



Request for Proposals

For

**California Earthquake Authority
(CEA)**

Investment-Management Compliance Software

RFP #08-10

December 2010

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I. Purpose

To acquire a best-practices Investment-Management Compliance software solution.

II. Summary of Key Dates—RFP #08-10

The following schedule is subject to modification by the California Earthquake Authority (CEA). Questions must be submitted in the manner described in Section IV.

1. Date of issue	December 24, 2010
2. Deadline for submitting questions	January 14, 2011
3. Final date for the CEA to post answers to questions and addenda	January 21, 2011
4. Final proposal submission date	January 28, 2011
5. Proposal evaluation	January 28 – February 11, 2011
6. Finalists' demonstrations in Sacramento, California	February 14-18, 2011
7. Award of opportunity to negotiate contract	February 25, 2011
8. Commencement date	TBD

III. California Earthquake Authority Background

Following the unprecedented losses from the 1994 Northridge Earthquake, many California insurers either stopped or severely restricted selling new homeowners insurance policies. This was largely due to state law that required insurers to offer earthquake insurance when selling residential property insurance. A California Department of Insurance study released in May 1995 found that insurers representing 93 percent of the voluntary insurance market were either restricting or refusing to sell new policies.

In 1995, the California Legislature approved legislation to create the California Earthquake Authority (CEA). In 1996, the Legislature passed three additional bills that permitted the CEA to become operational when certain conditions were met. These bills were codified in California Insurance Code, sections 10089.5 through 10089.54 and will be referred to as the CEA Act. In November 1996, the Insurance Commissioner certified the conditions had been met. The CEA began writing earthquake policies effective December 1, 1996.

The CEA is administered by a Governing Board composed of five elected public officials. California's Governor, Treasurer, and Insurance Commissioner serve as voting members, while the Speaker of the Assembly and the President Pro-Tempore of the Senate serve as non-voting members. The Governing Board is advised by an 11-member Advisory Panel.

The CEA is currently financed with approximately \$3.6 billion in CEA capital, \$311 million in revenue bond proceeds, \$3.1 billion in third-party reinsurance, and \$2.6 billion in participating insurer assessments. Operating under a uniform written contract, participating insurers sell and service CEA policies and adjust CEA claims. By law, the State of California has no liability for claims, costs, or liabilities arising from CEA operations.

The CEA's business is residential earthquake insurance and the provision of earthquake-loss-mitigation services and related educational outreach. The CEA offers basic residential earthquake insurance to owners of dwellings, mobile homes, and condominiums as well as to renters. Policies cover damage to structure and contents and expenses incurred when a home is uninhabitable. CEA rates are actuarially sound, based on the best available science, and approved by the Insurance Commissioner.

Pursuant to California Insurance Code section 10089.6, subdivision (b), paragraph (1), the CEA is authorized to invest its assets through the purchase, retention, or sale of any investment or financial instrument among those securities eligible under Section 16430 of the California Government Code (see Exhibit 3 for a copy of Section 16430). The CEA has procured outside investment managers using competitive bidding processes to invest its monies since its inception on December 1, 1996. Currently, the CEA has contracted with four outside investment managers; these companies invest the CEA's \$4.1 billion portfolio on its behalf. CEA is in the process of selecting additional investment managers and may ultimately contract with ten to twelve investment managers in total.

Investment manager contracts set forth the investment policies to follow, the upper dollar limit each is to manage, and the services and reports each is to provide to the CEA. The contracts incorporate the above statutes and the restrictions outlined in California Government Code Section 16430 (Exhibit 3). All CEA funds are invested using outside investment managers; the CEA does not invest funds using its own staff.

The CEA first adopted Investment Policies and Guidelines on October 7, 1996, and has revised them five times. The last revision was adopted by the Governing Board on August 1, 2002. The CEA is again revising these and plans to have the revisions ready for Board consideration in 2011.

The CEA's investment approach is conservative. Preserving principal and maintaining adequate liquidity are uppermost considerations for the CEA, as an insurance provider. Compliance with CEA investment guidelines is paramount to the risk management of the CEA's portfolios. CEA staff, management, and investment managers work together to ensure that all trades are in compliance with these policies.

The Investment Policies divide the CEA's assets into a number of funds (e.g., the Liquidity Fund and Primary Reserve Fund), specify the goals for each fund, and specify the guidelines (e.g., maximum maturities, maximum concentrations, and minimum credit ratings) for holdings in each. The Investment Policies state how assets in each Fund are used for CEA's business purposes (e.g., the "Liquidity Fund" is used to pay operating expenses and initial earthquake-insurance claims) and what each Fund can invest in. The Policies specify each Fund's permitted holdings, as well as diversification, liquidity, and rate-of-return requirements. The CEA only invests in U.S. Treasuries, Federal Agency securities, bankers acceptances—domestic/foreign, certificates of deposit, commercial paper, and corporate bonds; not every Fund can hold all of these things. The Policies further limit holdings by assigning concentration limits, maturity limits, par-value limits for the total portfolio and for individual names, and credit-quality requirements.

The CEA's investment managers invest funds held at a custodial bank, currently State Street Bank, and must comply with the Investment Policies.

See Services to be Provided, Section VII, for detailed services.

IV. Submitting Questions

Questions are to be submitted by email only, and each proposer is solely responsible for following the timeframes in Section II. Submit all questions to:

rfp08-10@calquake.com

The CEA will respond to questions as they are received; any questions submitted after the deadline in Section II will not be answered. Answers will be posted on the CEA's Web site www.EarthquakeAuthority.com, on the *InvestmentManagement Compliance Software RFP* page.

V. Proposer's Responsibilities Regarding Addenda

The CEA reserves the right in its sole discretion to modify any part of this RFP by issuing a written addendum.

- All addenda issued by the CEA will be posted to www.EarthquakeAuthority.com on the *Investment-Management Compliance Software RFP* page.

Each proposer understands, agrees to, and accepts an affirmative responsibility to inquire regarding, and seek clarification of, any part or provision of this RFP that the proposer does not understand or believes is reasonably susceptible to multiple interpretations. If a proposer claims any ambiguity, conflict, discrepancy, omission, or other error in the RFP, the proposer must immediately notify the CEA's RFP contact person and request clarification. In its sole discretion, the CEA may issue clarifications in the form of written addenda to this RFP and will post the written addenda to www.EarthquakeAuthority.com on the *Investment-Management Compliance Software RFP* page.

The CEA in its sole discretion may disregard any and all claims of ambiguity, conflict, discrepancy, omission, or other error received by the CEA after the final submission date for proposals.

No proposer shall be entitled to additional time to meet any deadline by reason of corrections or clarifications made by the CEA after the final submission date for proposals.

The provisions of any addendum formally issued by the CEA are automatically incorporated into this RFP, and in addition and as appropriate, may be made a part of or otherwise reflected in any contract awarded as a result of this RFP.

Because proposals must incorporate all addenda posted one week or more before the final proposal submission date, each proposer is required to acknowledge, as part of the proposer's cover letter (see page 9, section X, subsection 1.g.), that proposer has reviewed the addenda posted one week or more before the final proposal submission date.

VI. Submitting a Proposal

- Submit the original and four copies of the proposal in a sealed envelope or package.
- The original proposal must bear an original signature of the person who signed the cover letter and be marked "Original."
- The proposer's name and address must appear on the outside of the sealed proposal package.
- The proposal must be signed by a person authorized to bind the firm.
- All proposals must be sent or delivered to:

**California Earthquake Authority
801 K Street, Suite 1000
Sacramento, California 95814**

CONFIDENTIAL Response to Request for Proposal #08-10

- Proposals must be physically received by the CEA no later than 4 p.m. Pacific Time on January 28, 2011.
- Unless expressly and specifically requested by the CEA, proposals are not to be submitted, in whole or in part, by fax or by electronic or magnetic media.

Should a proposal contain information the proposer considers confidential or proprietary, a statement to that effect must be included in the cover letter, and each and every page containing confidential or proprietary information must be so marked in the upper right-hand corner. The CEA will use reasonable efforts to keep such pages from public disclosure, except to the extent provided in any resulting contract or the extent required by law. The CEA makes no representations or warranties that its efforts will be successful. Proposers are reminded that many of the CEA's records are subject to public disclosure under the California Public Records Act.

No proposal can be considered confidential or proprietary in its entirety.

If, before the proposal-submission deadline, a proposer wishes to make any change or augment a proposal it has already submitted to the CEA, the only method of correction or modification is to notify the CEA proposer is withdrawing its proposal and then submit the modified proposal before the proposal-submission deadline. Modification offered in any other manner, or after the proposal-submission deadline, will not be considered.

All proposals become the property of the CEA upon submission.

All costs incurred by proposer prior to executing a contract, including, but not limited to, proposal development, interview attendance, and software demonstrations, are the sole responsibility of the proposer and cannot be charged to the CEA.

Please review all addenda posted on the CEA's Web site before submitting proposals.

Record your company name and the RFP number on each page of the proposal.

VII. Services to be Provided

Introduction

The CEA maintains approximately \$4.1 billion in cash and custody accounts at its custodial bank. The CEA's Investment Policies and Guidelines are designed to provide safety, liquidity, and appropriate levels of return while ensuring that funds are available for ordinary operations and extraordinary events.

The CEA Act authorizes the CEA to contract for the services of private money managers to invest CEA monies, which CEA has done since 1996. The CEA Act also restricts the population of eligible investments to those securities eligible under Section 16430 of the California Government Code (Exhibit 3).

The CEA is soliciting proposals for Investment-Management Compliance software.

Term

The contract will have a three-year term with an option for the CEA to extend the contract term.

Scope of Work

At a minimum, the software must perform the following functions:

A. Investment guidelines and restrictions

1. Evaluate the CEA's investment portfolio through an intraday sweep as well as at the close of each business day to determine whether each trade made during the day and the portfolio holdings at the end of the day comply with the CEA's Investment Policies. Investment policy guidelines include maximum maturities, maximum concentrations, minimum credit ratings, and par-value limits for the total portfolio and for individual names.
 - a. Send real-time notification to select CEA personnel including detail identifying the trade or security not in compliance with the investment policies, the policy section violated, and the investment manager involved.
 - b. Generate a daily report that specifies whether the day's trades and the investment portfolio holdings complied with the CEA's Investment Policies that day. For any non-compliant item, provide agreed upon details.
 - c. Generate a month-end report that lists the CEA's portfolio investments with each investment manager, whether the investments comply with the CEA's Investment Policies, a list of each investment manager's non-compliant trades, and a description of the nature and resolution of the non-compliant trades.

B. Risk management

1. Monitor the CEA's investment portfolio through an intraday sweep as well as at the close of each business day to assess the CEA's position with regards to risk parameters as set by CEA. Notification should be sent to select CEA personnel as CEA's portfolio approaches defined risk parameters.
 - a. Monitor daily the CEA's investment portfolio holdings for assigned rating downgrades and notify select CEA personnel daily if there is an assigned rating downgrade of any investment portfolio holding.
 - b. Generate a month-end report disclosing CEA's total portfolio as well as each investment manager's exposure to counterparty risk, exposure to volatile markets, weighted average maturity, weighted average credit rating, and leverage.
 - c. Generate a month-end report summarizing the portfolio's concentrations in different market capitalizations, issuers, asset types, and currencies.
 - d. Generate a month-end report describing the nature and resolution of instances where investment managers were outside the defined risk parameters.
2. The software must compare portfolio performance to user-defined criteria and alert users when conditions require, as required by the CEA.
3. The software must retrieve market data from independent sources and compare the portfolio performance to published indices, a custom weighted index, or a benchmark portfolio.
4. The software must project cash flows over a user-defined period, test solvency under different interest rate scenarios, and report the results of cash flow projections.
5. The software must perform interest rate shock analysis and report maturities, coupon payments, interest on assets, accrued interest, average market yield, average book yield, market value, and book value for the portfolio under user-defined interest rate scenarios.

C. Stress tests

1. The software must run a stress test of the liquidity of the CEA portfolio in various scenarios to assess the CEA's ability to respond to insurance claim demands.

Training and Support

1. Work with CEA personnel to set-up the software.
2. Train CEA personnel to use the software.
3. Provide technical support during normal business hours and at any time in the event of an emergency.
4. Modify software to reflect regulator changes or as required by the CEA.

VIII. Minimum Qualifications

Proposer must provide at least one key professional member of the firm assigned to the CEA account on a long-term basis with experience supporting investment-management compliance software. The CEA's contract prohibits a proposer from replacing key personnel without prior written permission.

The firm must have been in business selling investment-management compliance software for the past two consecutive years or longer.

Proposer must affirmatively attest to each of the minimum qualifications in Proposer's cover letter. Failure to satisfy all Minimum Qualifications, in the CEA's sole judgment, will result in rejection of the proposal.

IX. Billing/Invoicing

Proposal must include a clear and complete fee and expense structure. The CEA will compensate reasonable fees and reasonable expenses in arrears, as agreed in a negotiated contract. If CEA is asked to approve a minimum periodic fee, proposal must include a clear and complete periodic fee structure.

X. Submission Instructions

The proposal and cover letter should be no more than 25 pages. Attachments should be limited to pertinent information and can include examples of reports, notifications, screenshots, and other information relevant to the proposal. Clarity and conciseness are essential and will be considered when evaluating proposals. All proposals must include the following:

1. Cover Letter

The cover letter must be signed by a person authorized to bind the proposer contractually. The CEA will reject any proposal that contains an unsigned cover letter. The cover letter must also contain all of the following:

- a. The proposing firm's name, address, telephone and fax numbers, and Web site address.
- b. The name, title or position, telephone number, and email address of the person signing the cover letter and any other persons authorized to make representations for the proposer regarding the RFP.
- c. A statement that the signature constitutes unrestricted authority to bind the proposer contractually.
- d. A statement that the firm is willing to be bound by the contract provisions outlined in Exhibit 1.
- e. A statement that the proposal is valid for at least 90 days after the submission date.
- f. A statement affirming that the proposer satisfies each of the Minimum Qualifications.
- g. A statement that the proposer has reviewed all addenda posted through the final addenda posting date shown on the "Summary of Key Dates."

2. Firm Background and History

- a. Location of firm headquarters.
- b. Number of years the firm has been in existence in the same or substantially the same form and under the same trade name.
- c. Total number of offices and employees.
- d. Description of the firm's ownership and ownership structure.
- e. Identify any affiliated or subsidiary organization(s).
- f. Identify pending changes in the firm's organizational structure.
- g. Describe the types of services the firm provides (including, but not limited to, the services described in this RFP) and reasonable details of the fee arrangements that typically apply.
- h. Describe the firm's experience providing investment-management compliance software and support services to both governmental and non-governmental clients.

- i. Disclose litigation or other legal proceedings in the past three years that your firm, or any officer or principal of your firm, has been involved in related to your firm's business activities. Explain the nature of each such litigation or legal proceeding, even if the matter has been resolved.
- j. Disclose and detail any conflict of interest, or apparent or potential conflict of interest that would be created by your firm's contracting with the CEA. Propose how to address or resolve these conflicts of interest

3. **Work Plan**

Submit a work plan describing how you would perform the proposed contract. Be specific and avoid generalizing.

The work plan should address, without limitation, the following components, and should be organized so that it is clear, comprehensive, and concise.

Investment-Management Compliance Services

- a. Identify the person who will serve as the primary contact for the contract.
- b. Describe your firm's understanding of the work to be performed under this RFP.
- c. Describe how the software satisfies the CEA's investment-management compliance requirements.
- d. Describe your firm's method for importing data. Include data sources, formats, and transmittal environments.
- e. Describe your firm's data security policy.
- f. Describe your firm's technical reporting capabilities. Include proposed reporting options and formats. Provide examples of "canned" (i.e., standard) reports that satisfy the CEA's requirements and discuss ad-hoc reporting capabilities.
- g. Describe your firm's policy and process for reporting and resolving bugs. Include relevant Service Level Agreements (SLAs) and a description of how bugs are prioritized. Provide schedules that illustrate the time required to resolve issues.
- h. If your solution contemplates customer enhancement requests, describe your firm's policy and process for customer enhancement requests. Provide schedules that illustrate the time required to develop and implement an enhancement.
- i. Describe your firm's archiving and backup methods. Include retention schedules and storage sites.
- j. Describe your firm's policy and process regarding system patches. Include additional customer cost, if applicable.
- k. Describe your firm's policy and procedures regarding system upgrades. Include schedules and additional customer costs where applicable.
- l. Describe your firm's customer help desk environment. Include customer availability where applicable.
- m. Clearly identify any RFP requirements which the proposer believes are unnecessary.
- n. Propose any alternative approaches that conform to this RFP's intent that would lead to a better result, but which may not satisfy specific RFP requirements.
- o. Identify any "value-added" services your firm would provide to the CEA.
- p. Describe your firm's policy for ensuring the confidentiality of its clients' matters.
- q. Define "client service" as it relates to your firm and describe mechanisms that are in place to solicit and respond to client feedback.
- r. List the professionals who will be assigned to the CEA account and their responsibilities. For each member of the team assigned to the CEA account, provide a brief résumé that outlines the person's education and relevant experience; include relevant certifications or credentials, and the length of time each has been held.

- s. If the firm intends to use subcontractors to deliver any of the services outlined in Section VII (Services to be Provided), provide the information in p., q., and r. detailed above regarding these subcontractors.
- t. Using the references format in Exhibit 2, provide three references for which your firm has done investment-management compliance work.
- u. Describe software access controls.

4. Pricing

Price each section of the proposed work plan separately.

The CEA will use the following information to analyze the reasonableness of the fees. Information is intended for internal CEA use, but certain CEA records are subject to public disclosure under the California Public Records Act and the Bagley-Keene Open Meetings Act. The CEA makes no representations or warranties that its efforts to keep records confidential will be successful.

- a. Itemize annual costs for investment-management compliance software separately, including, but not limited to, the following categories:
 - i. Software modules
 - ii. Setup fees (including installation and testing)
 - iii. Training costs
 - iv. Maintenance and support fees
 - v. Discounts
- b. Itemize consultant and subcontractor costs.
- c. Itemize maximum costs for travel, lodging, and meals.
- d. State any additional costs not previously covered in this section or state that there are no additional costs.
- e. Total costs.

5. Equal Employment Opportunity (EEO)

Describe the firm's policies and programs that ensure compliance with state and federal Equal Employment Opportunity requirements.

6. Required Attachments

- a. Proposed fees labeled as "Required Attachment A"
- b. Drug-Free Workplace Certification labeled as "Required Attachment B"
(See Exhibit 4)
- c. References labeled as "Required Attachment C" (see Exhibit 2)
- d. Sample compliance reports and daily notifications labeled "Required Attachment D"

Additional Information

The CEA will not be bound by any oral interpretation of this RFP by any of its representatives or employees, unless those oral interpretations are subsequently issued as a written addendum to this RFP.

Each proposer must make those arrangements necessary to become fully informed in advance of commencing work regarding all conditions and matters that, during the contract term, could affect the performance of contracted work. Any failure to fully investigate the scope of work or the foregoing conditions will not relieve the proposer from responsibilities for properly estimating the difficulty or cost to successfully perform the work.

The CEA may request additional clarifying information from any proposer.

XI. Proposal-Evaluation Criteria

The purpose of the proposal-evaluation process is to 1) determine whether the proposals satisfied the qualifications and content requirements; and 2) identify the proposers most likely to satisfactorily perform the services described. The evaluation process will be conducted in a comprehensive and impartial manner.

Each proposal package will be date-and time-stamped when received. Proposals received after the submission date and time will be returned unopened. Each timely proposal will be reviewed to determine whether it satisfies the minimum qualifications specified in Section VIII. Proposals that meet the minimum qualifications will be evaluated and scored. The highest possible score is 500 points.

Finalist Demonstrations and Interviews

The CEA may invite finalists to demonstrate the software and participate in an interview at its office in Sacramento, California. All costs and expenses associated with preparing and submitting this RFP, along with all travel costs related to the demonstration, interview and contract-negotiation processes are the sole responsibility of the proposer.

Proposal Evaluation

Criteria and maximum score for the proposal are noted below:

CRITERION	MAXIMUM POINTS
Work Plan	200
Qualifications, Firm Background and History	100
Fee	100
Demonstration & Interview	75
References	25
♦ TOTAL SCORE POSSIBLE	500

XII. Award of Opportunity to Contract

If, at any time during or at the conclusion of the RFP process, the CEA determines that the results or prospects of this RFP process are unsatisfactory, the CEA reserves the right to discontinue this process and decline to award an opportunity to contract. The final award of the opportunity to contract will be determined by the CEA's management.

The opportunity to contract will be awarded to the most qualified proposer, after price and other factors have been considered, provided that accepting the proposal is reasonable and in the best interests of the CEA. The CEA reserves the right to reject any or all proposals and to waive any irregularities in the proposals received.

XIII. Commencement Date

To be determined

The contract will include, but will not be limited to, the following provisions:

Term of Contract

The contract will have a three-year term with an option for the CEA to extend the contract term for additional periods. The CEA reserves the right to terminate the contract without cause, subject to 30 days written notice to the Contractor.

Conflicts of Interest

Contractor agrees to provide reasonable assurances to the CEA that no conflict of interest exists on the Contractor's part that would influence its advice, recommendations, or performance to or on behalf of the CEA.

Fair Political Practices Laws

Contractor must not directly or indirectly receive any personal benefit from information obtained from the CEA, or received or provided on behalf of CEA. Contractor must disclose to CEA any personal investment or economic interest that may be enhanced or made more valuable by any recommendation made to or activity undertaken on behalf of the CEA. Contractor acknowledges that the CEA is subject to the provisions of the Fair Political Practices laws of California (Government Code Section 81000, et seq., and the regulations adopted under that law), and Contractor must comply with the requirements of that law and those regulations. If requested by CEA, designated Contractor personnel will file with CEA a Statement of Economic Interests in compliance with CEA's Conflict of Interest Code (California Code of Regulations, Title 5, Part III, Chapter 1, Section 22000, et seq.).

Confidentiality

The Contractor, in the course of its duties, will handle financial and statistical information pertaining to the CEA. All such information is confidential, and, unless permitted by the CEA in writing, the Contractor must not disclose such information, directly or indirectly, or use it in any way, either during or after the term of the contract, except as required to perform its duties under the contract. Any disclosure of information contrary to the agreement's confidentiality provision will be a material breach of contract.

Substitutions

Contractor shall not cause the key personnel assigned to the CEA account as identified in the Contractor's proposal to be substituted without the prior written approval of the CEA.

Drug Free Workplace Certification

By signing the contract, the Contractor certifies under penalty of perjury under the laws of the State of California that the Contractor will comply with the requirements of the Drug-Free Workplace Act of 1990 (Government Code Section 8350 et seq.) and will provide a drug-free workplace. Contractor will execute and return the certification in Exhibit 4 with the signed Agreement.

Nondiscrimination Clause

During the performance of the contract, the Contractor and its subcontractors shall not unlawfully discriminate, harass or allow harassment, against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, disability (including HIV and AIDS), medical condition (cancer), age, marital status, denial of family and medical care leave, and denial of pregnancy disability leave. Contractors and subcontractors shall insure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. Contractors and subcontractors shall comply with the provision of the Fair Employment and Housing Act (Government

Code, Section 12900 et seq.) and the applicable regulations promulgated hereunder. The Contractor shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under the contract.

Americans with Disabilities Act (ADA)

By signing the contract, the Contractor assures the State that it complies with the ADA of 1990, (42 U.S.C. 12101 et seq.), which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA.

Amendment

Unless otherwise specifically stated in the contract, no amendment to the contract shall be valid unless made in writing, signed by both parties and executed by the CEA's Chief Executive Officer.

Additional Documents

The Contractor and the CEA shall agree to execute such additional documents as may be reasonable and necessary to carry out the provisions of the contract.

Subcontracts

The Contractor shall perform the work as defined in the "Services to be Provided" section of this Request For Proposal and no work pertinent to the contract shall be subcontracted unless identified in the Contractor's proposal and/or approved in advance by the CEA in writing.

Severability

Should any provision(s) of the contract be declared or found to be illegal, unenforceable, ineffective, or void, then each party shall be relieved of any obligations arising in such provision(s); the balance of the contract, if capable of performance, shall remain in full force and effect.

Force Majeure

Neither party shall be liable to the other for any delay in or failure of performance, nor shall any such delay in or failure of performance constitute default, if such delay or failure is caused by "Force Majeure." As used in this section, "Force Majeure" is defined as follows: Acts of war and acts of God such as earthquakes, floods, and other natural disasters such that performance is impossible.

Inspection of Records

The Contractor agrees that the CEA or its delegate has the right to review, obtain, and copy all records pertaining to the performance of the contract. Contractor agrees to provide the CEA with any relevant information requested and shall permit the CEA access to its premises, upon reasonable notice during normal business hours, for the purpose of interviewing employees, inspecting, and copying records—at the expense of the CEA—the Contractor's books, records, accounts, and other material pertaining to the performance of the contract. The Contractor further agrees to maintain such records for a period of three years after final payment under the contract.

Examination and Audit

The Contractor shall be subject to the examination and audit by the CEA for a period of three years after final payment under the contract. The examination and audit shall be confined to those matters connected with the performance of the contract including, but not limited to, the costs of administering the contract.

Discrepancies

If conflicts exist between the contract and the other elements of the Request for Proposal, the contract prevails. If conflict exists within the contract itself, the Terms and Conditions govern, followed by Scope of Services. If conflict exists between the contract and applicable Federal or State law, rule, regulation, order

or code, the law, rule, regulation, order or code shall control. Varying levels of control between the General conditions, Specific Conditions, drawings and documents, laws, rules, regulations, orders, or codes are not deemed conflicts, and the most stringent requirements shall control.

Termination

The CEA reserves the right to terminate this agreement, without cause, subject to 30 days written notice to the Contractor. Contractor may submit a written request to terminate this agreement only if the CEA should substantially fail to perform its responsibilities as provided herein.

This agreement can be immediately terminated for cause. The term “for cause” shall mean that the Contractor fails to meet any term, condition, and/or responsibilities of the contract. In this instance, the contract termination will be effective as of the date indicated on the CEA’s notification to the Contractor.

Ownership of Statistical Information and Data Collected

The CEA retains ownership of all statistical information and data gathered as a result of the performance of services by the Contractor. At any point in the term of the contract and at the end of the contract, the CEA can ask for and the Contractor must provide all the data it has collected and retained during the course of the contract.

The foregoing list of contract specifications is not exhaustive; it is provided as a brief guideline. The CEA reserves the right to make or substitute any additional terms, conditions, and exhibits, provided, however, that the Proposer will have reviewed such changes.

The proposer must provide at least three references the CEA may contact that have been clients of the proposer within the past three years, including the name, address, and telephone number of the client, the name and title of the contact person, and a general description of the services provided to each client.

Name of Firm _____

Address _____

Contact Person _____

Phone Number () _____

Brief Description of Project

Date and Dollar Value of Project _____

Name of Firm _____

Address _____

Contact Person _____

Phone Number () _____

Brief Description of Project

Date and Dollar Value of Project _____

Name of Firm _____

Address _____

Contact Person _____

Phone Number () _____

Brief Description of Project

Date and Dollar Value of Project _____

16430. Eligible securities for the investment of surplus moneys shall be any of the following:

(a) Bonds or interest-bearing notes or obligations of the United States, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.

(b) Bonds or interest-bearing notes on obligations that are guaranteed as to principal and interest by a federal agency of the United States.

(c) Bonds, notes, and warrants of this state, or those for which the faith and credit of this state are pledged for the payment of principal and interest.

(d) Bonds or warrants, including, but not limited to, revenue warrants, of any county, city, metropolitan water district, California water district, California water storage district, irrigation district in the state, municipal utility district, or school district of this state.

(e) Any of the following:

(1) Bonds, consolidated bonds, collateral trust debentures, consolidated debentures, or other obligations issued by federal land banks or federal intermediate credit banks established under the Federal Farm Loan Act, as amended (12 U.S.C. Sec. 2001 et seq.).

(2) Debentures and consolidated debentures issued by the Central Bank for Cooperatives and banks for cooperatives established under the Farm Credit Act of 1933, as amended (12 U.S.C. Sec. 2001 et seq.).

(3) Bonds or debentures of the Federal Home Loan Bank Board established under the Federal Home Loan Bank Act (12 U.S.C. Sec. 1421 et seq.).

(4) Stocks, bonds, debentures, and other obligations of the Federal National Mortgage Association established under the National Housing Act, as amended (12 U.S.C. Sec. 1701 et seq.).

(5) Bonds of any federal home loan bank established under that act.

(6) Obligations of the Federal Home Loan Mortgage Corporation.

(7) Bonds, notes, and other obligations issued by the Tennessee Valley Authority under the Tennessee Valley Authority Act, as amended (16 U.S.C. Sec. 831 et seq.).

(8) Other obligations guaranteed by the Commodity Credit Corporation for the export of California agricultural products under the Commodity Credit Corporation Charter Act, as amended (15 U.S.C. Sec. 714 et seq.).

(f) (1) Commercial paper of "prime" quality as defined by a nationally recognized organization that rates these securities, if the commercial paper is issued by a corporation, trust, or limited liability company that is approved by the Pooled Money Investment Board as meeting the conditions specified in either subparagraph (A) or subparagraph (B):

(A) Both of the following conditions:

(i) Organized and operating within the United States.

(ii) Having total assets in excess of five hundred million dollars (\$500,000,000).

(B) Both of the following conditions:

(i) Organized within the United States as a special purpose corporation, trust, or limited liability company.

(ii) Having program wide credit enhancements including, but not limited to, overcollateralization, letters of credit, or surety bond.

(2) A purchase of eligible commercial paper may not do any of the following:

(A) Exceed 180 days' maturity.

(B) Represent more than 10 percent of the outstanding paper of an issuing corporation, trust, or limited liability company.

(C) Exceed 30 percent of the resources of an investment program.

(3) At the request of the Pooled Money Investment Board, an investment made pursuant to this subdivision shall be secured by the issuer by depositing with the Treasurer securities authorized by Section 53651 of a market value at least 10 percent in excess of the amount of the state's investment.

(g) Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers acceptances, that are eligible for purchase by the Federal Reserve System.

(h) Negotiable certificates of deposits issued by a federally or state-chartered bank or savings and loan association, a state-licensed branch of a foreign bank, or a federally or state-chartered credit union. For the purposes of this section, negotiable certificates of deposits are not subject to Chapter 4 (commencing with Section 16500) and Chapter 4.5 (commencing with Section 16600).

(i) The portion of bank loans and obligations guaranteed by the United States Small Business Administration or the United States Farmers Home Administration.

(j) Bank loans and obligations guaranteed by the Export-Import Bank of the United States.

(k) Student loan notes insured under the Guaranteed Student Loan Program established pursuant to the Higher Education Act of 1965, as amended (20 U.S.C. Sec. 1001 and following) and eligible for resale to the Student Loan Marketing Association established pursuant to Section 133 of the Education Amendments of 1972, as amended (20 U.S.C. Sec. 1087-2).

(l) Obligations issued, assumed, or guaranteed by the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the International Finance Corporation, or the Government Development Bank of Puerto Rico.

(m) Bonds, debentures, and notes issued by corporations organized and operating within the United States. Securities eligible for investment under this subdivision shall be within the top three ratings of a nationally recognized rating service.

(n) Negotiable Order of Withdrawal Accounts (NOW Accounts), invested in accordance with Chapter 4 (commencing with Section 16500).

California Earthquake Authority

The proposer named below hereby certifies that, if awarded a contract, it will comply with Government Code Section 8355 in matters relating to providing a drug-free workplace. The below named proposer will:

1. Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations, by Government Code Section 8355(a).
2. Establish a Drug-Free Awareness Program as required by Government Code Section 8355(b).
 - a) The dangers of drug abuse in the workplace,
 - b) The person's or organization's policy of maintaining a drug-free workplace,
 - c) Any available counseling, rehabilitation and employees assistance programs, and
 - d) Penalties that may be imposed upon employees for drug abuse violations.
3. Provide as required by Government code Section 8355(c) that every employee who works on the proposed contract:
 - a) Will receive a copy of the company's drug-free statement, and
 - b) Will agree to abide by the terms of the company's statement as a condition of employment on the contract or grant.

CERTIFICATION

I, the official named below, hereby swear that I am duly authorized legally to bind the proposer to the above described certification. I am fully aware that this certification, executed on the date and in the county below, is made under penalty of perjury under the laws of the State of California.

Proposer's Authorized Signature

Title

Date Executed**In the County of**

Federal Identification Number
