

**WASHINGTON STATE INVESTMENT BOARD
OPTIONAL-USE CONTRACT
FOR
TAX SERVICES**

This Contract is made by the Washington State Investment Board, 2100 Evergreen Park Drive SW, P.O. Box 40916, Olympia, Washington 98504-0916 (hereinafter "WSIB") and *selected firm* (hereinafter "the Contractor") and collectively the "parties."

PURPOSE

To meet WSIB's current and future needs on an as needed project basis, the Contractor shall provide tax services. The role of the contractor is to cooperatively assist WSIB Investment Accounting staff with tax services.

Through this relationship, the WSIB's goal is to ensure that the WSIB will have timely access to management-level expertise on diverse tax issues for the agency. This relationship is viewed as an integral part of the WSIB team. In consideration of the terms and conditions contained herein, the parties agree as follows:

SPECIAL TERMS AND CONDITIONS

STATEMENT OF WORK

A. Contractor shall provide the services and deliverables set forth below:

1. The Contractor's primary, role in its relationship with the WSIB will be to provide clear, unbiased advice, research or services on specific global and/or domestic tax projects. Contractor's staff will manage projects and perform the majority of the work. The WSIB and its staff will rely on the tax service provider to deliver advice, insight and comments.

2. Prior to making a particular assignment, WSIB staff will clearly delineate the scope of the project, the project timeline and definite target dates, if any. A Project Work Request thoroughly describing the pending project will be forwarded to one or more Contractors in the Tax Service Providers Pool describing the project, its expected outcome, project timeline, with expected completion date, WSIB contact information, project background information and a sheet for the Contractor's response if interested in the proposed project.

Each project will be assigned to that specific firm possessing the tax subject expertise, required availability and total project cost based upon the firm's estimate of necessary project completion hours.

At the time any project assignment is made to the Contractor, a "Project Work Order" will be executed between the WSIB and the Contractor setting forth the agreed-upon project parameters and the project fee (based on the fee schedule contained herein). The project assignment, as well as the Project Work Order memorializing it, shall be subject to the terms and conditions of this contract.

B. The WSIB shall furnish Contractor such evidence of authority of the persons authorized to act on behalf of the WSIB, together with their specimen signatures, as Contractor may reasonably request.

- C. The contractor may be required to meet with the Board, appropriate Committee, and/or WSIB staff during a particular project on a periodic basis at a location and time specified by the WSIB.
- D. All reports required under this Contract shall be in writing and sent to: ATTN.: *Contract Manager*, Washington State Investment Board, 2100 Evergreen Park Drive SW, P.O. Box 40916, Olympia, WA 98504-0916 unless otherwise stated in the individual Project Work Request.

PERIOD OF PERFORMANCE

Regardless of the date of signature and subject to its other provisions, this Contract shall be effective from July (*DATE*), 2016 through June 30, 2021, unless terminated sooner under other provisions of this Contract.

Execution of this Optional-Use Contract shall not be construed as a guarantee of a minimum level of project assignments or compensation to be made to the Contractor.

This contract may be extended for an additional five-year term through mutual agreement and execution of an amendment to this contract. Any renewal of this contract by the WSIB shall be upon the same terms and conditions as provided herein. Additionally, this contract may be extended to provide for completion of a Project Work Order assigned prior to the Contract termination date. Project Work Orders may be assigned and executed through the last day of the Contract. The execution of a Project Work Order shall automatically extend the contract, if necessary.

COMPENSATION AND PAYMENT

- A. *Contractor Fee*: As set forth below in this section and in accordance with the Fee Schedule in Attachment B, the WSIB shall pay Contractor a fee in arrears computed quarterly after provision of services each calendar quarter. The fees paid under this Contract shall include the payment of or reimbursement for the cost of any meals, refreshments, registration fees, lodging and related conference materials provided at any activities offered by the Contractor. Payment shall be made no later than thirty days after receipt of a properly submitted and correct invoice for a quarter in which services have been rendered.

Total payment under this Contract shall not exceed *number* dollars (\$###,000.00). The total amount of the contract may be revised by amendment should the number of Project Work Orders exceed anticipated levels or the nature or intensity of the work assigned require it. Changes to the fee structure will only be considered at time of extension. The WSIB reserves the sole right and discretion to approve or disapprove changes in fees and compensation applicable during the "Period of Performance" extension.

Contractor shall submit a bill to the WSIB for payment no later than the 20th Business Day of the month immediately following the completion of work on a specific project, at the address listed below.

Invoices shall be directed to: ATTN.: Finance and Administrative Services Director, Washington State Investment Board, P.O. Box 40916, Olympia, WA 98504-0916.

Invoices in Adobe Portable Document Format (PDF) may be sent via email to FinanceServices@sib.wa.gov. The invoices shall describe and document to the WSIB'S satisfaction a description of the work performed, the progress of the project, and fees.

When expenses are invoiced in an invoice a detailed breakdown of each type must be set forth.

- B. *Expenses.* All expenses that may be incurred by the Contractor under this Contract are included in the fees paid under this Contract. WSIB shall not be responsible for any additional costs or expenses incurred by the Contractor in the performance of work described in this Contract, which include but are not limited to travel, lodging, meals, and other miscellaneous expenses otherwise incurred by the Contractor. WSIB shall be responsible for the fees and expenses of the custodian and any expenses incurred by the portfolios in connection with trades executed by the Contractor in the portfolios.
- C. *Fee Schedule:* The fees for services shall be in accordance with Attachment B, Fee Schedule, which by this reference is incorporated as part of this Contract. At the time of signing, the WSIB acknowledges and agrees that the Fee Schedule is reasonable compensation to the Contractor for providing the services contemplated by this Contract.
- D. *Withholding Payment upon Termination:* The WSIB may, in its sole discretion, terminate the Contract or withhold payments claimed by the Contractor for services rendered if the Contractor fails to satisfactorily comply with any term or condition of this Contract. Payment shall not be unreasonably withheld.
- E. *Payment of Taxes:* Contractor shall pay all applicable taxes assessed on the compensation received under this Contract and shall identify and pay those taxes under Contractor's federal and state identification number(s).
- F. *Withholding of Payment:* The WSIB reserves the right to withhold approval for an otherwise properly submitted invoice due to the Contractor's failure to submit an annual written report of political contributions as called for by the "Notice of Political Contributions Required" section of this Contract. Similarly, the WSIB reserves the right to withhold payment for non-compliance and/or non-performance with the terms and scope of work of this Contract. Payment shall not be unreasonably withheld. Nothing herein impairs the right of the WSIB to terminate the Contract as set forth in the "Termination" provisions of this Contract.

Additionally, the WSIB reserves the right to offset against payments due the Contractor any delinquent reimbursement or payment due the WSIB from the Contractor. For these purposes, a payment is delinquent if it is not paid within thirty (30) days of transmittal to the Contractor of an invoice setting forth the amount due and the basis for the invoice.

- G. *Advance Payments Prohibited:* The WSIB will make no payment in advance or in anticipation of services or supplies to be provided under this Contract.
- H. *No Minimum Level of Service and Non-exclusivity.* The WSIB makes no guarantee of a specific level of services that may be requested pursuant to this Contract. Additionally, the WSIB makes no guarantee of the Contractor's exclusive right to provide the WSIB with the types of services enumerated herein and reserves the right to utilize other contractors to provide such services. The Contractor does not guarantee any specific level of performance of the portfolios it manages on behalf of WSIB or the success of any investment decision or strategy that the Contractor may use or recommend to WSIB.

CONTRACT MANAGEMENT

Unless otherwise expressly provided in this Contract, the Contract Manager for each of the parties shall be the contact person for all communications and billings regarding the performance of this Contract.

Each party shall promptly notify the other, in writing, of any change in its Contract Manager designation or any change in their Contract Manager’s contact information.

The Contract Manager for Contractor is:	The Contract Manager for WSIB is:
Name: Title: Address: Phone: Fax: E-mail address:	Kristina Taylor, Investment Accounting and Administration Director Washington State Investment Board PO Box 40916 2100 Evergreen Park Drive SW Olympia, Washington 98504-0916 Phone: (360) Fax: (360) E-mail address: Kristina.Taylor@sib.wa.gov

INSURANCE

The Contractor shall acquire and provide proof of insurance coverage as set out in this section. The intent of the required insurance is to protect the State should there be any claims, suits, actions, costs, damages or expenses arising from any negligent or intentional act or omission of the Contractor or subcontractor, or agents of either, while performing under the terms of this Contract.

The Contractor shall provide insurance coverage which shall be maintained in full force and effect during the term of this Contract. The following are some examples of insurance coverage:

- A. Commercial General Liability (CGL) Insurance - Maintain Commercial General Liability Insurance, including contractual liability, in adequate quantity to protect against legal liability arising out of Contract activity but no less than \$XXXXXX per occurrence and \$XXXXXX for a general aggregate limit. Additionally, the Contractor is responsible for ensuring that any Subcontractors provide adequate insurance coverage for the activities arising out of subcontracts. All insurance shall cover liability arising out of premises, operations, independent contractors, products-completed operations, personal injury and advertising injury, and liability assumed under an insured contract (including the tort liability of another assumed in a business contract), and contain separation of insured’s (cross liability) conditions.
- B. Professional Liability Insurance. Such coverage shall cover loss resulting from the Contractor’s rendering or failing to render professional services. The Contractor shall maintain this coverage with minimum limits no less than \$XXX per claim, as applicable. If this policy is a “claims made” policy, the Contractor shall either continue coverage in effect for at least one year from expiration of this Contract or purchase a “tail” which extends the coverage for at least one year from the expiration of this Contract. If defense costs are paid within the limit of liability, Contractor shall maintain limits of \$XXX per

incident, loss or person, as applicable. If the policy contains a general aggregate or policy limit; it shall be at least two times the incident, loss or person limit.

- C. Business Auto Policy (BAP). In the event that services delivered pursuant to this Contract involve the use of vehicles, whether owned or not owned by the Contractor, automobile liability insurance shall be required. The minimum limit for automobile liability is \$XXXXXX per occurrence, using a Combined Single Limit for bodily injury and property damage.
- D. The insurance required under Sections A and C shall be issued by an insurance company/ies authorized to do business within the state of Washington, and shall name the WSIB, its agents and employees as additional insureds on all general liability, excess, umbrella and property insurance policy or policies. All policies shall be primary to any other valid and collectable insurance. Contractor shall instruct the insurers to give the WSIB thirty (30) days advance notice of any insurance cancellation.

Contractor shall submit to the WSIB fifteen (15) days prior to the Contract effective date, a certificate of insurance or certificates of insurance, which outlines the coverage and limits defined in this section and demonstrates that such limits and coverage have been met or exceeded. Certificates of insurance which are accepted by the WSIB shall be incorporated as part of the Contract. Contractor shall submit renewal certificates as appropriate during the term of the Contract, or as requested by the WSIB. The Contractor shall promptly give the WSIB notice of the cancellation of any policy for which a certificate of insurance or renewal certificate has been submitted to the WSIB.

Such notice of cancellation shall be as far as possible in advance of such cancellation (where advance notice is possible).

By requiring insurance, the WSIB does not represent that coverage and limits will be adequate to protect the Contractor, or the WSIB, and such coverage and limits shall not limit Contractor's liability under the indemnities and reimbursements or other provisions in this Contract.

Failure of the Contractor to obtain and maintain the required insurance is a material breach of this Contract which may result in termination by the WSIB of the Contract for cause, at the WSIB's option.

ASSURANCES

The WSIB and the Contractor agree that all activity pursuant to this Contract will be in accordance with all applicable federal, state and local laws, rules, and regulations.

ORDER OF PRECEDENCE

In the event of inconsistency in this Contract, inconsistency shall be resolved by giving precedence in the following order:

- Applicable Federal and Washington State Statutes and Regulations;
- Special Terms and Conditions as contained in the main Contract 17-##
- Contract General Terms and Conditions, Attachment A;
- Fee Schedule, Attachment B.

GOVERNANCE

This Contract shall be governed by the laws of the state of Washington. In the event of a lawsuit involving this Contract, venue shall be proper only in the Superior Court of the State of Washington, in and for, Thurston County, Olympia, Washington. Contractor, by execution of this Contract, acknowledges the jurisdiction of the courts of the state of Washington in this matter.

SEVERABILITY

The provisions of this Contract are intended to be severable. If any provision of this Contract or any provision of any document incorporated by reference shall be held invalid, such invalidity shall not affect the other provisions of this Contract which can be given effect without the invalid provisions, and, to this end, the provisions of this Contract are declared to be severable if such remainder conforms to the requirements of applicable law and the fundamental purpose of this Contract.

APPROVAL

This Contract including referenced exhibits represents all the terms and conditions agreed upon by the parties. Each of the exhibits listed below is by this reference hereby incorporated into this Contract. No other understandings or representations, oral or otherwise, regarding the subject matter of this Contract shall be deemed to exist or to bind any of the parties hereto. This Contract consists of (X) pages and the following attachments:

- Attachment A - Contract General Terms and Conditions;
- Attachment B - Fee Schedule;

This Contract shall be subject to the written approval of the WSIB’s authorized representative and shall not be binding until so approved. The Contract may be altered, amended, or waived only by a written amendment executed by both parties.

IN WITNESS WHEREOF, the parties have executed this Agreement.

**WASHINGTON STATE
INVESTMENT BOARD**

Contractor

By: _____

By: _____

1

Date: _____

Date: _____

Approved As To Form Only:

By: _____ Approval Held on File

**OFFICE OF THE
WASHINGTON STATE
ATTORNEY GENERAL**

ATTACHMENT A
GENERAL TERMS AND CONDITIONS

DEFINITIONS

Unless the context clearly indicates otherwise, the following terms shall be defined in this Services Contract (“the Contract”) and its attachments as set forth below:

- A. **“Business Day”** shall mean any day of the week other than Saturday, Sunday, or a holiday observed by the Federal Reserve Board.
- B. **“Contract Manager”** shall mean the WSIB representative identified in the text of the Contract who is delegated the authority to administer the Contract.
- C. **“Contractor”** shall mean *contractor*, that firm, provider, organization, individual or other entity performing service(s) under this Contract, and shall include all employees of the Contractor.
- D. **“Subcontractor”** shall mean one not in the employment of the Contractor, who is performing all or part of those services under this contract under a separate Contract with the Contractor. The terms “subcontractor” and “subcontractors” mean subcontractor(s) in any tier. The terms shall not include *contractor*.
- E. **“Executive Director”** shall mean that individual described in RCW 43.33A.100 who heads the investment, operational and administrative staff of the WSIB.
- F. **“Pool”** shall mean a listing of Contractor’s eligible to compete to perform services within specific categories of services.
- G. **“Project Work Request”** shall mean a document issued by the WSIB to Contractors within the appropriate Pool or Pools to request a proposal and bid for services to complete a specific project.
- H. **“Project Work Order”** shall mean the document which awards a project to a Contractor, which includes the statement of work or Services; deliverables; start and completion dates; compensation and other specific terms
- I. **“WSIB”** shall mean the State Investment Board of the State of Washington, any division, section, office, unit or other entity of the WSIB, or any of the Board members, officers or other officials lawfully representing the WSIB.

NATURE OF RELATIONSHIP

The contractual relationship embodied by this agreement, as well as any attachments hereto, is between the Contractor and the WSIB created and defined by RCW 43.33A.020. Pursuant to RCW 43.33A.100, the WSIB employs an Executive Director and staff necessary to carry out the duties of the WSIB. . This Contract is authorized by RCW 43.33A.030 and .035, among other statutes, and by WSIB Board action.

During the term of this Contract, Contractor may be consulted, on various occasions and under varying circumstances, by a WSIB Board member, the WSIB’s Executive Director or other WSIB staff for clarification, education or technical information purposes consistent with the functions and assignments described in the “Scope of Services” section set forth in this Contract. On the occasions, if any, when such a request or consultation is either clearly beyond the scope of the contractual assignment or impairs the Contractor’s ability to devote its primary attention to meeting the scope of work set forth in this Contract, the Contractor must notify the Contract

Manager, designated in the "Contract Manager" section of this Contract, prior to the commencement of the requested assignment so the Contract Manager may, as may be determined to be appropriate, reschedule the request, redirect it or resolve the matter utilizing other WSIB resources.

Notwithstanding the provisions of the "Contract Manager" section of this Contract, work pursuant to this Contract may be assigned by the WSIB Board chairperson, the WSIB's Executive Director, or by a designated WSIB staff person, or a combination thereof, to perform various functions and assignments within the scope of services. These assignments are effective only if communicated to the Contractor by the WSIB in writing

Prior to the commencement of any assignments or fulfillment of any requests beyond the scope of services defined by this Contract, the rendering of which could cause an increase in the compensation or fees set forth herein, Contractor shall give written notification to, and receive written approval from, the Executive Director(or designee).

The Contractor is acting in the capacity of an independent hired by and reporting to the WSIB, and working with the WSIB's Executive Director and WSIB staff regarding the investment of retirement and/or other trust funds. That independent capacity shall not be compromised in any way by the identity, role or title of the individual seeking, on behalf of the WSIB, counsel, information or advice pertaining to those investments. The goal of this Contract is not consensus among the opinions and views held by the Contractor with those of either staff or WSIB members but rather the delivery of the Contractor's best and wisest independent advice, counsel, and services.

INDEPENDENT CAPACITY OF THE CONTRACTOR

The parties intend that an independent contractor relationship will be created by this Contract. The Contractor and Contractor's employees or agents performing under this Contract are not employees or agents of the WSIB. The Contractor will not hold itself out as or claim to be an officer or employee of the WSIB or of the State of Washington by reason hereof, nor will the Contractor make any claim of right, privilege or benefit which would accrue to such employee under applicable law. Conduct and control of the work will be solely with the Contractor.

TERMINATION

Under this Contract, the WSIB has the sole right to exercise the following termination provisions, at the WSIB's sole discretion and determination. In the event of "Termination for Cause", the Contractor shall be liable for damages as authorized by law including, but not limited to, any cost difference between the original Contract and the replacement or cover contract and all administrative costs directly related to the replacement contract, *e.g.* cost of the competitive bidding, mailing, advertising and staff time. The termination shall be deemed to be a "Termination for Convenience" if it is determined that the Contractor: (1) was not in default, or (2) failure to perform was outside of his or her control, fault or negligence. The rights and remedies of the WSIB provided in this Contract are not exclusive and are in addition to any other rights and remedies provided by law.

- A. **Termination for Cause:** In the event the WSIB determines the Contractor has failed to comply with the conditions of this Contract in a timely manner, the WSIB has the right to suspend or terminate this Contract. The WSIB shall notify the Contractor in writing of the need to take corrective action. If corrective action is not taken within thirty (30) days, the

Contract may be terminated. The WSIB reserves the right to suspend all or part of the Contract, withhold further payments, or prohibit the Contractor from incurring additional obligations of funds during investigation of the alleged compliance breach and pending corrective action by the Contractor or a decision by the WSIB to terminate the Contract.

- B. **Termination for Convenience:** The WSIB may, by five (5) days written notice, beginning on the second day after the mailing, terminate this Contract, at any time, in whole or in part. If this Contract is so terminated, the WSIB shall be liable only for payment required under the terms of this Contract for services rendered prior to the effective date of termination.
- C. **Termination Procedure:** Upon termination of this Contract, the WSIB, in addition to any other rights provided in this Contract, may require Contractor to deliver to the WSIB any property specifically produced or acquired for the performance of such part of this Contract as has been terminated. The provisions of the "Treatment of Assets" section of this Contract shall apply in such property transfer.

The WSIB shall pay to Contractor the agreed upon price, if separately stated, for completed work and services accepted by the WSIB, and the amount agreed upon by Contractor and the Executive Director (or designee) for (1) completed work and services for which no separate price is stated, (2) partially complete work and services, (3) other property or services which are accepted by the WSIB, and (4) the protection and preservation of property, unless the termination is for default, in which case the Executive Director (or designee) shall determine the extent of the liability of the WSIB. The WSIB may withhold from any amounts due to Contractor such sum as the Executive Director (or designee) determines to be necessary to protect the WSIB against potential loss or liability.

The rights and remedies of the WSIB provided in this clause shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract.

- D. **Obligations upon Termination:** After receipt of a notice of termination, and except as otherwise directed by the Contract Manager, Contractor shall:
 - 1. Stop work under the Contract on the date, and to the extent, specified in the notice;
 - 2. Place no further orders or subcontracts for materials, services, or facilities except as may be necessary for completion of such portion of the work under the Contract as is not terminated;
 - 3. Assign to the WSIB, in the manner, at the times, and to the extent directed by the Contract Manager all of the rights, titles, and interest of Contractor under the orders and subcontracts so terminated, in which case the WSIB has the right, at its discretion, to settle or pay any or all claims arising out of the termination of such orders and subcontracts;
 - 4. Settle all outstanding liabilities and all claims arising out of such termination of orders and subcontracts, with the approval or ratification of the Contract Manager to the extent he or she may require, which approval or ratification shall be final for all the purposes of this clause;

5. Transfer title to the WSIB and deliver in the manner, at the times, and to the extent, if any, as directed by the Contract Manager, any property which, if the Contract had been completed, would have been required to be furnished to the WSIB;
6. Complete performance of such part of the work as shall not have been terminated by the WSIB; and
7. Take such action as may be necessary, or as the Contract Manager may direct, for the protection and preservation of the property related to this Contract which is in the possession of Contractor and in which the WSIB has or may acquire an interest.

The term "property" shall include but not be limited to all WSIB managed funds, assets and all other property of value allowed to be controlled by the Contractor under this Contract.

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

In the event the termination date does not coincide with the last day of a quarter, the Contractor shall be entitled to a prorated portion of the fees earned and to which the Contractor is entitled for the quarter during which termination occurs, utilizing the intra-month fee calculation formula adopted by the WSIB.

FORCE MAJEURE

Neither party shall be liable to the other or deemed in default under this Contract if, and to the extent that, such party's performance of this Contract is prevented by reason of Force Majeure. Notwithstanding the foregoing, the Contractor shall have in place a demonstrably rigorous and fully-tested business continuation plan structured to address and significantly mitigate the impacts of Force Majeure and shall use best efforts to implement the business continuation plan and to mitigate the impacts of Force Majeure.

- A. **Definition:** The term "Force Majeure" means an occurrence that is beyond the control of the party affected and that could not have been avoided by exercising reasonable diligence. Force Majeure shall include acts of God, war, riots, strikes, fire, floods, earthquakes, epidemics, terrorism, or other similar occurrences.
- B. **Allocation of Service:** When Force Majeure affects only part of the Contractor's capacity to perform, the Contractor may allocate services among its customers, including regular customers not included in this Contract, in any manner which is fair and reasonable.
- C. **Notification:** If either party is delayed by Force Majeure, said party shall provide reasonable notice that there will be delay or non-delivery of reports or services. The notification shall provide evidence of the Force Majeure to the satisfaction of the other party. Such delay shall cease as soon as practicable and written notification of same shall be provided. The time of completion shall be extended by contract modification for a period of time equal to the time that the results or effects of such delay prevented the delayed party from performing in accordance with this Contract.
- D. **Rights Reserved:** The WSIB reserves the right to cancel the Contract and/or to obtain or purchase services from the best available source during the time of Force Majeure, and the Contractor shall have no recourse against the WSIB.

CONFLICT OF INTEREST

Contractor warrants that it presently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of services required under this Contract. WSIB policy prohibits Contractor from providing both fund investment services and consulting services. Contractor as a provider of consulting services shall not engage in investment management services to the WSIB directly or indirectly through any affiliates or parent companies, or other firms that provide investment management services to the WSIB except upon prior written approval of the WSIB.

- A. Notwithstanding any determination by the Executive Ethics Board or other tribunal, the WSIB may, in its sole discretion, by written notice to the Contractor terminate this Contract if it is found after due notice and examination by the Agent that there is a violation of the Contractor's warranties in this section; the Ethics in Public Service Act, Chapter 42.52 RCW; or any similar statute involving the Contractor in the procurement of, or services under this Contract.
- B. In the event this Contract is terminated as provided above, the WSIB shall be entitled to pursue the same remedies against the Contractor as it could pursue in the event of a breach of the Contract by the Contractor. The rights and remedies of the WSIB provided for in this clause shall not be exclusive and are in addition to any other rights and remedies provided by law.

CONTRACTOR COMPLIANCE CERTIFICATE

Contractor shall annually, on a fiscal-year basis, and no later than August 31 of each year during the contract term, complete and submit to the WSIB a completed Compliance Certificate which shall set forth that the Contractor is in material compliance with all provisions of this Contract, and which shall set forth the current levels of insurance maintained by the Contractor, with copies of the then current certificate(s) of insurance attached. Additionally, should Contractor have had an independent examination of controls designed to demonstrate reliability and trust in its services to current and potential customers (such examinations in the past may have been a SAS 70, a FRAG 21, a Service Organization Control "SOC" report, or some other audit or process or ensuring appropriate checks and balances) a copy of the most recent report on the service organization's (Contractor's) controls (or reasonable alternative) shall be submitted on an annual basis. The WSIB, in July of each year will send a Compliance Certificate to the Contractor for completion. The Contractor will submit the completed Compliance Certificate, along with the certificate(s) of insurance, as the case may be, and the political contributions notice (below) to contractorcompliance@sib.wa.gov.

NOTICE OF POLITICAL CONTRIBUTIONS REQUIRED

Contractor shall, on an annual basis from the execution date of the Contract, and at the termination of the Contract, disclose to the WSIB in writing, any political contributions which are provided by Contractor or its affiliates to any WSIB Board member or to any political committee or state party which provides political contributions to any WSIB Board member. For purposes of this provision "contributions" is defined by RCW 42.17A.005 (13) and shall include both direct contributions and indirect or independent expenditures made on behalf of a WSIB Board member. This written report shall be delivered to the WSIB on the annual anniversary date of the Contract execution and within five (5) days after termination of the

Contract. The report shall include, for each reportable item, the date of contribution, the WSIB Board member benefited, the amount of the contribution or the item of an independent expenditure with its estimated value.

INDEPENDENT CAPACITY OF THE CONTRACTOR

The parties intend that an independent contractor relationship will be created by this Contract. The Contractor and Contractor's employees or agents performing under this Contract are not employees or agents of the WSIB. The Contractor will not hold itself out as or claim to be an officer or employee of the WSIB or of the State of Washington by reason hereof, nor will the Contractor make any claim of right, privilege or benefit which would accrue to such employee under Chapter 41.06 RCW. Conduct and control of the work will be solely with the Contractor.

NONDISCRIMINATION

During the performance of this Contract, Contractor shall comply with all applicable federal and state nondiscrimination statutes and regulations, and WSIB non-discrimination policies. In the event of Contractor's noncompliance or refusal to comply with the nondiscrimination requirements, this Contract may be rescinded, canceled or terminated in whole or in part, and Contractor may be declared ineligible for further contracts with the WSIB. Contractor shall, however, be given a reasonable time to be determined by the WSIB in its sole discretion, in which to cure the noncompliance.

HOLD HARMLESS AND INDEMNIFICATION

- A. To the fullest extent permitted by law, the Contractor expressly agrees to, and shall, indemnify, defend and hold harmless the state of Washington, the WSIB, and all officials, agents and employees of the state, and members and employees of the WSIB, and any funds for which the WSIB has responsibility to invest, from and against all claims, and any damage or loss related to such claims, including but not limited to claims for injuries or death arising out of or resulting from, or incident to, the Contractor's, or any subcontractor's negligent or wrongful performance under this Contract. Contractor's obligation to indemnify, defend, and hold harmless includes but is not limited to any claim by the Contractors, Agents, employees, representatives, or any subcontractor or its employees, agents or representatives. Brokers and counterparties shall not be deemed to be "Agents" or "Subcontractors" for purposes of this contract.
- B. The Contractor waives its immunity under Title 51 RCW (Industrial Insurance) to the extent it is required to indemnify, defend and hold harmless the WSIB or any other state agency, person, or entity under this Contract.

COVENANT AGAINST CONTINGENT FEES

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

TREATMENT OF ASSETS

- A. Title to all property furnished by the WSIB shall remain in the WSIB. Title to all property purchased by Contractor the cost of which Contractor is entitled to be reimbursed as a direct item of cost under this Contract shall pass to and vest in the WSIB upon delivery of such property by the Contractor. Title to other property, the cost of which is reimbursable to the Contractor under this Contract, shall pass to and vest in the WSIB upon (i) issuance for use of such property in the performance of this Contract, or (ii) commencement of use of such property in the performance of this Contract, or (iii) reimbursement of the cost thereof by the WSIB in whole or in part, whichever first occurs.
- B. Contractor's concepts, approached and frameworks (Intellectual Property) has proprietary value and Contractor shares its Intellectual Property with the WSIB, as well as to other of the Contractor's clients, in the normal course of Contractor's consulting business with the acknowledgement by the WSIB and those other clients that WSIB's use of such Intellectual Property is for the WSIB's internal purposes (i.e. improving the WSIB's risk management program) and the WSIB shall not share such Intellectual Property unless the WSIB acknowledges the Contractor's role in the development of its risk management program and/or obtains the written permission from the Contractor to share such Intellectual Property on a limited basis (e.g. at a conference).
- C. Any property of the WSIB furnished to Contractor shall, unless otherwise provided in this Contract, or approved by the WSIB, be used only for the performance of this Contract.
- D. Contractor shall be responsible for any loss or damage to property of the WSIB which results from the negligence of Contractor or which results from the failure on the part of Contractor to maintain and administer the property in accordance with sound management practices.
- E. If any WSIB property is lost, destroyed or damaged, Contractor shall immediately so notify the WSIB and shall take all reasonable steps to protect the property from further damage.
- F. Contractor shall surrender to the WSIB all property of the WSIB prior to settlement upon completion, termination or cancellation of this Contract.
- G. All reference to Contractor under this clause shall include any of Contractor's employees or agents (or Subcontractors if the Contract allows).

ASSIGNABILITY

- A. ***Nonassignability of Claims:*** No claim arising under this Contract shall be transferred or assigned by Contractor without prior written consent of the WSIB.
- B. ***Nonassignability of Contract:*** This Contract and the services or work to be performed hereunder is not assignable by Contractor without prior written consent of the WSIB.

RECORDS, DOCUMENTS, AND REPORTS

Contractor shall maintain complete financial records relating to this Contract and the services rendered including all books, records, documents, magnetic media, receipts, invoices and other evidence relating to this Contract and performance of the services described herein,

including but not limited to, accounting procedures and practices which sufficiently and properly reflect all direct and indirect costs of any nature expended in the performance of this Contract. Contractor shall retain such records for a period of six years following the date of final payment. At no additional cost, these records including materials generated under the Contract shall be subject at all reasonable times to inspection, review, or audit by the WSIB, the Office of the State Auditor, and federal and state officials so authorized by law, rule, regulation, or agreement.

If any litigation, claim or audit is started before the expiration of the six (6) year period, the records shall be retained until all litigation, claims, or audit findings involving the records have been resolved.

ACCESS TO DATA

In compliance with Chapter 39.26 RCW, the Contractor shall provide access to data generated under this Contract to the WSIB, the Joint Legislative Audit and Review Committee, and the State Auditor at no additional cost. This includes access to all non-proprietary information that supports the findings, conclusions, and recommendations of the Contractor's reports, including computer models and methodology for those models.

CONFIDENTIALITY

Contractor shall maintain as confidential all information concerning the business of the WSIB, its financial affairs, relations with its clientele and its employees, and any other information which may be specifically classified as confidential by the WSIB in writing to Contractor. The use or disclosure by any party of any information concerning the WSIB, for any purpose not directly connected with the administration of the WSIB's or the Contractor's responsibilities with respect to services provided under this Contract, is prohibited except by prior written consent of the WSIB. To the extent consistent with the WSIB's obligations under Chapter 42.56 RCW ("The Public Records Act") or other applicable law, the WSIB shall maintain all information which Contractor specifies in writing as confidential.

PRIVACY

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

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

Any breach of this provision may result in termination of the Contract and the demand for return of all personal information. The Contractor agrees to indemnify and hold harmless the WSIB for any damages related to the Contractor's unauthorized use of personal information.

For purposes of this provision, personal information includes, but is not limited to, information identifiable to an individual that relates to a natural person's health, finances, education, business, use or receipt of governmental services, or other activities, names, addresses, telephone numbers, social security numbers, driver license numbers, financial profiles, credit card numbers, financial identifiers and other identifying numbers.

SUBCONTRACTS

Neither the Contractor nor any Subcontractor shall enter into subcontracts for any of the work or services contemplated under this Contract unless specifically approved in writing by the WSIB prior to the commencement written approval of subcontracted work. Should subcontracting be deemed necessary for successful performance of this Contract, the WSIB will require compliance with Washington State competitive procurement requirements for selection of the subcontractor(s). In no event shall the existence of such a subcontract operate to release or reduce the liability of the Contractor to the WSIB for any breach in the performance of the Contractor's duties. This does not include contracts of employment between Contractor and personnel assigned to work under the Contract.

REGISTRATION WITH DEPARTMENT OF REVENUE

Contractor shall complete registration with the Washington Department of Revenue, General Administration Building, Olympia, Washington 98504, if applicable, and be responsible for payment of all taxes due on payments made under this Contract.

LICENSING AND ACCREDITATION STANDARDS

Contractor shall comply with all applicable local, state, and federal licensing, accrediting and registration requirements/standards, necessary in the performance of this Contract.

WORKERS' COMPENSATION INSURANCE COVERAGE

The Contractor shall comply with the provisions of Title 51 RCW, "Industrial Insurance." The WSIB will not be responsible for payment of industrial insurance premiums for the Contractor, or any subcontractor or employee of Contractor, which might arise under the workers' compensation insurance laws during performance of duties and services under this Contract. Prior to performing work under this Contract, the Contractor shall provide or purchase industrial insurance coverage for the Contractor's employees, as may be required of an "employer" as defined in Title 51 RCW, and shall maintain full compliance with Title 51RCW during the course of this Contract. If the Contractor fails to provide industrial insurance coverage or fails to pay premiums or penalties on behalf of its employees as may be required by law, the WSIB may collect from the Contractor the full amount payable to the Industrial Insurance accident fund. The WSIB may deduct the amount owed by the Contractor to the accident fund from the amount payable to the Contractor by the WSIB under this contract, and transmit the deducted amount to the Washington State Department of Labor and Industries (L&I), Division of Insurance Services. This provision does not waive any of L&I's rights to collect from the Contractor.

Industrial insurance coverage through the L& I is optional for sole proprietors, partners, corporate officers and others, per RCW 51.12.020. Contractor shall provide or purchase applicable workers' compensation insurance coverage prior to performing work under this Contract. Should Contractor fail to secure workers' compensation insurance coverage or fail to pay premiums on behalf of its employees, the WSIB may deduct the amount of premiums

owing from the amounts payable to Contractor under this Contract and transmit the same to the appropriate workers' compensation insurance fund.

RIGHTS OF INSPECTION

Contractor shall provide right of access to its facilities to the WSIB, or any of its officers, or, with advance approval from the WSIB, to any other authorized agent or official of the state of Washington or the federal government at all reasonable times, in order to monitor and evaluate performance, compliance, and/or quality assurance under this Contract or to conduct audits.

SAVINGS

In the event funding from state, federal, or other sources is withdrawn, reduced, or limited in any way after the effective date of this Contract and prior to normal completion, the WSIB may terminate the Contract under the "Termination for Convenience" section, (without the five-day notice requirement) subject to renegotiation under those new funding limitations and conditions.

LIMITATION OF AUTHORITY

Only the Executive Director (or designee) by writing (delegation to be made prior to action) shall have the expressed, implied, or apparent authority to alter, amend, modify, or waive any clause or condition of this Contract. Furthermore, any alteration, amendment, modification, or waiver of any clause or condition of this Contract is not effective or binding unless made in writing and signed by the Executive Director (or designee).

AMENDMENTS

This Contract may be amended by mutual agreement of the parties. Such amendments shall not be binding unless they are in writing and signed by personnel authorized to bind each of the parties.

WAIVER OF DEFAULT

Waiver of any default or breach shall not be deemed to be a waiver of any subsequent default or breach. Any waiver shall not be construed to be a modification of the terms of this Contract unless stated to be such in writing and signed by the Executive Director (or designee.)

CHANGES TO CONTRACT

The WSIB's Executive Director (or designee) may, at any time, by written notification to Contractor, and without notice to any known guarantor or surety, request changes within the general scope of the services to be performed under the Contract. If Contractor agrees to such changes and the changes cause an increase or decrease in the cost of, or the time required for the performance of this Contract, an equitable adjustment may be made in the Contract price, or period of performance, or both, and the Contract shall be modified in writing accordingly. Any claim by Contractor for adjustment under this clause must be asserted within thirty (30) days from the date of receipt by Contractor of the notice of such change or the right to any covered claim or relief therefore related to the change shall be deemed waived; provided, however, that the WSIB's Executive Director (or designee) may, if he or she decides that the facts justify such action, receive and act upon such claim asserted at any time prior to final payment under this Contract. However, nothing in this clause shall excuse the Contractor from proceeding with the Contract as changed.

SERVICE OF PROCESS

Contractor shall designate a registered agent for service of process in all matters concerning the Contract. If no other agent is designated, Contractor shall designate the Secretary of the state of Washington as registered agent for service of process.

CONFORMANCE WITH STATUTES AND RULES OF LAW

If any provisions of this Contract shall be deemed in conflict with any statute or rule of law, such provision shall be deemed modified to be in conformance with said statute or rule of law.

CHANGE OF CONTROL OR PERSONNEL

Contractor shall promptly notify the WSIB in writing:

- A. If any of the representations and warranties of the Contractor set forth in this Contract shall cease to be true at any time during the term of this Contract;
- B. Of any material change in the Contractor's senior staff;
- C. Of any change in control of the Contractor or in the business structure of the Contractor;
or
- D. Of any other material change in the Contractor's business, partnership or corporate organization relating to the Assigned Account. All written notices regarding changes in senior staff shall contain the same information about newly assigned senior staff as was requested by the WSIB in the Request for Proposal and such additional information as may be requested by the WSIB. For purposes hereof, the term "senior staff" shall mean those persons identified as senior management in any response to a Request for Proposal or who otherwise will exercise a major administrative role or major policy or consultant role to the provision of the Contractor's services hereunder. All written notices regarding changes in control of the Contractor shall contain the same information about any new controlling entity as was requested by the WSIB in the Request for Proposal regarding the Contractor and such additional information as may be requested by the WSIB.

As a result of these changes, should WSIB not be comfortable with such changes, WSIB reserves the right to make modifications to the portfolio and the Contract, or terminate the firm for convenience.

PUBLICITY

The Contractor agrees to submit to the WSIB all advertising and publicity matters relating to this Contract wherein the WSIB's name is mentioned or language used from which the connection of the WSIB's name may, in the WSIB's judgment, be inferred or implied. The Contractor agrees not to publish or use such advertising or publicity matters without the prior written consent of the Agency. Contractor is authorized to mention WSIB in its list of clients; however, WSIB does not endorse managers.

RELEASE OF PUBLIC RECORDS

The WSIB is a public agency and is subject to the provisions of the state of Washington Public Records Act, set forth in Chapter 42.56 of the Revised Code of Washington (RCW). This document and all attachments constitute a public state agency contract; the entirety of this Contract, attachments, supporting documents, and communications are subject to public disclosure under RCW 42.56 regardless of any claim of confidentiality. In its discretion, the

WSIB will notify the Contractor if a request is made for documents designated as confidential by the Contractor. The WSIB will allow the Contractor the opportunity to raise and support potential exemptions under the law from public disclosure, and, if necessary, to contest the potential release of the affected records or information. The Contractor shall not make any claim against the WSIB if the WSIB makes available to the public any document or information the WSIB receives from the Contractor which is required to be made public by the WSIB pursuant to the public disclosure laws or a court order.

**ATTACHMENT B
FEE SCHEDULE**
