATION

CONTRACT NO. \_\_\_\_\_

### CHIEF INFORMATION SECURITY OFFICER:

Name: Jeffrey Aguilar  
Title: Chief Information Security Officer  
Address: 320 West Temple, 7<sup>th</sup> Floor  
Los Angeles, CA 90012  
Telephone: (213) 253-5659  
Email Address: [CISO-CPO\\_Notify@lacounty.gov](mailto:CISO-CPO_Notify@lacounty.gov)

### CHIEF PRIVACY OFFICER:

Name: Lillian Russell  
Title: Chief Privacy Officer  
Address: 320 West Temple, 7<sup>th</sup> Floor  
Los Angeles, CA 90012  
Telephone: (213) 351-5363  
Email Address: [CISO-CPO\\_Notify@lacounty.gov](mailto:CISO-CPO_Notify@lacounty.gov)

### COUNTY'S DEPARTMENTAL CHIEF INFORMATION OFFICER (DCIO):

Name: Matthew Der  
Title: Departmental Chief Information Officer  
Address: 500 West Temple Street, Room 409  
Los Angeles, CA 90012  
Telephone: (213) 974-7618  
Email Address: [mder@ttc.lacounty.gov](mailto:mder@ttc.lacounty.gov)

### COUNTY'S DEPARTMENTAL INFORMATION SECURITY OFFICER (DISO):

Name: Chamnan So  
Title: Departmental Information Security Officer  
Address: 500 West Temple Street, Room 409  
Los Angeles, CA 90012  
Telephone: (213) 584-1484  
Email Address: [cso@ttc.lacounty.gov](mailto:cso@ttc.lacounty.gov)

## CUSTODIAN'S ADMINISTRATION

**CUSTODIAN'S NAME:** State Street Bank and Trust Company

**CONTRACT NO.** \_\_\_\_\_

### CUSTODIAN'S CONTRACT ADMINISTRATOR:

Name: Brenda Dulger-Sheikin

Title: Senior Vice President

Address: 2495 Natomas Park Dr, Suite 400  
Sacramento, CA 95833

Telephone: 916-319-6665

Facsimile: 916-341-1430

Email Address: [brenda.dulger-sheikin@statestreet.com](mailto:brenda.dulger-sheikin@statestreet.com)

### CUSTODIAN'S CONTRACT MANAGER:

Name: Travis Johnson

Title: Vice President

Address: 2495 Natomas Park Dr, Suite 400  
Sacramento, CA 95833

Telephone: 916-425-8169

Facsimile: 916-341-1430

Email Address: [tmjohnson@statestreet.com](mailto:tmjohnson@statestreet.com)

### CUSTODIAN'S ALTERNATE CONTRACT MANAGER:

Name: Sarbjit Dulai

Title: Vice President

Address: 2495 Natomas Park Dr, Suite 400  
Sacramento, CA 95833

Telephone: 916-319-6371

Facsimile: 916-341-1430

Email Address: [sarbjit.dulai@statestreet.com](mailto:sarbjit.dulai@statestreet.com)

## CUSTODIAN'S ADMINISTRATION

CUSTODIAN'S NAME: State Street Bank and Trust Company

CONTRACT NO. \_\_\_\_\_

### CUSTODIAN'S FINANCIAL MANAGER

Name: Travis Johnson

Title: Vice President

Address: 2495 Natomas Park Dr, Suite 400

Sacramento, CA 95833

Telephone: 916-425-8169

Facsimile: 916-341-1430

Email Address: [tmjohnson@statestreet.com](mailto:tmjohnson@statestreet.com)

### CUSTODIAN'S AUTHORIZED OFFICIAL(S)

Name: Brenda Dulger-Sheikin

Title: Senior Vice President

Address: 2495 Natomas Park Dr, Suite 400

Sacramento, CA 95833

Telephone: 916-319-6665

Facsimile: 916-341-1430

Email Address: [brenda.dulger-sheikin@statestreet.com](mailto:brenda.dulger-sheikin@statestreet.com)

Name: Travis Johnson

Title: Vice President

Address: 2495 Natomas Park Dr, Suite 400

Sacramento, CA 95833

Telephone: 916-425-8169

Facsimile: 916-341-1430

Email Address: [tmjohnson@statestreet.com](mailto:tmjohnson@statestreet.com)



## CUSTODIAN'S ADMINISTRATION

CUSTODIAN'S NAME: State Street Bank and Trust Company

CONTRACT NO. \_\_\_\_\_

### Notices to Custodian will be sent to the following:

Name: Sarbjit Dulai

Title: Vice President

Address: 2495 Natomas Park Dr, Suite 400

Sacramento, CA 95833

Telephone: 916-319-6371

Facsimile: 916-341-1430

Email Address: [sarbjit.dulai@statestreet.com](mailto:sarbjit.dulai@statestreet.com)

## FORMS REQUIRED AT THE TIME OF CONTRACT EXECUTION

### NON-IT CONTRACTS

F1 CONTRACTOR EMPLOYEE ACKNOWLEDGEMENT AND CONFIDENTIALITY  
AGREEMENT

**CONTRACTOR EMPLOYEE ACKNOWLEDGEMENT AND CONFIDENTIALITY AGREEMENT**

(Note: This certification is to be executed and returned to County with Contractor's executed Contract. Work cannot begin on the Contract until County receives this executed document.)

Contractor Name: Click or tap here to enter text. Contract No Click or tap here to enter text.

Employee Name: Click or tap here to enter text.

**GENERAL INFORMATION:**

Your employer referenced above has entered into a contract with the County of Los Angeles to provide certain services to the County. The County requires your signature on this Contractor Employee Acknowledgement and Confidentiality Agreement.

**EMPLOYEE ACKNOWLEDGEMENT:**

I understand and agree that the Contractor referenced above is my sole employer for purposes of the above-referenced contract. I understand and agree that I must rely exclusively upon my employer for payment of salary and any and all other benefits payable to me or on my behalf by virtue of my performance of work under the above-referenced contract.

I understand and agree that I am not an employee of the County of Los Angeles for any purpose whatsoever and that I do not have and will not acquire any rights or benefits of any kind from the County of Los Angeles by virtue of my performance of work under the above-referenced contract. I understand and agree that I do not have and will not acquire any rights or benefits from the County of Los Angeles pursuant to any agreement between any person or entity and the County of Los Angeles.

I understand and agree that I may be required to undergo a background and security investigation(s). I understand and agree that my continued performance of work under the above-referenced contract is contingent upon my passing, to the satisfaction of the County, any and all such investigations. I understand and agree that my failure to pass, to the satisfaction of the County, any such investigation will result in my immediate release from performance under this and/or any future contract.

**CONFIDENTIALITY AGREEMENT:**

I may be involved with work pertaining to services provided by the County of Los Angeles and, if so, I may have access to confidential data and information pertaining to persons and/or entities receiving services from the County. In addition, I may also have access to proprietary information supplied by other vendors doing business with the County of Los Angeles. The County has a legal obligation to protect all such confidential data and information in its possession, especially data and information concerning health, criminal, and welfare recipient records. I understand that if I am involved in County work, the County must ensure that I, too, will protect the confidentiality of such data and information. Consequently, I understand that I must sign this agreement as a condition of my work to be provided by my employer for the County. I have read this agreement and have taken due time to consider it prior to signing.

I hereby agree that I will not divulge to any unauthorized person any data or information obtained while performing work pursuant to the above-referenced contract between my employer and the County of Los Angeles. I agree to forward all requests for the release of any data or information received by me to my immediate supervisor.

I agree to keep confidential all health, criminal, and welfare recipient records and all data and information pertaining to persons and/or entities receiving services from the County, design concepts, algorithms, programs, formats, documentation, Contractor proprietary information and all other original materials produced, created, or provided to or by me under the above-referenced contract. I agree to protect these confidential materials against disclosure to other than my employer or County employees who have a need to know the information. I agree that if proprietary information supplied by other County vendors is provided to me during this employment, I must keep such information confidential.

I agree to report to my immediate supervisor any and all violations of this agreement by myself and/or by any other person of whom I become aware. I agree to return all confidential materials to my immediate supervisor upon completion of this contract or termination of my employment with my employer, whichever occurs first.

SIGNATURE: \_\_\_\_\_ DATE: Click or tap here to enter text.

PRINTED NAME: Click or tap here to enter text.

POSITION: Click or tap here to enter text.

# THERE'S A BETTER CHOICE. SAFELY SURRENDER YOUR BABY.

Any fire station. Any hospital. Any time.



1.877.222.9723

BabySafeLA.org

No shame | No blame | No names



Some parents of newborns can find themselves in difficult circumstances. Sadly, babies are sometimes harmed or abandoned by parents who feel that they're not ready or able to raise a child. Many of these mothers or fathers are afraid and don't know where to turn for help.

This is why California has a Safely Surrendered Baby Law, which gives parents the choice to legally leave their baby at any hospital or fire station in Los Angeles County.

### FIVE THINGS YOU NEED TO KNOW ABOUT BABY SAFE SURRENDER

- 1 Your newborn can be surrendered at any hospital or fire station in Los Angeles County up to 72 hours after birth.
- 2 You must leave your newborn with a fire station or hospital employee.
- 3 You don't have to provide your name.
- 4 You will only be asked to voluntarily provide a medical history.
- 5 You have 14 days to change your mind; a matching bracelet (parent) and anklet (baby) are provided to assist you if you change your mind.

No shame | No blame | No names



### ABOUT THE BABY SAFE SURRENDER PROGRAM

In 2002, a task force was created under the guidance of the Children's Planning Council to address newborn abandonment and to develop a strategic plan to prevent this tragedy.

Los Angeles County has worked hard to ensure that the Safely Surrendered Baby Law prevents babies from being abandoned. We're happy to report that this law is doing exactly what it was designed to do: save the lives of innocent babies. Visit [BabySafeLA.org](http://BabySafeLA.org) to learn more.

No shame | No blame | No names

ANY FIRE STATION.  
ANY HOSPITAL.  
ANY TIME.

1.877.222.9723  
[BabySafeLA.org](http://BabySafeLA.org)

THERE'S A  
BETTER CHOICE.  
SAFELY SURRENDER  
YOUR BABY.



BabySafeLA.org

No shame | No blame | No names





## FROM SURRENDER TO ADOPTION: ONE BABY'S STORY

Los Angeles County firefighter Ted and his wife Becki were already parents to two boys. But when they got the call asking if they would be willing to care for a premature baby girl who'd been safely surrendered at a local hospital, they didn't hesitate.

Baby Jenna was tiny, but Ted and Becki felt lucky to be able to take her home. "We had always wanted to adopt," Ted says, "but taking

home a vulnerable safely surrendered baby was even better. She had no one, but now she had us. And, more importantly, we had her."

Baby Jenna has filled the longing Ted and Becki had for a daughter—and a sister for their boys. Because her birth parent safely surrendered her when she was born, Jenna is a thriving young girl growing up in a stable and loving family.

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## ANSWERS TO YOUR QUESTIONS

### Who is legally allowed to surrender the baby?

Anyone with lawful custody can drop off a newborn within the first 72 hours of birth.

### Do you need to call ahead before surrendering a baby?

No. A newborn can be surrendered anytime, 24 hours a day, 7 days a week, as long as the parent or guardian surrenders the child to an employee of the hospital or fire station.

### What information needs to be provided?

The surrendering adult will be asked to fill out a medical history form, which is useful in caring for the child. The form can be returned later and includes a stamped return envelope. No names are required.

### What happens to the baby?

After a complete medical exam, the baby will be released and placed in a safe and loving home, and the adoption process will begin.

### What happens to the parent or surrendering adult?

Nothing. They may leave at any time after surrendering the baby.

### How can a parent get a baby back?

Parents who change their minds can begin the process of reclaiming their baby within 14 days by calling the Los Angeles County Department of Children and Family Services at (800) 540-4000.

### If you're unsure of what to do:

You can call the hotline 24 hours a day, 7 days a week and anonymously speak with a counselor about your options or have your questions answered.

**1.877.222.9723 or [BabySafeLA.org](https://www.babysafela.org)**

English, Spanish and 140 other languages spoken.

Title 2 ADMINISTRATION  
Chapter 2.206  
DEFAULTED PROPERTY TAX REDUCTION PROGRAM

- 2.206.010 Findings and declarations.**
- 2.206.020 Definitions.**
- 2.206.030 Applicability.**
- 2.206.040 Required solicitation and contract language.**
- 2.206.050 Administration and compliance certification.**
- 2.206.060 Exclusions/Exemptions.**
- 2.206.070 Enforcement and remedies.**
- 2.206.080 Severability.**

**2.206.010 Findings and declarations.**

The Board of Supervisors finds that significant revenues are lost each year as a result of taxpayers who fail to pay their tax obligations on time. The delinquencies impose an economic burden upon the County and its taxpayers. Therefore, the Board of Supervisors establishes the goal of ensuring that individuals and businesses that benefit financially from contracts with the County fulfill their property tax obligation. (Ord. No. 2009-0026 § 1 (part), 2009.)

**2.206.020 Definitions.**

The following definitions shall be applicable to this chapter:

- A. "Contractor" shall mean any person, firm, corporation, partnership, or combination thereof, which submits a bid or proposal or enters into a contract or agreement with the County.
- B. "County" shall mean the county of Los Angeles or any public entities for which the Board of Supervisors is the governing body.
- C. "County Property Taxes" shall mean any property tax obligation on the County's secured or unsecured roll; except for tax obligations on the secured roll with respect to property held by a Contractor in a trust or fiduciary capacity or otherwise not beneficially owned by the Contractor.
- D. "Department" shall mean the County department, entity, or organization responsible for the solicitation and/or administration of the contract.
- E. "Default" shall mean any property tax obligation on the secured roll that has been deemed defaulted by operation of law pursuant to [California Revenue and Taxation Code section 3436](#); or any property tax obligation on the unsecured roll that remains unpaid on the applicable delinquency date pursuant to [California Revenue and Taxation Code section 2922](#); except for any property tax obligation dispute pending before the Assessment Appeals Board.
- F. "Solicitation" shall mean the County's process to obtain bids or proposals for goods and services.

Title 2 ADMINISTRATION  
Chapter 2.206  
DEFAULTED PROPERTY TAX REDUCTION PROGRAM

G. "Treasurer-Tax Collector" shall mean the Treasurer and Tax Collector of the County of Los Angeles. (Ord. No. 2009-0026 § 1 (part), 2009.)

**2.206.030 Applicability.**

This chapter shall apply to all solicitations issued 60 days after the effective date of the ordinance codified in this chapter. This chapter shall also apply to all new, renewed, extended, and/or amended contracts entered into 60 days after the effective date of the ordinance codified in this chapter. (Ord. No. 2009-0026 § 1 (part), 2009.)

**2.206.040 Required solicitation and contract language.**

All solicitations and all new, renewed, extended, and/or amended contracts shall contain language which:

- A. Requires any Contractor to keep County Property Taxes out of Default status at all times during the term of an awarded contract;
- B. Provides that the failure of the Contractor to comply with the provisions in this chapter may prevent the Contractor from being awarded a new contract; and
- C. Provides that the failure of the Contractor to comply with the provisions in this chapter may constitute a material breach of an existing contract, and failure to cure the breach within ten days of notice by the County by paying the outstanding County Property Tax or making payments in a manner agreed to and approved by the Treasurer-Tax Collector, may subject the contract to suspension and/or termination. (Ord. No. 2009-0026 § 1 (part), 2009.)

**2.206.050 Administration and compliance certification.**

- A. The Treasurer-Tax Collector shall be responsible for the administration of this chapter. The Treasurer-Tax Collector shall, with the assistance of the Chief Executive Officer, Director of Internal Services, and County Counsel, issue written instructions on the implementation and ongoing administration of this chapter. Such instructions may provide for the delegation of functions to other departments.
- B. Contractor shall be required to certify, at the time of submitting any bid or proposal to the County, or entering into any new contract, or renewal, extension or amendment of an existing contract with the County, that it is in compliance with this chapter is not in Default on any County Property Taxes or is current in payments due under any approved payment arrangement. (Ord. No. 2009-0026 § 1 (part), 2009.)

**2.206.060 Exclusions/Exemptions.**

- A. This chapter shall not apply to the following contracts:

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Contract Exhibits  
Investment Custody Services  
October 2024



Title 2 ADMINISTRATION  
Chapter 2.206  
DEFAULTED PROPERTY TAX REDUCTION PROGRAM

1. Chief Executive Office delegated authority agreements under \$50,000;
  2. A contract where federal or state law or a condition of a federal or state program mandates the use of a particular contractor;
  3. A purchase made through a state or federal contract;
  4. A contract where state or federal monies are used to fund service related programs, including but not limited to voucher programs, foster care, or other social programs that provide immediate direct assistance;
  5. Purchase orders under a master agreement, where the Contractor was certified at the time the master agreement was entered into and at any subsequent renewal, extension and/or amendment to the master agreement.
  6. Purchase orders issued by Internal Services Department under \$100,000 that is not the result of a competitive bidding process.
  7. Program agreements that utilize Board of Supervisors' discretionary funds;
  8. National contracts established for the purchase of equipment and supplies for and by the National Association of Counties, U.S. Communities Government Purchasing Alliance, or any similar related group purchasing organization;
  9. A monopoly purchase that is exclusive and proprietary to a specific manufacturer, distributor, reseller, and must match and inter-member with existing supplies, equipment or systems maintained by the county pursuant to the Los Angeles Purchasing Policy and Procedures Manual, section P-3700 or a successor provision;
  10. A revolving fund (petty cash) purchase pursuant to the Los Angeles County Fiscal Manual, section 4.6.0 or a successor provision;
  11. A purchase card purchase pursuant to the Los Angeles County Purchasing Policy and Procedures Manual, section P-2810 or a successor provision;
  12. A non-agreement purchase worth a value of less than \$5,000 pursuant to the Los Angeles County Purchasing Policy and Procedures Manual, section A-0300 or a successor provision; or
  13. A bona fide emergency purchase pursuant to the Los Angeles County Purchasing Policy and Procedures Manual section P-0900 or a successor provision;
  14. Other contracts for mission critical goods and/or services where the Board of Supervisors determines that an exemption is justified.
- B. Other laws. This chapter shall not be interpreted or applied to any Contractor in a manner inconsistent with the laws of the United States or California. (Ord. No. 2009-0026 § 1 (part), 2009.)

Title 2 ADMINISTRATION  
Chapter 2.206  
DEFAULTED PROPERTY TAX REDUCTION PROGRAM

**2.206.070 Enforcement and remedies.**

- A. The information furnished by each Contractor certifying that it is in compliance with this chapter shall be under penalty of perjury.
- B. No Contractor shall willfully and knowingly make a false statement certifying compliance with this chapter for the purpose of obtaining or retaining a County contract.
- C. For Contractor's violation of any provision of this chapter, the County department head responsible for administering the contract may do one or more of the following:
  - 1. Recommend to the Board of Supervisors the termination of the contract; and/or,
  - 2. Pursuant to chapter 2.202, seek the debarment of the contractor; and/or
  - 3. Recommend to the Board of Supervisors that an exemption is justified pursuant to [Section 2.206.060.A.14](#) of this chapter or payment deferral as provided pursuant to the California Revenue and Taxation Code. (Ord. No. 2009-0026 § 1 (part), 2009.)

**2.206.080 Severability.**

If any provision of this chapter is found invalid by a court of competent jurisdiction, the remaining provisions shall remain in full force and effect. (Ord. No. 2009-0026 § 1 (part), 2009.)

# INFORMATION SECURITY AND PRIVACY REQUIREMENTS



# INFORMATION SECURITY AND PRIVACY REQUIREMENTS EXHIBIT

The County of Los Angeles (“County”) is committed to safeguarding the Integrity of the County systems, Data, Information and protecting the privacy rights of the individuals that it serves. This Exhibit to the Contract “Information Security, and Privacy Requirements Exhibit,” (“Exhibit I”) sets forth in detail the County and the Custodian’s commitment and agreement to fulfill each of their obligations under applicable State or federal laws, rules, or regulations, as well as applicable industry standards concerning privacy, Data protections, Information Security, Confidentiality, Availability, and Integrity of such Information. The Custodian maintains Information Security, and Privacy Requirements that have existed at least ten business days prior to the Effective Date of the Contract and maintain all Information Security and Privacy Requirements throughout the entire Contract term.

These requirements and procedures contained in this “Exhibit I” are incorporated by reference into that certain Contract by and between the County Treasurer and Tax Collector and State Street Bank and Trust Company (the “Custodian”), executed on October 8, 2024, (the “Contract”) and constitute a minimum standard for Information Security and Privacy Requirements in conjunction with the requirements of the Contract. It is the Custodian’s sole obligation to: (i) implement appropriate and reasonable measures to secure and protect its systems and all County Information against internal and external reasonably foreseeable Threats and Risks; and (ii) regularly review and revise all measures pertaining to any ongoing Threats and Risks. Failure to materially comply with the minimum Information Security and Privacy Requirements set forth in this “Exhibit I” herein incorporated by reference into the Contract shall constitute a material breach of Contract by the Custodian, entitling the County, in addition to the cumulative of all other remedies available to it at law, in equity, or under the Contract, to immediately terminate the Contract. The Contract shall govern and control unless stated otherwise in the Contract.

## 1. DEFINITIONS

Unless otherwise defined in the Contract, the definitions herein contained are specific to the uses within this exhibit.

- a. **Availability:** the condition of Information being accessible and usable upon demand by an authorized entity (Workforce Member or process).
- b. **Confidentiality:** the condition that Information is not disclosed to system entities (users, processes, devices) unless they have been authorized to access the Information.
- c. **County Information:** all Data and Information belonging to the County.
- d. **Data:** a subset of Information comprised of qualitative or quantitative values.
- e. **Incident:** a confirmed event of unauthorized electronic and/or physical access, use, disclosure, breach, modification, or destruction of County Information; interference with Information Technology operations that impacts access to or the availability of County

Information; or significant violation of County policy.

- f. **Information:** any communication or representation of knowledge or understanding such as facts, Data, or opinions in any medium or form, including electronic, textual, numerical, graphic, cartographic, narrative, or audiovisual.
- g. **Information Security Policy:** high level statements of intention and direction of an organization used to create an organization's Information Security Program as formally expressed by its top management.
- h. **Information Security Program:** formalized and implemented Information Security Policies, standards and procedures that are documented describing the program management safeguards and common controls in place or those planned for meeting the County's information security requirements.
- i. **Information Technology:** any equipment or interconnected system or subsystem of equipment that is used in the automatic acquisition, storage, manipulation, management, movement, control, display, switching, interchange, transmission, or reception of Data or Information.
- j. **Integrity:** the condition whereby Data or Information has not been improperly modified or destroyed and authenticity of the Data or Information can be ensured.
- k. **Mobile Device Management (MDM):** software that allows Information Technology administrators to control, secure, and enforce policies on smartphones, tablets, and other endpoints.
- l. **Privacy Policy:** high level statements of intention and direction of an organization used to create an organization's Privacy Program as formally expressed by its top management.
- m. **Privacy Program:** a formal document that provides an overview of an organization's privacy program, including a description of the structure of the privacy program, the resources dedicated to the privacy program, the role of the organization's privacy official and other staff, the strategic goals and objectives of the Privacy Program, and the program management controls and common controls in place or planned for meeting applicable privacy requirements and managing privacy risks.
- n. **Risk:** a measure of the extent to which the County is threatened by a potential circumstance or event, Risk is typically a function of: (i) the adverse impacts that would arise if the circumstance or event occurs; and (ii) the likelihood of occurrence.
- o. **Threat:** any circumstance or event with the potential to materially adversely impact County operations (including mission, functions, image, or reputation), organizational assets, individuals, or other organizations through an Information System via unauthorized access, destruction, disclosure, modification of Information, and/or denial of service.
- p. **Vulnerability:** a weakness in a system, application, network or process that is subject to exploitation or misuse.
- q. **Workforce Member:** employees, volunteers, and other persons whose conduct, in the performance of work for Los Angeles County, is under the direct control of, and is the responsibility of, Los Angeles County, whether or not they are paid by Los Angeles County.

This includes, but may not be limited to, full and part time elected or appointed officials, employees, affiliates, associates, students, volunteers, and staff from third party entities who provide service to the County.

## **2. INFORMATION SECURITY AND PRIVACY PROGRAMS**

- a. **Information Security Program.** The Custodian will maintain commercially reasonable information security systems and controls, which include administrative, technical, and physical safeguards that are designed to: (i) maintain the security and confidentiality of the County's data; (ii) protect against anticipated threats or hazards to the security or integrity of the County's data, including appropriate measures designed to meet legal and regulatory requirements applying to the Custodian; and (iii) protect against unauthorized access to or use of the County's data.
- b. The Custodian implements data security measures consistent in all material respects with applicable prevailing industry practices and standards as well as laws, rules and regulations applicable to the Custodian. As of the Effective Date, the Custodian aligns with the National Institute for Standards and Technology (NIST) cybersecurity framework. However, as information security is a highly dynamic space where threats are constantly changing, the Custodian reserves the right to make changes to its information security controls and/or to align with one or more recognized industry standards, other than NIST, at any time in a manner that does not materially reduce its protection of County Information.
- c. **Virus Detection.** The Custodian will at all times employ a current version of one of the leading commercially available virus detection software programs to test the hardware and software applications used by it to deliver the Services for the presence of any computer code designed to disrupt, disable, harm, or otherwise impede operation.
- d. **Privacy Program.** The Custodian shall establish and maintain a company-wide Privacy Program designed to incorporate Privacy Policies and practices in its business operations designed to provide safeguards for Information, including County Information. The Custodian's Privacy Program shall include the development of, and ongoing reviews and updates to Privacy Policies, guidelines, procedures and appropriate workforce privacy training within its organization. These Privacy Policies, guidelines, procedures, and appropriate training shall be provided to all Custodian employees, agents, and volunteers. The Custodian's Privacy Policies, guidelines, and procedures shall be continuously reviewed and updated for effectiveness and compliance with applicable laws and regulations, and to appropriately respond to new and emerging Threats and Risks. The Custodian's Privacy Program shall be subject to ongoing monitoring and audits of operations to identify and mitigate privacy Threats.

The Custodian shall exercise the same degree of care in safeguarding the privacy of County Information that the Custodian exercises with respect to its own Information, but in no event less than a reasonable degree of care. The Custodian will implement, maintain, and use appropriate privacy practices and protocols to preserve the Confidentiality of County Information.

The Custodian's Privacy Program shall include:

- A Privacy Program framework that identifies and ensures that the Custodian complies with all applicable laws and regulations;
- External Privacy Policies, and internal privacy policies, procedures and controls to support the privacy program;
- Protections against unauthorized or unlawful access, use, disclosure, alteration, or destruction of County Information;
- A training program that covers Privacy Policies, protocols and awareness;
- A response plan to address privacy Incidents and privacy breaches; and
- Ongoing privacy assessments and audits.

### **3. PROPERTY RIGHTS TO COUNTY INFORMATION**

All County Information is deemed property of the County, and the County shall retain exclusive rights and ownership thereto. County Information shall not be used by the Custodian for any purpose other than as required under this Contract, nor shall such or any part of such be disclosed, sold, assigned, leased, or otherwise disposed of, to third parties by the Custodian, or commercially exploited or otherwise used by, or on behalf of, the Custodian, its officers, directors, employees, or agents. The Custodian may assert no lien on or right to withhold from the County, any County Information it receives from, receives addressed to, or stores on behalf of, the County. Notwithstanding the foregoing, the Custodian may aggregate, compile, and use County Information (a) for the purposes, and subject to the limitations, specified in Section 7 of this Exhibit I and (b) in order to improve, develop or enhance the System Software and/or other services offered, or to be offered, by the Custodian, provided that (i) no County Information in such aggregated or compiled pool is identifiable as originating from, or can be traced back to the County, and (ii) such Data or Information cannot be associated or matched with the identity of an individual alone, or linkable to a specific individual. [The Custodian specifically consents to the County's access to such County Information held, stored, or maintained on any and all devices Custodian owns, leases or possesses].

### **4. CUSTODIAN'S USE OF COUNTY INFORMATION**

Subject to Section 7 of this Exhibit I, the Custodian may use County Information only as necessary to carry out its obligations under this Contract. The Custodian shall collect, maintain, or use County Information only for the purposes specified or permitted in the Contract and, in all cases, in compliance with all applicable local, state, and federal laws and regulations governing the collection, maintenance, transmission, dissemination, storage, use, and destruction of County Information, including, but not limited to, (i) any state and federal law governing the protection of personal Information, (ii) any state and federal security breach notification laws, and (iii) the rules, regulations and directives of the Federal Trade Commission, as amended from time to time.

## 5. SHARING COUNTY INFORMATION AND DATA

Subject to Section 7 of this Exhibit I, the Custodian shall not share, release, disclose, disseminate, make available, transfer, or otherwise communicate orally, in writing, or by electronic or other means, County Information to a third party for monetary or other valuable consideration.

## 6. CONFIDENTIALITY

- a. **Confidentiality of County Information.** The Custodian agrees that all County Information is Confidential and proprietary to the County regardless of whether such Information was disclosed intentionally or unintentionally, or marked as "confidential."
- b. **Disclosure of County Information.** The Custodian may disclose County Information only as necessary to carry out its obligations under this Contract, or as required by law, and is prohibited from using County Information for any other purpose without the prior express written approval of the County's Contract Administrator in consultation with the County's Chief Information Security Officer and/or Chief Privacy Officer. If required by a court of competent jurisdiction or an administrative body to disclose County Information, the Custodian shall notify the County's Contract Administrator immediately and prior to any such disclosure, to provide the County an opportunity to oppose or otherwise respond to such disclosure, unless prohibited by law from doing so.
- c. **Disclosure Restrictions of Non-Public Information.** While performing work under the Contract, the Custodian may encounter County Non-public Information ("NPI") in the course of performing this Contract, including, but not limited to, licensed technology, drawings, schematics, manuals, sealed court records, and other materials described and/or identified as "Internal Use," "Confidential," or "Restricted" as defined in Board of Supervisors Policy 6.104 – Information Classification Policy as NPI. The Custodian shall not disclose or publish any County NPI and material received or used in performance of this Contract. This obligation is perpetual.
- d. **Individual Requests.** The Custodian shall acknowledge any request or instructions from the County regarding the exercise of any individual's privacy rights provided under applicable federal or state laws. The Custodian shall have in place appropriate policies and procedures to promptly respond to such requests and comply with any request or instructions from the County within seven calendar days. If an individual makes a request directly to the Custodian involving County Information, the Custodian shall notify the County within five calendar days and the County will coordinate an appropriate response, which may include instructing the Custodian to assist in fulfilling the request. Similarly, if the Custodian receives a privacy or security complaint from an individual regarding County Information, the Custodian shall notify the County as described in Section 14 SECURITY AND PRIVACY INCIDENTS, and the County will coordinate an appropriate response.
- e. **Retention of County Information.** The Custodian shall not retain any County Information for any period longer than necessary for the Custodian to fulfill its obligations under the Contract and to comply with law and regulatory requirements applicable to the Custodian, whichever is longest.



## 7. USE OF DATA

- a. **Development of Indicators:** Notwithstanding anything herein or in the Contract to the contrary, the Custodian and its Affiliates may use Data to develop, publish or otherwise distribute to third parties certain investor behavior “indicators” or “indices” that represent broad trends in the flow of investment funds into various markets, sectors or investment instruments (collectively, the “Indicators”), but only so long as (i) the Data is combined or aggregated with (A) information relating to other.
- b. Customers of the Custodian and/or (B) information derived from other sources, in each case such that the Indicators do not allow for attribution to or identification of such Data with the County, (ii) the Data represents less than a statistically meaningful portion of all of the data used to create the Indicators and (iii) the Custodian publishes or otherwise distributes to third parties only the Indicators and under no circumstance publishes, makes available, distributes or otherwise discloses any of the Data to any third party, whether aggregated, anonymized or otherwise, except as expressly permitted under this Contract.
- c. **Economic Benefit:** The County acknowledges that the Custodian may seek and realize economic benefit from the publication or distribution of the Indicators.
- d. **All Other Use of Data:** Any other use or disclosure of data received requires the express approval in writing from the County. No work shall duplicate, disseminate or disclose any data except as allowed in the Contract, including this Exhibit I.

## 8. SUBCONTRACTORS AND THIRD PARTIES

The Custodian will use commercially reasonable efforts to cause any delegates and other third parties to whom the Custodian provides County Information to implement and maintain security measures that are at least as protective as those described in this Security Schedule. For delegates or other third parties who collect, transmit, share, store, control, process or manage County Information. The Custodian is responsible for assessing their control environments. Notwithstanding the foregoing, the Custodian shall be responsible for any such delegate’s or other third party’s protection of County Information, which if done by the Custodian, would be a breach of its commitment under this Security Schedule.

## 9. STORAGE AND TRANSMISSION OF COUNTY INFORMATION

All County Information shall be rendered unusable, unreadable, or indecipherable to unauthorized individuals. Without limiting the generality of the foregoing, the Custodian will encrypt all workstations, portable devices (such as mobile, wearables, tablets,) and removable media (such as portable or removable hard disks, floppy disks, USB memory drives, CDs, DVDs, magnetic tape, and all other removable storage media) that store County Information. The Custodian will encrypt County Information transmitted on networks outside of the Custodian’s control with Transport Layer Security (TLS) or Internet Protocol Security (IPSec), at a minimum cipher strength of 128 bit or an equivalent secure transmission protocol or method approved by County’s Chief Information Security Officer.

All mobile devices storing County Information shall be managed by a Mobile Device

Management system. Such system must provide provisions to enforce a password/passcode on enrolled mobile devices.

The Custodian must maintain a Vulnerability management and patch management program that applies to devices that store or process County Information.

## **10. DESTRUCTION OF COUNTY INFORMATION**

Custodian(s) and Vendor(s) that have maintained, processed, or stored the County Data and/or Information, implied or expressed, have the sole responsibility to certify that the Data and Information have been appropriately destroyed [consistent with the NIST Special Publication SP 800-88 titled Guidelines for Media Sanitization. Available at:

<http://csrc.nist.gov/publications/PubsDrafts.html#SP-800-88 Rev.%201>

The Data and/or Information may be stored on purchased, leased, or rented electronic storage equipment (e.g., printers, hard drives) and electronic devices (e.g., servers, workstations) that are geographically located within the County, or external to the County's boundaries. The County must receive within ten Business Days, a signed document from Custodian(s) and Vendor(s) that certifies and validates the Data and Information were placed in one or more of the following stored states: unusable, unreadable, and indecipherable.

Custodian must certify that any County Information stored on purchased, leased, or rented electronic storage equipment and electronic devices, including, but not limited to printers, hard drives, servers, and/or workstations are destroyed consistent with the current NIST Special Publication SP-800-88, Guidelines for Media Sanitization. Custodian must provide County with written certification, within 60 Calendar Days after the end of the engagement that validates that any and all County Data was destroyed and is unusable, unreadable, and/or undecipherable.

## **11. PHYSICAL AND ENVIRONMENTAL SECURITY**

All Custodian facilities that process County Information will be located in secure areas and protected by perimeter security such as barrier access controls (e.g., the use of guards and entry badges) that are designed to provide a physically secure environment from unauthorized access, damage, and interference.

All Custodian facilities that process County Information will be maintained with physical and environmental controls (temperature and humidity) that meet or exceed hardware manufacturer's specifications.

## **12. OPERATIONAL MANAGEMENT, BUSINESS CONTINUITY, AND DISASTER RECOVERY**

The Custodian shall: (i) monitor and manage all of its Information processing facilities, including, without limitation, implementing operational procedures, change management, and Incident response procedures consistent with Section 14 SECURITY AND PRIVACY INCIDENTS; and (ii) deploy adequate anti-malware software and adequate back-up systems

to ensure essential business Information can be promptly recovered in the event of a disaster or media failure; and (iii) ensure its operating procedures are adequately documented and designed to protect Information and computer media from theft and unauthorized access.

The Custodian must have business continuity and disaster recovery plans. These plans must include a geographically separate back-up data center and a formal framework by which an unplanned event will be managed to minimize the loss of County Information and services. The formal framework includes a defined back-up policy and associated procedures, including documented policies and procedures designed to: (i) perform back-up of data to a remote back-up data center in a scheduled and timely manner; (ii) provide effective controls to safeguard backed-up data; (iii) securely transfer County Information to and from back-up location; (iv) fully restore applications and operating systems; and (v) demonstrate periodic testing of restoration from back-up location. If the Custodian makes back-ups to removable media (as described in Section 9 STORAGE AND TRANSMISSION OF COUNTY INFORMATION), all such back-ups shall be encrypted in compliance with the encryption requirements noted above in Section 9 STORAGE AND TRANSMISSION OF COUNTY INFORMATION.

### **13. ACCESS CONTROL**

Subject to and without limiting the requirements under Section 9 STORAGE AND TRANSMISSION OF COUNTY INFORMATION, County Information if transferred using removable media (as described in Section 9 STORAGE AND TRANSMISSION OF COUNTY INFORMATION), must be sent via a bonded courier and protected using encryption technology designated by the Custodian and approved by the County's Chief Information Security Officer in writing, which approval will not be unreasonably withheld, conditioned or delayed. [The foregoing requirements shall apply to back-up media stored by the Custodian at off-site facilities.]

The Custodian shall implement formal procedures designed to control access to County Information, including, but not limited to, user account management procedures and the following controls:

- a. Network access to both internal and external networked services shall be controlled, including, but not limited to, the use of industry standard and properly configured firewalls;
- b. Operating systems will be used to enforce access controls to computer resources including, but not limited to, multi-factor authentication, use of virtual private networks (VPN), authorization, and event logging;
- c. The Custodian will conduct regular, no less often than annually, user access reviews to confirm that unnecessary and/or unused access to County Information is removed in a timely manner;
- d. Applications will include access control to limit user access to County Information and application system functions; and
- e. All systems will be monitored to detect suspicious activity. The Custodian shall record, review and act upon all events in accordance with Incident response policies set forth in

Section 14 SECURITY AND PRIVACY INCIDENTS.

**14. SECURITY AND PRIVACY INCIDENTS**

In the event of a Security or Privacy Incident, the Custodian shall:

- a. Promptly notify the County's Chief Information Security Officer, the Departmental Information Security Officer, and the County's Chief Privacy Officer of any Incidents involving County Information, within 24 hours of confirmation by the Custodian's Contract Administrator or Custodian's Contract Manager, or their designated alternatives, of the Incident. Such confirmation will not be unreasonably delayed by the Custodian. Custodian will provide all notifications telephonically to the individuals listed on Exhibit D, County's Administration.
- b. Include the following Information in all notices:
  - i. The date and time of discovery of the Incident,
  - ii. The approximate date and time of the Incident,
  - iii. A description of the type of County Information involved in the reported Incident,
  - iv. A summary of the relevant facts, including a description of measures being taken to respond to and remediate the Incident, and any planned corrective actions as they are identified, and
  - v. The name and contact information for the organizations official representative(s), with relevant business and technical information relating to the Incident.
- c. Cooperate with the County to investigate the Incident and seek to identify the specific County Information involved in the Incident upon the County's written request, without charge, unless the Incident was caused by the acts or omissions of the County. As Information about the Incident is collected or otherwise becomes available to the Custodian, and unless prohibited by law, the Custodian shall provide Information regarding the nature and consequences of the Incident that are reasonably requested by the County to allow the County to notify affected individuals, government agencies, and/or credit bureaus.
- d. Immediately initiate the appropriate portions of their Business Continuity and/or Disaster Recovery plans in the event of an Incident causing an interference with Information Technology operations.
- e. Assist and cooperate with, the County, law firms, and/or law enforcement agencies at the direction of the County to help determine the nature, extent, and source of any Incident, and reasonably assist and cooperate with the County on any additional disclosures that the County is required to make as a result of the Incident.

Notwithstanding any other provisions in this Exhibit and subject to the limitations of liability set forth in the Contract, the Custodian shall be (i) liable for damages and fines, (ii) responsible for corrective action, and (iii) responsible for notifications arising from an Incident involving County Information; in each case to the extent directly caused by the Custodian's negligent acts or omissions, failure to exercise the Standard of Care (as defined in the Contract), breach

of applicable law, bad faith, fraud or willful misconduct in connection with the performance of its obligations or failure to perform its duties under the Contract, including the obligations and duties contained in this Exhibit I.

#### **15. NON-EXCLUSIVE EQUITABLE REMEDY**

The Custodian acknowledges and agrees that due to the unique nature of County Information there can be no adequate remedy at law for any material breach of its obligations hereunder, that any such material breach may result in irreparable harm to the County, and therefore, that upon any such breach, the County will be entitled to appropriate equitable remedies, and may seek injunctive relief from a court of competent jurisdiction without the necessity of proving actual loss, in addition to whatever remedies are available within law or equity.

#### **16. AUDIT AND INSPECTION**

- a. **Self-Audits.** The Custodian shall periodically conduct audits, assessments, testing of the system of controls, and testing of Information Security and privacy procedures, including penetration testing, intrusion detection, and firewall configuration reviews. These periodic audits will be conducted at Custodian's sole cost.
- b. The Custodian shall have a process for correcting control deficiencies that have been identified in the periodic audit, including follow-up documentation providing evidence of such corrections.
- c. For the avoidance of doubt, notwithstanding any other provisions in the Contract or this Exhibit, the Custodian will not be required to disclose information that it reasonably determines would compromise the security of its technology or premises or that would impact other clients.
- d. Custodian shall provide to Client, upon client's request, a copy of its SOC2 report for cybersecurity and a copy of its latest Standard Information Gathering (SIG) document. Custodian also agrees to meet with Client on an annual basis to discuss its cybersecurity program.