

# STATE OF MARYLAND

Request for Proposals

## **Stable Value Fund Investment Management Services**

Solicitation No. G50B1400004

### **ISSUING OFFICE**



## **BOARD OF TRUSTEES MARYLAND TEACHERS AND STATE EMPLOYEES SUPPLEMENTAL RETIREMENT PLANS**

Issue Date: **April 6, 2011**

### **NOTE**

Prospective Offerors who have received this document from the Maryland Supplemental Retirement Plans web site ( [www.MSRP.state.md.us](http://www.MSRP.state.md.us) ) or eMarylandMarketplace.com, or who have received this document from a source other than the Procurement Officer, and who wish to assure receipt of any changes or additional materials related to this RFP, should immediately contact the Procurement Officer and provide their name and mailing address so that amendments to the RFP or other communications can be sent to them.

**Minority Business Enterprises are encouraged to respond to this solicitation**

**STATE OF MARYLAND  
NOTICE TO OFFERORS/CONTRACTORS**

In order to help us improve the quality of State proposal solicitations, and to make our procurement process more responsive and business friendly, we ask that you take a few minutes and provide comments and suggestions regarding the enclosed solicitation.

Please fax this completed form to: 410-659-0349 to the attention of Richard Arthur.

Solicitation No.: G50B1400004

Title: Stable Value Fund Investment Manager

1. If you have responded with a "no bid", please indicate the reason(s) below:

- Other commitments preclude our participation at this time.
- The subject of the solicitation is not in our business line.
- We lack experience in the work/commodities required.
- The scope of work is beyond our present capacity.
- We cannot be competitive. (Please explain below.)
- The specifications are either unclear or too restrictive. (Please explain below.)
- Bid/Proposals requirements, other than specifications, are unreasonable or too risky. (Please explain below.)
- Time for completion is insufficient.
- Start-up time is insufficient.
- Bonding/Insurance requirements are prohibitive. (Please explain below.)
- Doing business with government is simply too complicated.
- Prior experience with State of Maryland contracts was unprofitable or otherwise unsatisfactory. (Please explain below.)
- Other: \_\_\_\_\_

2. Please explain your response further, offer suggestions, or express concerns. (Use another page for additional information.)

REMARKS:

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Vendor Name: \_\_\_\_\_ Date \_\_\_\_\_

Contact: \_\_\_\_\_ Phone (\_\_\_\_) \_\_\_\_ - \_\_\_\_\_

Address or Email: \_\_\_\_\_

THANK YOU!!!

KEY INFORMATION SUMMARY SHEET

STATE OF MARYLAND  
Board of Trustees, Maryland Supplemental Retirement Plans  
Request for Proposals

STABLE VALUE FUND INVESTMENT MANAGER

SOLICITATION NO.: G50B1400004

RFP Issue Date: April 6, 2011

RFP Issuing Office: Maryland Supplemental Retirement Plans

Procurement Officer: Richard A. Arthur  
Office Phone: (410) 767-0475  
Fax: (410) 659-0349  
E-mail: rarthur@msrp.state.md.us

Proposals are to be sent to: Maryland Supplemental Retirement Plans  
6 Saint Paul Street, Suite 200  
Baltimore, MD 21202  
Attention: Richard Arthur

Pre-Proposal Conference: Tuesday, April 20, 2011 at 1:00 PM (Local Time)  
Maryland Supplemental Retirement Plans  
6 Saint Paul Street, Suite 200  
Baltimore, MD 21202

Closing Date and Time: Wednesday, May 10, 2011 at 2:00 PM (Local Time)

Prospective Offerors who have received this document from the Maryland Supplemental Retirement Plans website ( [www.MSRP.state.md.us](http://www.MSRP.state.md.us) ) or eMarylandMarketplace.com, or who have received this document from a source other than the Procurement Officer, and who wish to assure receipt of any changes or additional materials related to this RFP, should immediately contact the Procurement Officer and provide their name and mailing address so that amendments to the RFP or other communications can be sent to them. Contact the Procurement Officer to obtain an electronic file of the RFP in MS Word format.

TABLE OF CONTENTS

Page

<b>SECTION ONE - GENERAL INFORMATION FOR OFFERORS .....</b>	<b>8</b>
1.1 General Information .....	8-9
1.2 Abbreviations and Definitions .....	9-10
1.3 Contract Type .....	10
1.4 Contract Duration .....	10
1.5 The Issuing Office, Procurement Officer and Procurement Committee .....	10-11
1.6 Pre-Proposal Conference .....	11-12
1.7 Use of “e-Maryland Marketplace” .....	12
1.8 Questions .....	12-13
1.9 Closing Date for Proposals .....	13
1.10 Duration of Proposal Offer .....	13
1.11 Revisions to the RFP .....	14
1.12 Cancellations; Discussions .....	14
1.13 Oral Presentations .....	14
1.14 Incurred Expenses .....	15
1.15 Economy of Preparation .....	15
1.16 Protests/Disputes .....	15
1.17 Multiple or Alternative Proposals .....	15
1.18 Access to Public Records Act Notice .....	15
1.19 Offeror Responsibilities .....	15-16

TABLE OF CONTENTS (Continued)

	<u>Page</u>
1.20 Standard Contract Provisions .....	16
1.21 Proposal Affidavit .....	16
1.22 Contract Affidavit .....	16
1.23 Minority Business Enterprises .....	16-17
1.24 Arrearages .....	17
1.25 Procurement Method .....	17
1.26 Verification of Registration and Tax payment .....	17
1.27 False Statements .....	18
1.28 Conflict of Interest .....	18
1.29 Living Wage Requirements .....	18-19
1.30 Prompt Payment to Subcontractors .....	19
1.31 References .....	19
1.32 Approval of Subcontractors .....	20
1.33 Compliance with Law .....	20
1.34 Acceptance of Terms and Conditions .....	20
<b>SECTION TWO – OFFEROR MINIMUM QUALIFICATIONS .....</b>	<b>21</b>
2.1 Minimum Qualification Requirements .....	21
2.2 Size and Experience .....	21
2.3 Licenses .....	21
<b>SECTION THREE – SCOPE OF WORK .....</b>	<b>22</b>
3.1 Background .....	22
3.2 General Requirements .....	22

TABLE OF CONTENTS (Continued)

	<u>Page</u>
3.3 Substitution of Personnel .....	22-26
3.4 Conflict of Interest .....	26
3.5 Cash Management .....	26
3.6 Fiduciary .....	27
3.7 Inspection of Place of Business and Books and Records .....	27
3.8 Credit Standards .....	27
3.9 Quarterly Reports and Meetings.....	27
3.10 Loans .....	27
3.11 Contract Titling .....	27
3.12 Contract Pricing and Payment .....	28
3.13 Cancellation Privileges .....	28
3.14 Blended Rate Calculation .....	28
<b>SECTION FOUR –PROPOSAL SUBMISSION FORMAT .....</b>	<b>29</b>
4.1 Two Part Submission .....	29
4.2 Volume I – Technical Proposal .....	29
4.3 Submission .....	29-30
4.4.1 Transmittal Letter .....	30
4.4.2 Format of Technical Proposal; Required Submissions .....	30
4.4.2.1 Title and Table of Contents .....	30
4.4.2.2 Executive Summary .....	30-31
4.4.2.3 Offeror Technical Response to RFP Requirements .....	31-32
4.4.2.4 Maryland State Government Experience .....	32-33

TABLE OF CONTENTS (Continued)

	<u>Page</u>
4.4.2.5 Economic Benefit Factors .....	33-34
4.4.2.6 Summary of Required Technical Proposal Attachments .....	34
4.5 Volume II – Financial Proposal .....	34
<b>SECTION FIVE – EVALUATION CRITERIA AND SELECTION PROCEDURE ....</b>	<b>35</b>
5.1 Evaluation Criteria .....	35
5.2 Technical Criteria .....	35
5.3 Financial Criteria .....	35
5.4 Reciprocal Reference .....	36
5.5.1 Selection Procedures .....	36
5.5.2 Selection Process Sequence .....	36
5.6 Award Determination .....	37

**ATTACHMENTS** (listed below)

- A. Plan Data Summary as of 12/31/2010
- B. Existing Investment Contract Pool Investment Policy and Guidelines
- C. Existing Investment Contract Pool Quarterly Reports
- D. Minority Business Enterprise Requirements
- E. Standard State Contract Provisions
- F. Bid/Proposal Affidavit
- G. Contract Affidavit
- H. Financial Proposal Form
- I. Living Wage Information
- J. Living Wage Affidavit

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**STATE OF MARYLAND  
BOARD OF TRUSTEES  
MARYLAND TEACHERS & STATE EMPLOYEES  
SUPPLEMENTAL RETIREMENT PLANS  
REQUEST FOR PROPOSALS**

**SECTION ONE - GENERAL INFORMATION FOR OFFERORS**

**1.1 General Information**

This Request for Proposals (RFP) is divided into five sections. Section one gives general information and requirements, section two describes the minimum qualifications necessary to respond, section three specifically describes the services requested and the miscellaneous conditions applicable thereto, section four contains the detailed request for specific information that Offerors are required to submit in response to this RFP, and section five details the evaluation and selection procedure used to award the contract.

The Board of Trustees of the Maryland Teachers & State Employees Supplemental Retirement Plans (the "Board") is an independent agency created under Title 35 of the State Personnel and Pensions Article of the Maryland Code. The Board has general oversight authority and responsibility for certain tax-favored defined contribution plans for State employees: the 457(b) Plan; the 401(k) Plan; the 403(b) Plan; and the 401(a) Matching Plan. Recent financial data on the plans is contained in the summary schedules included as Attachment A, and the Plans are generally described below.

The Board has appointed an executive director and a staff of twelve employees. The Board does not directly administer the plans. Its executive director and staff conduct general supervisory activities of administrators, advisors or accountants that are hired, and conduct general educational efforts for State employees concerning the benefits of plan participation.

The purpose of this RFP is to procure, through competitive sealed proposals, investment manager services for its Investment Contract Pool (ICP). The ICP is a benefit responsive stable value fund maintained as an investment option for the 457(b) Plan, 401(k) Plan and 401(a) Plan, but not the 403(b) Plan. The value of the ICP as of December 31, 2010 was \$747.5 million. The ICP commenced operations in 1987. While the Board has always retained advisors for the ICP, until April 2000 it reserved actual contract decisions for itself or its investment committee. In

2000, the Board selected ING Life Insurance and Annuity Company to be the Stable Fund Manager and to develop, obtain Board approval for, and implement an investment policy for the ICP. In 2004, the Board selected DB Advisors (a subsidiary of Deutsche Bank) to assume the management of the ICP pursuant to the existing investment policy. The purpose of this RFP is to select a manager who will assume this discretionary authority through a services contract under which the selected firm will select contracts and exercise other delegated authority, subject to the restrictions and conditions expressed in this RFP. The services sought by this RFP are essentially similar to the services of DB Advisors under the current contract.

The services currently provided by DB Advisors are compensated by the following fee arrangement: 0.15% of the first \$100 million of assets, 0.08% of the next \$200 million of assets, 0.05% of the next \$300 million of assets, and 0.03% of assets over \$600 million.

DB Advisors has not advised upon this RFP, or been consulted or informed with respect to its substance or detail.

The Board has a contract with Mercer Investment Consulting (Mercer) for general pension consulting and investment advisory services through July 2011. Mercer has performed such services for the Board since 2006. Mercer may offer advice, recommendations or opinions with respect to the RFP.

General record keeping, overall administration and preparation of both participant and plan financial statements are the primary responsibility of Nationwide Retirement Solutions (NRS), the plan administrator. NRS is headquartered in Columbus, Ohio with regional offices around the country, including an office in Hunt Valley, Maryland.

Lastly, the Board has a contract with SB & Company, LLC to audit and issue opinions on the financial statements of the supplemental retirement plans.

## **1.2 Abbreviations and Definitions**

(a) BOARD means the Board of Trustees of the Maryland Teachers and State Employees Supplemental Retirement Plans.

(b) LOCAL TIME means time in the Eastern Time zone as observed by the State of Maryland.

(c) MBE means a Minority Business Enterprise that is certified as such by the Maryland Department of Transportation.

- (d) MSRP means the Maryland Teachers and State Employees Supplemental Retirement Plans-- or the short title--the Maryland Supplemental Retirement Plans.
- (e) OFFEROR means a vendor who responds to the RFP by submitting a proposal to provide the requested services. The words "Offeror", "vendor" and "respondent" are used interchangeably in this RFP.
- (f) RFP means this Request for Stable Value Fund Investment Management Services for the Maryland Supplemental Retirement Plans.
- (g) STATE means the State of Maryland.
- (h) SUBCONTRACTOR means an entity that the Offeror plans to utilize for the purposes of services covered under this contract.

### **1.3 Contract Type**

The contract that results from this RFP shall be an indefinite quantity contract at a fixed rate per COMAR 21.06.03.06A (2). The rate may be constructed of different factors for different levels of assets under management, but the rate structure will be consistent throughout the duration of the contract.

### **1.4 Contract Duration**

The contract resulting from this RFP shall be for a period of five years, beginning on or about July 24, 2011.

### **1.5 Issuing Office, Procurement Officer, Contract Manager, and Procurement Committee**

Board of Trustees, Maryland Teachers and State Employees Supplemental Retirement Plans, William Donald Schaefer Tower, 6 Saint Paul Street, Suite 200, Baltimore, Maryland 21202-1608, Telephone: 410-767-8740. ATTENTION: RFP STABLE VALUE MANAGER.

The sole point of contact at the State for purposes of this RFP, prior to the award of any contract, is the Procurement Officer at the address listed below:

Richard A. Arthur  
Procurement Officer  
Maryland Supplemental Retirement Plans  
William Donald Schaefer Tower  
6 Saint Paul Street, Suite 200  
Baltimore, Maryland 21202-1608  
Tel: 410-767-8740  
Fax #: 410-659-0349

E-mail: rarthur@msrp.state.md.us

The individual responsible for day-to-day administration and management of the Contract issued pursuant to this RFP shall be the Contract Manager identified below:

Debra L. Roberts, Director of Finance  
Maryland Supplemental Retirement Plans  
6 St. Paul Street, Suite 200  
Baltimore, MD 21202-1608  
Tel: 410-767-8740  
Fax: 410-659-0349  
Email: droberts@msrp.state.md.us

The Department may change the Procurement Officer and/or the Contract Manager at any time during the pendency of the Contract by notice to the Contractor.

The Procurement Officer is the sole point of contact for this RFP, including material to be reviewed by the procurement committee. Offerors should not contact or discuss this RFP with individual members of the procurement committee or any member of the Board. Offerors may check the status of their offer or the procurement as a whole by contacting the Procurement Officer only.

A committee made up of several Board members or designees will review all proposals and make the selection of a vendor to supply the services as stated in this request. The selection will be made under the evaluation criteria and selection procedure set forth in Section 5. In making this evaluation the committee may seek technical assistance from any resource approved by the Procurement Officer, from existing or outside consultants, and from Board staff. Actual selection and contract award, if any, will be made by the full Board, and both are subject to required State approvals, specifically including approval by the State Board of Public Works.

## **1.6 Pre-Proposal Conference**

A pre-proposal conference will be held on Wednesday, April 20, 2011 beginning at 1:00 p.m., at the offices of the Board of Trustees, Maryland Supplemental Retirement Plans, 6 Saint Paul Street, Suite 200, Baltimore, Maryland 21202.

Attendance at the pre-proposal conference is not mandatory, but all interested Offerors are encouraged to attend in order to facilitate better preparation of their proposals. In addition, attendance may facilitate the Offeror's understanding and ability to meet the State's Minority Business Enterprise (MBE) goals. If your firm plans to send representatives, please call the

Issuing Office at least one week prior to the pre-proposal conference date to reserve a space at the conference. The submission of written questions in advance of the pre-proposal conference is encouraged. Potential Offerors should not assume that members of the procurement committee would attend the pre-proposal conference.

### **1.7 Use of “eMaryland Marketplace”**

Each Offeror must indicate their eMaryland Marketplace (eMM) vendor number in the Transmittal Letter (cover letter) submitted at the time of their Technical Proposal submission to this RFP.

eMaryland Marketplace is an electronic commerce system administered by the Maryland Department of General Services. We use the MSRP web site (<http://www.msrp.state.md.us>), U.S. mail, Email and other means for transmitting the RFP, notices and associated materials. We also use eMaryland Marketplace to provide the solicitation and minutes of the pre-bid/proposal conference, Offeror questions and MSRP responses, addenda, and other solicitation related information.

This means that all such information is immediately available to organizations that subscribe to eMaryland Marketplace. Because of the instant access afforded by eMaryland Marketplace, it is recommended that all Offerors interested in doing business with Maryland State agencies subscribe to eMaryland Marketplace. The successful Offeror must register with eMaryland Marketplace prior to contract award. **Registration is free.** Go here to register: <https://ebidmarketplace.com>. Click on “Registration” to begin the process and follow the prompts.

### **1.8 Questions**

Prior to the pre-proposal conference, the Procurement Officer will accept written questions from prospective Offerors. If possible and appropriate, such questions will be answered at the pre-proposal conference. (No substantive question will be answered prior to the pre-proposal conference.) Questions may be submitted by mail, facsimile, or preferably, by Email to the Procurement Officer. Questions, both oral and written, will also be accepted from prospective Offerors attending the Pre-Proposal Conference. If possible and appropriate, these questions will be answered at the Pre-Proposal Conference.

Questions will also be accepted subsequent to the Pre-Proposal Conference. All post-conference questions should be submitted in a timely manner to the Procurement Officer only. The

Procurement Officer shall, based on the availability of time to research and communicate an answer, decide whether an answer can be given before the proposal due date. Answers to all substantive questions that have not previously been answered, and are not clearly specific only to the requestor, will be distributed to all Offerors who are known to have received a copy of the RFP.

### **1.9 Closing Date for Proposals**

One (1) original and ten (10) copies of each proposal (technical and financial) must be received in the Issuing Office no later than **Tuesday, May 10, 2011 at 2:00 PM (local time)** in order to be considered. Two (2) electronic versions on CDs of the Technical Proposal (in Microsoft Word) must be enclosed with the original Technical Proposal. Two (2) electronic versions on CDs of the Financial Proposal (in Microsoft Word or Excel) must be enclosed with the original Financial Proposal. Offerors must ensure that the CDs are labeled with the RFP title, RFP number and Offeror name, and are packaged with the original copy of the appropriate proposal (technical or financial).

Requests for extension of this date or time will not be granted. Offerors mailing proposals should allow sufficient mail delivery time to ensure timely receipt by the Procurement Officer. Except as provided in COMAR 21.05.03.02F, proposals received by the Procurement Officer after Wednesday, May 4, 2011 at 1:00 PM will not be considered. Proposals may not be submitted by Email or facsimile.

Proposals should be directed to:

Maryland Supplemental Retirement Plans  
Richard Arthur, Procurement Officer  
ATTENTION: RFP STABLE VALUE MANAGER  
William Donald Schaefer Tower  
6 Saint Paul Street, Suite 200  
Baltimore, Maryland 21202-1608

### **1.10 Duration of Proposal Offer**

Proposals submitted in response to this RFP are irrevocable for 120 days following the closing date for proposals or of Best and Final Offers (BAFOs), if requested. This period may be extended at the Procurement Officer's request only with the Offeror's written agreement.

### **1.11 Revisions to the RFP**

If it becomes necessary to revise this RFP before the due date for proposals, amendments will be posted on the MSRP website and eMarylandMarketplace.com, and provided to all prospective Offerors who were sent this RFP or otherwise are known by the Procurement Officer to have obtained this RFP. Amendments made after the due date for proposals will be sent only to those Offerors who submitted a timely proposal.

Acknowledgment of the receipt of all amendments to this RFP issued before the proposal due date must accompany the Offeror's proposal in the Transmittal Letter accompanying the Technical Proposal submittal. Acknowledgement of the receipt of amendments to the RFP issued after the proposal due date shall be in the manner specified in the amendment notice. Failure to acknowledge receipt of amendments does not relieve the Offeror from complying with all terms of any such amendment.

### **1.12 Cancellations; Discussions**

The Board reserves the right to cancel this RFP, accept or reject any and all proposals, in whole or in part, received in response to this RFP, to waive or permit cure of minor irregularities, and to conduct discussions with all qualified or potentially qualified Offerors in any manner necessary whenever this action is determined to be fiscally and generally advantageous to the Plans under Board administration and the participants thereof. The Board also reserves the right, in its sole discretion, to award a contract based upon the written proposals received without prior discussions or negotiations.

Prospective Offerors should note that the selection of investment products (such as an existing stable value fund where the Board's assets are commingled with other plans) is not governed by this RFP. While the Board intends to procure the services of a manager for its ICP it reserves the right, as noted, to cancel this RFP and select a pooled investment product (or other investment product) outside of this RFP process.

### **1.13 Oral Presentation**

Offerors may be required to make oral presentations to State representatives. Significant representations made by an Offeror during the oral presentation must be reduced to writing. All written representations will become part of the Offeror's proposal and are binding if the contract is awarded. The Procurement Officer will notify Offerors of the time and place of oral presentations. Typically, oral presentations occur approximately two weeks after the proposal due date.

**1.14 Incurred Expenses**

The State will not be responsible for any costs incurred by an Offeror in preparing and submitting a proposal, in making an oral presentation, in providing a demonstration, or in performing any other activities relative to this solicitation.

**1.15 Economy of Preparation**

Proposals should be prepared simply and economically, providing a straightforward, concise description of the Offeror’s proposal to meet the requirements of this RFP.

**1.16 Protests/Disputes**

Any protest or dispute related respectively to this solicitation or the resulting contract shall be subject to the provisions of COMAR 21.10 (Administrative and Civil Remedies).

**1.17 Multiple or Alternative Proposals**

Neither multiple or alternate proposals will be accepted for this RFP.

**1.18 Access to Public Records Act Notice**

An Offeror should give specific attention to the clear identification of those portions of its proposal that it considers confidential, proprietary commercial information or trade secrets, and provide justification why such materials, upon request, should not be disclosed by the State under the Access to Public Records Act, Title 10, Subtitle 6, of the State Government Article of the Annotated Code of Maryland. (See Section 4.4.2.1)

Information, which is claimed to be confidential, is to be placed after the Title Page and before the Table of Contents in the Offeror’s Technical Proposal, and if applicable, also in its Financial Proposal. Offerors are advised that, upon request for this information from a third party, the State will make an independent determination whether the information must be disclosed (see COMAR 21.05.08.01).

**1.19 Offeror Responsibilities**

The selected Offeror shall be responsible for all products and services required by this RFP. Subcontractors must be identified, and a complete description of their roles relative to the proposals must be included in the Proposal. The selected Offeror retains the responsibility for all work performed by and any deliverable submitted by a subcontractor. Additional information regarding MBE subcontractors is provided in paragraph 1.23 below, and ATTACHMENT D.

If an Offeror that seeks to perform or provide the services required by this RFP is the subsidiary of another entity, all information submitted by the Offeror such as, but not limited to, proposed services, description of the Offeror's ability to perform the scope of work, references and financial reports, shall pertain exclusively to the Offeror, unless the parent organization will guarantee the performance of the subsidiary. If applicable, the Offeror's proposal must contain an explicit statement that the parent organization will guarantee the performance of the subsidiary.

### **1.20 Standard Contract Provisions**

By submitting an offer in response to this RFP, an Offeror, if selected for award, shall be deemed to have accepted the terms of this RFP and the standard contract provisions, attached as ATTACHMENT E. Any exceptions to this RFP or the Contract must be clearly identified in the Executive Summary of the technical proposal. A proposal that takes exception to these terms may be rejected. (See Section 4.4.2.2)

### **1.21 Proposal Affidavit**

A proposal submitted by an Offeror must be accompanied by a completed Bid/Proposal Affidavit. A copy of this Affidavit is included as ATTACHMENT F of this RFP.

### **1.22 Contract Affidavit**

All Offerors are advised that if a contract is awarded as a result of this solicitation, the successful Offeror will be required to complete a Contract Affidavit. A copy of this Affidavit is included for informational purposes as ATTACHMENT G of this RFP. This Affidavit must be completed and submitted within five business days of notification of proposed contract award.

### **1.23 Minority Business Enterprises**

Minority Business Enterprises (MBE) are encouraged to respond to this solicitation notice. Minority Business Enterprises are encouraged to obtain certification from the Office of Minority Business Enterprise. All questions related to certification must be directed to:

Maryland Department of Transportation  
Office of Minority Business Enterprise  
P.O. Box 8755  
B.W.I. Thurgood Marshall Airport, Maryland 21240-0755  
Telephone: 410 865-1269

or via the Internet at: <http://www.mdot.state.md.us>. Select the MBE Program label. The most current and up-to-date information on MBEs is available via the web site.

Offerors attempting to classify themselves as minority contractors within the meaning of State procurement laws and regulations shall not be so viewed until and unless they are certified as such by the Office of Minority Enterprises and Equal Opportunity.

A Minority Business Enterprise (MBE) subcontract participation goal of eight percent (8%) of the management fees paid to the Prime and Sub-Managers of the Investment Contract Pool (ICP), known also as the Stable Value Fund, has been established for this procurement. The contractor shall structure its awards of subcontracts under the contract in a good faith effort to achieve the goal in such subcontract awards by businesses certified by the State of Maryland as minority owned and controlled. MBE requirements are explained and specified in ATTACHMENT D of this RFP. A current directory of MBE's is available through the Maryland State Department of Transportation, Office of Minority Business Enterprise at 410-865-1269. If the Offeror has not proposed minority participation of eight percent (8%) or more, the Offeror must submit a statement of explanation of: (a) its good faith attempts to procure such participation, and; (b) why such participation is not feasible in light of the services to be performed. Such non-complying Offeror may then request a waiver of this requirement.

#### **1.24 Arrearages**

By submitting a response to this solicitation, each Offeror represents that it is not in arrears in the payment of any obligations due and owing the State of Maryland, including the payment of taxes and employee benefits, and that it shall not become so in arrears during the term of the contract if selected for contract award.

#### **1.25 Procurement Method**

This contract will be awarded in accordance with the competitive sealed proposals process under COMAR 21.05.03.

#### **1.26 Verification of Registration and Tax Payment**

Before a corporation can do business in the State of Maryland it must be registered with the Department of Assessments and Taxation, State Office Building, Room 803, 301 West Preston Street, Baltimore, Maryland 21201. It is strongly recommended that any potential Offeror complete registration prior to the due date for receipt of proposals. An Offeror's failure to

complete registration with the Department of Assessments and Taxation may disqualify an otherwise successful Offeror from final consideration and recommendation for contract award.

### **1.27 False Statements**

Offerors are advised that section 11-205.1 of the State Finance and Procurement Article of the Annotated Code of Maryland provides as follows:

(a) In connection with a procurement contract a person may not willfully:

- (1) falsify, conceal, or suppress a material fact by any scheme or device;
- (2) make a false or fraudulent statement or representation of a material fact; or
- (3) use a false writing or document that contains a false or fraudulent statement or entry of a material fact.

(b) A person may not aid or conspire with another person to commit an act under subsection (a) of this section.

(c) A person who violates any provision of this section is guilty of a felony and on conviction is subject to a fine not exceeding \$20,000 or imprisonment not exceeding 5 years or both.

### **1.28 Conflict of Interest**

The successful Offeror will provide stable value management services to the State and must do so impartially and without any conflicts of interest. A conflict of interest means that, because of other activities or relationships with other persons, a person is unable or potentially unable to render impartial assistance or advice to the State, the person's objectivity in performing the contract work is or might be otherwise impaired, or a person has an unfair competitive advantage.

The Offeror must agree that neither it, nor any affiliated company, will receive compensation directly or indirectly by reason of its manager services hereunder, other than fees received from the Board under this contract. This includes rebates, concessions or other payments or benefits from brokers or contract issuers. The selected Offeror will be prohibited from purchasing for the Board's ICP any contract, policy, stable value arrangement or wrapper that is issued or guaranteed by it, or any affiliated company. As noted in Sec. 3.2 the successful Offeror will be permitted to elect internal management of ICP assets equal to or less than 25% of total ICP assets.

### **1.29 Living Wage Requirements**

A solicitation for services under a State contract valued at \$100,000 or more may be subject to Title 18, State Finance and Procurement (SFP) Article, Annotated Code of Maryland. Additional information regarding the State's Living Wage requirement is contained in this solicitation (see ATTACHMENT I, "Living Wage Requirements for Service Contracts"). If the Offeror fails to submit and complete the Living Wage Affidavit of Agreement (see ATTACHMENT J), the State may determine an Offeror to be not responsible.

Contractors and Subcontractors subject to the Living Wage Law shall pay each covered employee at least the minimum amount set by law for the applicable Tier Area. The specific Living Wage rate is determined by whether a majority of services take place in a Tier 1 Area or Tier 2 Area of the State. The Tier 1 Area includes Montgomery, Prince George's, Howard, Anne Arundel, and Baltimore Counties, and Baltimore City. The Tier 2 Area includes any county in the State not included in the Tier 1 Area. In the event that the employees who perform the services are not located in the State, the head of the unit responsible for a State contract pursuant to §18-102 (d) shall assign the tier based upon where the recipients of the services are located.

The contract resulting from this solicitation has been deemed to be a Tier 1 contract.

Information pertaining to reporting obligations may be found by going to the Maryland Department of Labor, Licensing and Regulation Website <http://www.dllr.state.md.us/> and clicking on "MD Employment Laws" and selecting "Living Wage for State Service Contracts".

### **1.30 Prompt Payment to Subcontractors**

This procurement and the contract to be awarded pursuant to this solicitation are subject to the Prompt Payment Policy Directive issued by the Governor's Office of Minority Affairs and dated August 1, 2008. Promulgated pursuant to §§ 11-201, 13-205(a), and Title 14, Subtitle 3 of the SFP, and Code of Maryland Regulations (COMAR) 21.01.01.03 and 21.11.03.01 et seq., the Directive seeks to ensure the prompt payment of all subcontractors on non-construction procurement contracts. The successful Offeror who is awarded a contract must comply with the prompt payment requirements outlined in the standard contract provisions (see ATTACHMENT E). Additional information is available on the Governor's Office of Minority Affairs (GOMA) website at:

[http://www.mdminoritybusiness.com/documents/PROMPTPAYMENTFAQS\\_000.pdf](http://www.mdminoritybusiness.com/documents/PROMPTPAYMENTFAQS_000.pdf) .

**1.31 References**

By submitting a proposal hereunder, the Offeror consents to the Board or its representatives contacting agents or employees of entities for whom the Offeror performs services, for analysis and evaluation of their performance of services for such other entities, whether or not such persons or entities are listed as references under other sections of this RFP.

**1.32 Approval of Subcontractors**

Any material subcontracts will require approval of the subcontractor by the Board. A material subcontract includes any joint venture for purposes of this contract, or specific delegation of discretionary investment authority to another vendor.

**1.33 Compliance with Law**

By submitting a proposal in response to this solicitation, the Offeror, if selected for award, agrees that it will comply with all federal, State and local laws applicable to its activities and obligations under the contract. By submitting an offer in response to this solicitation, the Offeror shall be deemed to represent that it is not in arrears in the payment of any obligation due and owing the State of Maryland or any department or unit thereof, including but not limited to the payment of taxes and employee benefits, and if selected for award that it shall not become so in arrears during the term of the contract.

**1.34 Acceptance of Terms and Conditions**

By submitting a proposal in response to this solicitation, an Offeror shall be deemed to have accepted all the terms, conditions, and requirements set forth in this solicitation unless otherwise clearly noted and explained in its proposal.

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## **SECTION 2 – OFFEROR MINIMUM QUALIFICATIONS**

### **2.1 Minimum Qualifications Requirements**

Each Offeror must clearly state and demonstrate that it satisfies the stated experience qualification and provide evidence thereof. The primary evidence shall be in the form of a self-certification stated in the Executive Summary of the Technical Proposal. The references submitted in response to RFP Section 4.4.2.3 shall be used to validate the self-certification. Experience of an individual employee or principal/officer of the Offeror may not be used to satisfy the experience requirements. The Offeror itself – as an organization or corporate entity – must meet the experience requirements.

Offerors must provide proof that they satisfy the minimum qualification below. If the Offerors are unable to comply with this requirement, their offer will be found not susceptible of receiving an award and will be rejected, with the financial proposal returned unopened.

### **2.2 Size and Experience**

The Offeror must currently serve as a manager for Stable Value Funds with assets of at least ten billion dollars, have at least ten years experience managing such funds, and have at least ten separate clients of which at least three are with 457 deferred compensation plans.

### **2.3 Licenses**

The Offeror must possess requisite licenses from appropriate regulatory agencies. If, for example, your firm is registered with the SEC as a registered investment advisor, you should state the SEC licenses currently held by those individuals primarily responsible for performing investment or advisory services in your offer.

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## **SECTION 3 – SCOPE OF WORK**

### **3.1 Background**

The Board by statute is the governing body for most supplemental retirement plans available for employees of the State of Maryland. The Board maintains four plans: a grandfathered 401(k) Plan; a 457(b) Plan; a 403(b) Plan; and a 401(a) Match Plan that will match with State contributions (up to a \$600 statutory limit each fiscal year, if budgeted) employee elective contributions into one or more of the above noted plans. Total assets for all plans were approximately \$2.5 billion as of December 31, 2010. Plan participants may freely transfer into and out of the ICP at their election. Approximately 30.4% of eligible deferral dollars goes into the ICP on an ongoing basis. Additional information about plan assets, participation and contributions is available in the Plan Summary Data attached as ATTACHMENT A.

The Board currently maintains a benefit responsive investment contract pool (ICP) as an investment option for participant selection. Current assets of the pool are approximately \$747.5 million as of December 31, 2010 and are comprised of typical stable value arrangements placed in accordance with the Investment Contract Pool Investment Policy document attached as ATTACHMENT B. Assets in the pool are held in a master trust arrangement created by the Board to allow participation by the 457(b), 401(k) and 401(a) Match Plan. Current relevant detail with respect to the ICP is contained in ATTACHMENT C, a quarterly ICP report submitted to the Board. All wrapper contracts currently in force have either a specific maturity date, or allow the Board to elect a book value termination with a specific determinable date.

### **3.2 General Requirements**

Beginning with the 2001 stable value manager agreement, the Board has delegated contract authority for the ICP to a manager that performs discretionary function under Board standards of policy and credit quality agreed upon between the Board and the selected manager. The Board expects the selected manager to fulfill the contract through continued management of Sub-Managers, reporting requirements, and investment quality standards that are currently in force with the current manager, DB Advisors, as outlined in Attachment B, The MSRP Investment Contract Pool Investment Policy and Guidelines. The one exception is that the Manager under this proposal will be allowed to manage underlying investments of the ICP totaling no more than 25% of ICP assets, with a duration not exceeding five years.

### **3.3 Substitution of Personnel**

#### **A. Continuous Performance of Key Personnel**

Unless substitution is approved per sections B-D of this section, key personnel shall be the same personnel proposed in the Contractor's technical proposal, which will be incorporated into the

Contract by reference. Such identified key personnel shall perform continuously for the duration of the Contract, or such lesser duration as specified in the technical proposal. Key personnel may not be removed by the Contractor from working under this Contract as described in the RFP or the Contractor's technical proposal without the prior written concurrence of the Contract Manager.

If the Contract is task order based, the following provisions apply to key personnel identified in each task order proposal and agreement.

## **B. Definitions**

As used in this section:

***“Contract Manager”*** means the Contract Manager previously identified in this solicitation, and/or a person designated in writing by the Contract Manager or the Department or agency to act for the Contract Manager concerning Contractor personnel substitution issues.

***“Day”*** or ***“Days”*** means calendar day or days.

***“Extraordinary Personal Circumstance”*** means any circumstance in an individual's personal life that reasonably requires immediate and continuous attention for more than 15 days that precludes the individual from performing his/her job duties under this Contract. Examples of such circumstances might include but are not limited to: a sudden leave of absence to care for a family member that is injured, sick or incapacitated; the death of a family member, including the need to attend to the estate or other affairs of the deceased or his/her dependents; substantial damage to, or destruction of the individual's home that causes a major disruption in the individual's normal living circumstances; criminal or civil proceedings against the individual or a family member; jury duty; military service call-up; etc.

***“Incapacitating”*** means any health circumstance that substantially impairs the ability of an individual to perform the job duties described for that individual's position in the RFP or the Contractor's technical proposal.

***“Sudden”*** means when the Contractor has less than 30 days' prior notice of a circumstance beyond its control that will require the replacement of any key personnel working under the Contract.

## **C. Key Staff General Substitution Provisions**

The following provisions apply to all of the circumstances of staff substitution described in section D of this section.

1. The Contractor shall demonstrate to the Contract Manager's satisfaction that the proposed substitute personnel have qualifications at least equal to those of the personnel for whom the replacement is requested.
2. The Contractor shall provide the Contract Manager with a substitution request that shall include:
  - A detailed explanation of the reason(s) for the substitution request
  - The resume of the proposed substitute personnel, signed by the substituting individual and his/her formal supervisor
  - The official resume of the current employee for comparison purposes
  - Any required credentials
3. The Contract Manager may request additional information concerning the proposed substitution. In addition, the Contract Manager, and/or other appropriate State personnel involved with the Contract may interview the proposed substitute personnel prior to deciding whether to approve the substitution request.
4. The Contract Manager will notify the Contractor in writing of: (i) the acceptance or denial, or (ii) contingent or temporary approval for a specified time limit, of the requested substitution. The Contract Manager will not unreasonably withhold approval of a requested key personnel replacement.

#### **D. Replacement Circumstances**

##### **1. Voluntary Staff Replacement**

To voluntarily replace any key staff, the Contractor shall submit a substitution request as described in section C of this section to the Contract Manager at least 15 days prior to the intended date of change. Except in a circumstance described in section D.2 of this clause, a substitution may not occur unless and until the Contract Manager approves the substitution in writing.

##### **2. Staff Replacement Due to Vacancy**

The Contractor shall replace key staff whenever a vacancy occurs due to the Sudden termination, resignation or leave of absence due to an Extraordinary Personal Circumstance of such staff, Incapacitating injury, illness or physical condition, or death. (A termination or resignation with 30 days or more advance notice shall be treated as a Voluntary Staff Replacement as per section D.1 of this clause.)

Under any of the above D.2 circumstances, the Contractor shall identify a suitable replacement and provide the same information or items required under Section C of this

section within 15 days of the sooner of the actual vacancy occurrence or from when it was first learned by the Contractor that the vacancy would be occurring.

### 3. Staff Replacement Due to an Indeterminate Absence

If any key staff has been absent from his/her job for a period of 10 days due to injury, illness, or other physical condition, leave of absence under a family medical leave or Extraordinary Personal Circumstance and it is not known or reasonably anticipated that the individual will be returning to work within the next 20 days to fully resume his/her job duties, before the 25th day of continuous absence the Contractor shall identify a suitable replacement and provide the same information or items required under section C of this section.

However, if this person is available to return to work and fully perform all job duties before a replacement has been authorized by the Contract Manager, at the option of the Contract Manager the original staff may continue to work under the Contract, or the replacement staff will be authorized to replace the original staff, notwithstanding the original staff's ability to return.

### 4. Directed Staff Replacement

a. The Contract Manager may direct the Contractor to replace any staff that is perceived as being unqualified, non-productive, unable to fully perform his/her job duties due to full or partial Incapacity or Extraordinary Personal Circumstance, disruptive, or that has committed a major infraction(s) of law or agency or Contract requirements. Normally a directed replacement would only occur after prior notification of problems with requested remediation, as described in 4.b, below. If after such remediation the Contract Manager determines that the staff performance has not improved to the level necessary to continue under the Contract, if at all possible at least 15 days' replacement notification will be provided. However, if the Contract Manager deems it necessary to remove the offending individual with less than 15 days' notice, the Contract Manager can direct the removal in a timeframe of less than 15 days, to include immediate removal.

In circumstances of directed removal, the Contractor shall, in accordance with section C of this section, provide a suitable replacement for approval within 15 days of the notification of the need for removal, or the actual removal, if that occurs first.

b. If deemed appropriate in the discretion of the Contract Manager, the Contract Manager shall give written notice of any personnel performance issues to the

Contractor, describing the problem and delineating the remediation requirement(s). The Contractor shall provide a written Remediation Plan within 10 days of the date of notice and implement the Remediation Plan immediately upon written acceptance by the Contract Manager, or revise and resubmit the plan to the Contract Manager within 5 days, as directed in writing by the Contract Manager.

Should performance issues persist despite the previously agreed to Remediation Plan, the Contract Manager will give written notice of the continuing performance issues and either request a new Remediation Plan within a specified time limit, or direct the substitution of personnel whose performance is at issue with a qualified substitute, including requiring the immediate removal of the key staff at issue.

Replacement or substitution of personnel under this section shall be in addition to and not in lieu of the State's remedies under the Contract.

#### **3.4 Conflict of Interest**

The Offeror must agree that neither it, nor any affiliated company, will receive compensation directly or indirectly by reason of its manager services hereunder, other than the fees received from the Board under this contract. This includes rebates, concessions or other payments or benefits from brokers or contract issuers. The selected Offeror will be prohibited from purchasing for the Board's ICP any contract, policy, stable value arrangement or wrapper that is issued or guaranteed by it, or any affiliated company. As noted in Sec. 3.2 the successful Offeror will be permitted to elect internal management of ICP assets equal to or less than 25% of total ICP assets.

#### **3.5 Cash Management**

The manager selected hereunder will not have custody or control of plan funds, but will instead transmit instructions to NRS and/or Board personnel for such fund direction as is necessary. As part of the current management of the ICP, the Board maintains a Short Term Interest Fund (STIF) to receive ongoing deferrals, and contract maturities with benefit payments and funds for new contracts paid from this fund. This process will continue under this contract. The Board will select the identity of the STIF fund; the selected manager will not. The manager will be expected to manage and coordinate the overall size of the STIF fund, consistent with the purpose of the ICP and achievement of appropriate investment return. The current custodian for ICP assets is the Bank of New York. The selected manager must be able to continue this relationship.

### **3.6 Fiduciary**

The manager selected will be a fiduciary within the meaning of State Personnel & Pensions Art. §21-20 et seq., which requires fiduciaries responsible for plan assets to adhere to certain standards of diligence and conduct similar to ERISA standards. Although some of the plans that maintain the ICP as an option are tax qualified, none of them are subject to Department of Labor jurisdiction or federal ERISA provisions, other than tax provisions. The selected manager will be expected to show evidence of and to continue to maintain appropriate fiduciary insurance as a requirement under this contract. The selected manager will be required to adhere to standards of conduct applicable to Qualified Asset Managers under ERISA plans, or obtain specific waivers from the Board of Trustees.

### **3.7 Inspection of Place of Business and Books and Records**

The manager selected must agree to allow inspection of all books and records relating to its performance of services hereunder.

### **3.8 Credit Standards**

The manager selected must adhere to specific credit standards agreed upon between the manager and the Board and set forth in the investment policy. The manager will be required to periodically propose specific standards, which then may be modified from time to time at the Board's discretion. A successful Offeror should assume that the existing investment policy shall remain in force throughout the term of the new contract.

### **3.9 Quarterly Reports and Meetings**

The manager selected will be required to submit quarterly reports to the Board's investment committee on the overall operations of the ICP, including any analysis necessitated by deterioration of credit quality for instruments within the ICP. The manager will be required to personally attend at least four meetings a year in Baltimore, at its own expense, which at the discretion of the Board may be either Board meetings or investment committee meetings. The periodic reports must contain data substantially similar to the reports attached as Attachment C.

### **3.10 Loans**

The manager will not have authority to borrow funds.

### **3.11 Contract Titling**

Contracts selected will be issued to and in the name of the Board, unless issued under such other arrangements as are specifically approved by the Board from time to time.

### **3.12 Contract Pricing, Invoicing, and Payment**

The selected manager will be compensated solely on the basis of a percentage of assets within contracts under its management, plus the balance in the STIF fund. The percentage fee shall be as stated in Attachment H of this RFP and shall be calculated at the end of each quarter. This fee will then be invoiced to the State Contract Manager. Upon approval of an accurate invoice, the payment shall be paid from ICP cash flow or the STIF account within 30 days of receipt of an approved invoice.

### **3.13 Cancellation Privileges**

The Board reserves the right to cancel this contract upon 3 months notice at any time during the course of its performance without liability for damages, incurred costs, or anticipated profits. In the event of such cancellation the Board's sole liability to the manager will be for accrued percentage fees and/or any yearly minimum, adjusted for months served.

### **3.14 Blended Rate Calculation**

The Stable Value Manager currently calculates the monthly ICP declared Blended Rate of Interest. This practice will continue with the issuance of this RFP and Offerors will provide for the calculation of crediting interest in their proposals.

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## **SECTION 4 – PROPOSAL SUBMISSION FORMAT**

### **4.1 Two Part Submission**

Offerors must submit proposals in two separate parts:

- “Volume I – (TECHNICAL PROPOSAL)”
- “Volume II – (FINANCIAL PROPOSAL)”

The Financial Proposals must be sealed separately from the Technical Proposals. The Financial Proposal will remain sealed and withheld from review until the Technical Proposals have been evaluated.

### **4.2 Volume I-Technical Proposal**

The Technical Proposal must not reveal any pertinent information from the sealed Volume II-Financial Proposal but must be submitted simultaneously to the Procurement Officer (address listed on Key Information Summary and in Section 1.5). This is the only address to which proposals may be submitted. An original, so identified, and ten (10) copies of each Volume I-Technical Proposal are to be submitted. Hard copies must be a complete proposal containing all information that is also contained on the CD’s unless otherwise directed in Section 4.

Offerors must attach to the original Technical Proposal two (2) separate CD’s containing an electronic version of Volume I- Technical Proposal (in MSWord format).

Volume II-Financial Proposal must be sealed separate from Volume I-Technical Proposal but submitted simultaneously to the Procurement Officer as noted above. An original, so identified, and ten (10) copies of each Volume II-Financial Proposal are to be submitted.

Offerors must also attach to the original Financial Proposal two (2) separate CD’s containing an electronic version of the Volume II- Financial Proposal (in MS Excel format).

Please note that the Offeror must provide separate CD’s for the Technical Proposal and the Financial Proposal, resulting in four (4) CDs attached to the proposal. The CD’s containing the electronic responses should be placed in separate envelopes labeled “Offeror Response CD’s – Volume “X” (“X” is Volume I or Volume II, as appropriate).

### **4.3 Submission**

Each Offeror is required to submit a separate sealed package for “Volume II-Financial Proposal” which may be nested within a larger package containing the rest of the proposal. Each package must bear the RFP title and number, name and address of the Offeror, the volume number (I or II), and the closing date and time for receipt of the proposals on the outside of the package. Please label the electronic media with Volume I-Technical Proposal and Volume II-Financial

Proposal, as appropriate. All pages of both proposal volumes must be consecutively numbered from beginning (Page 1) to end (Page “x”).

#### **4.4.1 Transmittal Letter**

A transmittal letter must accompany the Technical Proposal. The purpose of this letter is to transmit the proposal and acknowledge the receipt of any addenda/amendments. The transmittal letter should be brief and signed by an individual who is authorized to commit the Offeror to the services and requirements as stated in this RFP.

#### **4.4.2 Format of Technical Proposal; Required Submissions**

As described in Section 4.3, above, an original, to be so labeled, ten (10) copies and the electronic version shall be provided. Sections 2 and 3 of this RFP provide requirements and Section 4 provides reply instructions. The paragraphs in these RFP sections are numbered for ease of reference. In addition to the instructions below, the Offeror’s Technical Proposals should be organized and numbered in the same order as this RFP. This proposal organization will allow State officials and the Evaluation Committee to “map” Offeror responses directly to RFP requirements by paragraph number.

**The Technical Proposal shall include the following sections in this order:**

##### **4.4.2.1 Title and Table of Contents**

The technical proposal should begin with a title page bearing the name and address of the Offeror and the name and number of this RFP. A table of contents for the technical proposal should follow the title page. Information, which is claimed to be confidential, is to be identified after the Title Page and before the Table of Contents in the Offeror’s Technical Proposal, and if applicable, also in the Offeror’s Financial Proposal. An explanation for each claim of confidentiality shall be included.

##### **4.4.2.2 Executive Summary**

The Offeror shall condense and highlight the contents of the Technical Proposal in a separate section titled “Executive Summary” including how the Offeror meets the minimum qualifications outlined in Section 2.

The summary shall also identify any exceptions the Offeror has taken to the requirements of this RFP, the standard contract provisions (ATTACHMENT E), or any other attachments. Explain and attach any contract language you require in order to serve as a discretionary manager as contemplated hereunder. If there are no exceptions or additions required, the summary should so state.

**Note:** Exceptions to terms and conditions of the RFP, the contract, or any other attachment may result in having the proposal deemed unacceptable or classified as not reasonably susceptible of being selected for award.

#### 4.4.2.3 Offeror Technical Response to RFP Requirements

- A. The Offeror shall address each requirement in Section 3 “Scope of Work” of this RFP and describe how the Offeror’s proposed services will meet those requirements. The Offeror should use the sub-headings provided by this RFP to organize the response (e.g. describe cash management capabilities in the Technical Proposal section noted as a response to Section 3.3). The response should take into account the background information provided in Section 3.1 and shall note how the Offeror’s proposed methods of performing the work required under this RFP meet the objectives outlined in Section 3.2. Specifically, the Offeror shall state their agreement to utilizing the existing Sub-Managers who are listed in Attachment C, or if any alternative Sub-Managers are being proposed. The Offeror may draw from its experience to provide examples and to illustrate how its strategy, process and practice are proven to be successful. Do not duplicate information.
- B. If the Board is seeking Offeror agreement to a requirement, the Offeror shall state agreement or disagreement. However, the Offeror should not merely rely on a stated agreement to perform the requested work; rather the Offeror should outline **how the Offeror can fulfill the requested tasks in a manner that best meets the Board’s needs.**
- C. The required affidavits must also be included in the Technical Proposal section.
- D. Give a concise summary description of your company and, if part of a publicly traded enterprise, attach a copy of a recent annual report.
- E. Summarize the management structure of your company and provide the biographies of the personnel who will be assigned to the Maryland ICP. Please include the investment management team along with a consulting/client-relations contact. The below items must be included for each individual:  
Name, Title, Job Function; Education, College/University, Degree earned, Graduation year, Professional Designations; Business Background, Firm, City, State, Beginning and Ending Date, Tenure, Brief Description of Responsibilities.
- F. State whether your firm is registered with the SEC as a registered investment advisor and state the SEC licenses currently held by those individuals primarily responsible for performing investment selection or advisory services under this contract.
- G. Submit a sample of reports actually issued for other similar clients in the past year.
- H. Give concise summary information on your past performance as a manager for the last ten years. Include in this summary sufficient detail so that performance for similar and dissimilar clients can be evaluated through comparison to benchmark rates. Feel free to add concise comment on any exceptional or unique circumstance that added or detracted from the performance.

- I. State the types of instruments and securities you propose for purchase by the fund, and state any conditions that you require as material conditions for such instruments, and state with particularity any material differences in portfolio composition or wrapper contracts that you would recommend. If you propose to purchase contracts issued by financial institutions operating outside the United States, or hedging instruments, provide detail here. Describe the decision process in selecting investment sub-managers and what outside managers are accessible through your firm. Also provide in this section a brief description of any contemplated legal structure of the ICP that you deem necessary to serve as discretionary manager.
- J. Submit any recommended amendments to the ICP investment policy.
- K. Prepare a recommended investment strategy for the Maryland ICP, including maturity structure and the type of instruments/securities to be used. State with particularity the material changes that you propose, e.g., greater use of GICs, use of pooled funds; material changes in wrapper contracts.
- L. If you will recommend a particular wrapper arrangement to ensure benefit responsiveness state so here, giving details of the contractual wrapper arrangement you desire to implement. Also state in this section whether any particular wrapper arrangement/financial product is a condition of your offer. Note in this regard the conflict restriction of section 3.4.
- M. Give a representative client list and other references. You should also state in this section: (1) total stable value assets under discretionary management by your firm; (2) the number of clients/accounts for such assets; and (3) the amount of assets and length of relationship for the three largest clients; (4) if not otherwise stated, the amount of assets and number of clients that are governmental defined contribution programs.
- N. Provide at least three references including Entity Name, Contact Name, Telephone number, Email Address and description of the services rendered, duration and ending date.
- O. State whether any of the existing wrapper providers for the Maryland ICP are used in any of the stable value funds that you manage. Confirm that you are able to work with each of the existing Maryland ICP wrapper providers.
- P. Additional Information: This section is optional, and should include if desired any additional information the Offeror deems relevant to this procurement and the satisfaction of the Board's objectives.
- Q. Company Literature (if applicable): If company literature or other material is intended to respond to any RFP requirement, it should be included in this section.

#### **4.4.2.4 Maryland State Government Experience**

As part of its offer, each Offeror is to provide a list of all contracts with any entity of the State of Maryland that it is currently performing or which has been completed within the last 5 years.

For each identified contract the Offeror is to provide in its Technical Proposal:

- The State contracting entity
- A brief description of the services/goods provided
- The dollar value of the contract

- The term of the contract
- The State employee contact person (name, title, telephone number and if possible e-mail address)
- Whether the contract was terminated before the end of the term specified in the original contract, including whether any available renewal option was not exercised.

The Procurement Officer or a designee will contact the identified State agencies, or the most appropriate ones if many contracts are involved, to ascertain the Offeror's level of performance of State contracts.

Information obtained regarding the Offeror's level of performance on State contracts will be considered as part of the experience and past performance evaluation criteria of the RFP.

#### **4.4.2.5 Economic Benefit Factors**

Offerors shall submit with their proposals a narrative describing benefits that will accrue to the Maryland economy as a direct or indirect result of their performance of this contract. Proposals will be evaluated to assess the benefit to Maryland's economy specifically offered.

Proposals that identify specific benefits as being contractually enforceable commitments will be rated more favorably than proposals that do not identify specific benefits as contractual commitments, all other factors being equal.

Offerors shall identify any performance guarantees that will be enforceable by the State if the full level of promised benefit is not achieved during the contract term.

As applicable, for the full duration of the contract, including any renewal period, or until the commitment is satisfied, the contractor shall provide to the procurement officer or other designated agency personnel reports of the actual attainment of each benefit listed in response to this section. These benefit attainment reports shall be provided quarterly, unless elsewhere in these specifications a different reporting frequency is stated.

Please note that in responding to this section, the following do not generally constitute economic benefits to be derived from this contract:

1. generic statements that the State will benefit from the Offeror's superior performance under the contract;
2. descriptions of the number of Offeror employees located in Maryland other than those that will be performing work under this contract; or
3. tax revenues from Maryland based employees or locations, other than those that will be performing, or used to perform, work under this contract.

Discussion of Maryland based employees or locations may be appropriate if the Offeror makes some projection or guarantee of increased or retained presence based upon being awarded this contract.

Examples of economic benefits to be derived from a contract may include any of the following. For each factor identified below, identify the specific benefit and contractual commitments and provide a breakdown of expenditures in that category:

- The contract dollars to be recycled into Maryland's economy in support of the contract, through the use of Maryland subcontractors, suppliers and joint venture partners.
- The number and types of jobs for Maryland residents resulting from the contract. Indicate job classifications, number of employees in each classification and the aggregate payroll to which the contractor has committed, including contractual commitments at both prime and, if applicable, subcontract levels.
- Tax revenues to be generated for Maryland and its political subdivisions as a result of the contract. Indicate tax category (sales taxes, payroll taxes, inventory taxes and estimated personal income taxes for new employees). Provide a forecast of the total tax revenues resulting from the contract.
- Subcontract dollars committed to Maryland small businesses and MBEs.
- Other benefits to the Maryland economy which the Offeror promises will result from awarding the contract to the Offeror, including contractual commitments. Describe the benefit, its value to the Maryland economy, and how it will result from, or because of the contract award. Offerors may commit to benefits that are not directly attributable to the contract, but for which the contract award may serve as a catalyst or impetus.

#### **4.4.2.6 Summary of Required Technical Proposal Attachments**

- Transmittal Letter (Sec 4.4.1);
- Technical Proposal, Volume I (Sec 4.4.2.1 through 4.4.2.4);
- Bid/Proposal Affidavit (Attachment F);
- MBE Form (Attachment D-1);
- Living Wage Affidavit (Attachment J)

#### **4.5 Volume II – Financial Proposal**

Under separate sealed cover from the Technical Proposal and clearly identified with the same information noted on the Technical Proposal, the Offeror must submit an original unbound copy, ten (10) bound copies, and two (2) electronic copies (in MS Excel format) in a separate envelope labeled as described in Section 4.2. The Financial Proposal must contain all cost information in the format specified in ATTACHMENT H.

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## **SECTION 5 – EVALUATION CRITERIA AND SELECTION PROCEDURE**

### **5.1 Evaluation Criteria**

Proposals will initially be divided into those that meet minimum qualifications and all other mandatory requirements (including procedural requirements, such as timeliness of submission), and those that do not. Those proposals meeting all minimum qualifications and mandatory requirements are termed responsible Offerors; the procurement officer will notify those persons submitting proposals that are not so classified.

Evaluation of the responsive proposals will be performed by a committee made up of Board members, and such other staff, consultants, accountants and others, as the Board may deem appropriate. The Procurement Committee will make a recommendation to the full Board, which will then award the contract, subject to the authorization of the Board of Public Works.

Evaluations will be based on the criteria set forth below.

### **5.2 Technical Criteria**

The criteria to be applied to each technical proposal are as follows, listed in descending order of importance:

- A. Quality and thoughtfulness of investment plan and strategy proposed for this Plan pursuant to section 4.4.2.3, including proposed credit quality standards required by requirement J and K, and types of proposed instruments as requested in requirement I. In making this evaluation the Committee will examine and take into consideration how the proposed plan would likely perform under a variety of market conditions, and proponents of particular strategies should take that into consideration.
- B. Past investment results produced for similar and dissimilar clients, as shown in the submission required by requirement H in section 4.4.2.3.
- C. General practical ability to efficiently coordinate detail among the relevant parties and transactions, e.g., the Board, insurance companies (or other investment houses) the administrator (NRS) and necessary banks and accounting firms, all as shown in the submissions required by requirements H, J, L, M, N, and O of section 4.4.2.3.
- D. General experience, reputation, education and training of persons specifically designated to perform the Offeror's obligations under this contract, as shown in the submission required by requirement E.
- E. General experience and reputation of the firm within the stable value fund/money management industry, as well as the overall financial analysis resources available within the firm, as shown in the submission required by requirements E, G, I and O of section 4.4.2.3.
- F. Economic Benefit Factors in section 4.4.2.5.

### **5.3 Financial Criteria**

All qualified Offerors will be ranked from the lowest to the highest, based on the total projected cost from the fixed rate proposed as shown in ATTACHMENT H.

## **5.4 Reciprocal Preference**

Although Maryland law does not authorize procuring agencies to favor resident Offerors in awarding procurement contracts, many other states do grant their resident businesses preferences over Maryland contractors. Therefore, as described in COMAR 21.05.01.04, a resident business preference will be given if: a responsible Offeror whose headquarters, principal base of operations, or principal site that will primarily provide the services required under this RFP is in another state submits the most advantageous offer; the other state gives a preference to its residents through law, policy, or practice; and, the preference does not conflict with a Federal law or grant affecting the procurement contract. The preference given shall be identical to the preference that the other state, through law, policy or practice gives to its residents.

### **5.5.1 Selection Procedures**

The contract will be awarded in accordance with the competitive sealed proposals process under Code of Maryland Regulations 21.05.03. The competitive sealed proposals method is based on discussions and revision of proposals during these discussions.

Accordingly, the State may hold discussions with all Offerors judged reasonably susceptible of being selected for award, or potentially so. However, the State also reserves the right to make an award without holding discussions. In either case of holding discussions or not doing so, the State may determine an Offeror to be not responsible and/or an Offeror's proposal to be not reasonably susceptible of being selected for award, at any time after the initial closing date for receipt of proposals and the review of those proposals.

### **5.5.2 Selection Process Sequence**

A. The first level of review will be an evaluation for technical merit. During this review oral presentations and discussions may be held. The purpose of such discussions will be to assure a full understanding of the State's requirements and the Offeror's ability to perform, and to facilitate arrival at a contract that will be most advantageous to the State. For scheduling purposes, Offerors should be prepared to make an oral presentation and participate in discussions within two to four weeks of the delivery of proposals to the Board. The Procurement Officer will contact Offerors when the schedule is set by the State.

B. Offerors must confirm in writing any substantive oral clarification of, or change in, their proposals made in the course of discussions. Any such written clarification or change then becomes part of the Offeror's proposal.

C. The financial proposal of each Offeror will be evaluated separately from the technical evaluation. After a review of the financial proposals of Offerors, the Procurement Officer may again conduct discussions.

D. When in the best interest of the State, the Procurement Officer may permit Offerors who have submitted acceptable proposals to revise their initial proposals and submit, in writing, best and final offers (BAFOs).

## **5.6 Award Determination**

Upon completion of all discussions and negotiations, reference checks, and site visits, if any, the Procurement Officer will recommend to the MSRP Board the award of the contracts to the responsible Offeror whose proposals are determined to be the most advantageous to the State considering technical evaluation factors and price factors as set forth in this RFP. In making the most advantageous Offeror determination, technical factors will be given greater weight than financial factors.

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## **ATTACHMENTS**

**ATTACHMENT A** – Plan Data Summary as of December 31, 2010

**ATTACHMENT B** – Existing Investment Contract Pool Investment Policy and Guidelines

**ATTACHMENT C** – Existing Sample Investment Contract Pool Quarterly Reports

**ATTACHMENT D** - MINORITY BUSINESS ENTERPRISE PARTICIPATION INSTRUCTIONS AND FORMS. Forms D-1 and D-2 must be completed and submitted with the Offeror's technical proposal.

**ATTACHMENT E** is the State's Standard Contract Provisions. It is provided with the RFP for informational purposes and is not required at proposal submission time. However, a final agreement must be completed, signed and returned by the successful Offeror to the Procurement Officer expeditiously upon notification of proposed Contract award.

**ATTACHMENT F** – Bid/Proposal Affidavit. This form must be completed and submitted with the Offeror's technical proposal.

**ATTACHMENT G** – Contract Affidavit. It is not required at proposals submission time. It must be submitted by the selected Offeror to the Procurement Officer within 5 working days of notification of proposed award

**ATTACHMENT H** –Financial Proposal Form. Price Proposal forms must be completed and submitted as the Financial Proposal.

**ATTACHMENT I** – Living Wage Information. This form must be completed and submitted with the Offeror's technical proposal.

**ATTACHMENT J** – Living Wage Affidavit. This form must be completed and submitted with the Offeror's technical proposal.  
INSERT Attachments A, B, C

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# Quarterly Financial Asset Summary Data as of December 31, 2010

from Administrator's unaudited quarterly financial reports

		457(b)	403(b)	401(k)	401(a) Match	4 Plan Totals
<b>Fixed/Stable/non-Equities</b>						
<b>MSRP</b>	<b>Investment Contract Pool</b>	\$420,021,819		\$289,857,531	\$37,221,074	\$747,100,424
<i>Great West</i>	<i>Certificates</i>		\$4,398,159			\$4,398,159
<i>Nationwide</i>	<i>Fixed Annuities</i>	\$83,650,654				\$83,650,654
<b>Vanguard</b>	Prime Money Market Fund - IS		\$6,066,703		\$5,435,154	\$11,501,857
<b>PIMCO</b>	Total Return Fund - IS	\$56,014,690	\$5,063,417	\$64,950,390		\$126,028,497
<b>Variables</b>						
<b>T. Rowe Price</b>	Retirement Income Fund	\$2,733,001	\$394,278	\$2,202,028	\$154,865	\$5,484,172
<b>T. Rowe Price</b>	Retirement 2005 Fund	\$3,140,231	\$445,154	\$2,975,151	\$157,261	\$6,717,797
<b>T. Rowe Price</b>	Retirement 2010 Fund	\$8,044,757	\$593,892	\$10,120,850	\$857,429	\$19,616,928
<b>T. Rowe Price</b>	Retirement 2015 Fund	\$13,923,501	\$859,920	\$19,438,749	\$2,052,044	\$36,274,214
<b>T. Rowe Price</b>	Retirement 2020 Fund	\$16,899,299	\$828,574	\$27,188,336	\$3,058,516	\$47,974,725
<b>T. Rowe Price</b>	Retirement 2025 Fund	\$10,987,836	\$386,339	\$18,816,643	\$2,476,008	\$32,666,826
<b>T. Rowe Price</b>	Retirement 2030 Fund	\$10,613,517	\$393,372	\$12,644,198	\$2,233,553	\$25,884,640
<b>T. Rowe Price</b>	Retirement 2035 Fund	\$6,195,487	\$44,799	\$6,813,198	\$1,557,317	\$14,610,801
<b>T. Rowe Price</b>	Retirement 2040 Fund	\$5,146,859	\$57,563	\$4,826,365	\$1,162,372	\$11,193,159
<b>T. Rowe Price</b>	Retirement 2045 Fund	\$2,553,856	\$20,942	\$1,867,869	\$670,862	\$5,113,529
<b>T. Rowe Price</b>	Retirement 2050 Fund	\$1,453,923	\$2,181	\$554,192	\$266,722	\$2,277,018
<b>T. Rowe Price</b>	Retirement 2055 Fund	\$307,448	\$7,251	\$632,309	\$49,994	\$997,002
<b>Fidelity</b>	Puritan Fund	\$96,577,664	\$7,862,680	\$86,358,804	\$12,254,693	\$203,053,841
<b>Vanguard</b>	Institutional Index Fund - IPS	\$106,506,997	\$8,766,239	\$148,426,598	\$27,762,965	\$291,462,799
<b>Vanguard</b>	Value Index Fund - InvS	\$3,237,042	\$178,179	\$2,936,588	\$135,235	\$6,487,044
<b>Neuberger Berman</b>	Partners Fund - IS	\$48,510,569	\$3,454,948	\$46,586,969	\$8,228,217	\$106,780,703
<b>Parnassus</b>	Equity Income Fund - IS	\$113,567	\$39,975	\$252,248	\$9,518	\$415,308
<b>American Funds</b>	Growth Fund Of America - R6	\$40,603,369	\$3,041,346	\$54,773,893	\$6,634,340	\$105,052,948
<b>Goldman Sachs</b>	Large Cap Value - IS	\$64,133,366	\$5,490,220	\$50,969,065	\$8,134,722	\$128,727,373
<b>Vanguard</b>	Mid Cap Index Fund - IS	\$49,272,405	\$6,117,994	\$52,098,144	\$7,932,762	\$115,421,305
<b>T. Rowe Price</b>	Mid Cap Value Fund	\$19,695,446	\$947,965	\$21,040,845	\$1,887,797	\$43,572,053
<b>Morgan Stanley</b>	Mid Cap Growth Portfolio - CI	\$12,138,187	\$1,080,671	\$14,139,968	\$908,293	\$28,267,119
<b>T. Rowe Price</b>	Small-Cap Stock Fund	\$39,120,934	\$2,248,102	\$50,128,736	\$6,674,616	\$98,172,388
<b>Vanguard</b>	Small Cap Growth Index - IS	\$13,180,063	\$1,463,240	\$18,631,764	\$2,348,982	\$35,624,049
<b>Vanguard</b>	Small Cap Value Index - InvS	\$3,621,337	\$642,550	\$3,687,628	\$265,021	\$8,216,536
<b>American Funds</b>	EuroPacific Growth - R6	\$56,792,414	\$5,109,931	\$65,708,261	\$6,770,203	\$134,380,809
<b>Vanguard</b>	Total Internat'l Stock Index Fund - InvS	\$5,785,573	\$1,083,247	\$5,465,732	\$287,017	\$12,621,569
<b>Investment Sub-Totals</b>		\$1,200,975,811	\$67,089,831	\$1,084,093,052	\$147,587,552	\$2,499,746,246
	Carrier suspense		(\$6,341)	(\$1,018,217)	(\$61,798)	(\$1,086,356)
<b>Investment Sub-Totals</b>		\$1,200,975,811	\$67,083,490	\$1,083,074,835	\$147,525,754	\$2,498,659,890
<b>Nationwide Annuity Reserves</b>		\$16,363,714				\$16,363,714
<b>Metropolitan Annuity Reserves</b>		\$5,502,922				\$5,502,922
<b>Total Investments</b>		\$1,222,842,447	\$67,083,490	\$1,083,074,835	\$147,525,754	\$2,520,526,526
<b>Commercial Life Ins Co - C.V.</b>		\$3,691,331				\$3,691,331
<b>Net receivables/cash</b>		\$6,254,171	\$44,495	\$2,376,425		\$8,675,091
<b>Loans receivable</b>		\$11,166,303	\$286,301	\$12,663,185		\$24,115,789
<b>TOTAL</b>		\$1,243,954,252	\$67,414,286	\$1,098,114,445	\$147,525,754	\$2,557,008,737

*Italics = closed to new investments*

Abbreviations: IS = Institutional Shares; IPS = Institutional Plus Shares; InvS = Investor Shares; CI = Class Institutional; R6 = Class 6 Retirement Shares

# MSRP - All Plans Combined

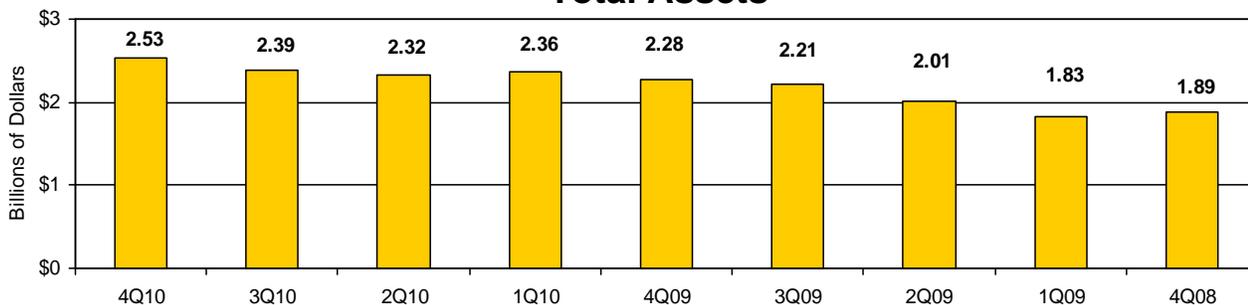
## 4th Quarter 2010

Summary of 457, 403(b), 401(k) and 401(a) financial transactions and the resultant effect on Plan assets (unaudited).

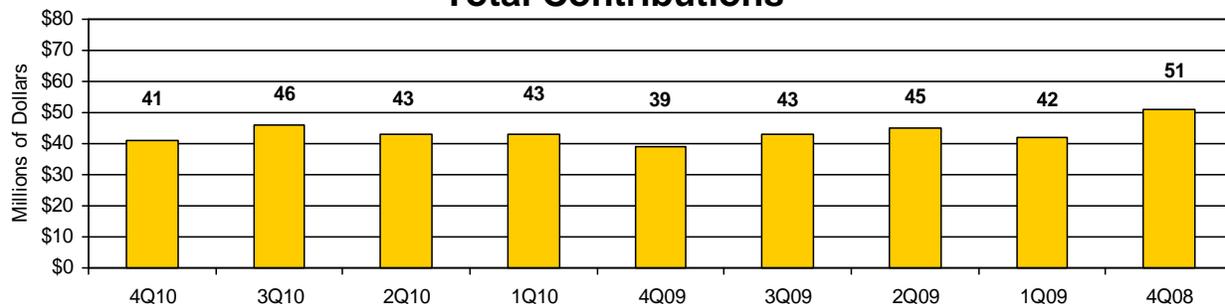
	2010		2009	
Beginning Asset Balance - October 1	\$	2,386,676,809	\$	2,206,566,194
Contributions				
Deferrals	\$	30,500,690	\$	32,086,258
Rollovers/Transfers In	\$	3,677,620	\$	3,082,256
Other Contributions	\$	6,857,444	\$	4,296,005
<b>Total</b>	\$	<b>41,035,755</b>	\$	<b>39,464,519</b>
Withdrawals				
Rollovers/Transfers Out	\$	(18,598,197)	\$	(15,670,683)
Other Withdrawals	\$	(30,383,144)	\$	(22,063,010)
<b>Total</b>	\$	<b>(48,981,341)</b>	\$	<b>(37,733,693)</b>
Fees	\$	(1,310,537)	\$	(1,125,316)
Investment Performance	\$	148,027,695	\$	70,211,706
Ending Asset Balance - December 31	\$	<b>2,525,448,380</b>	\$	<b>2,277,383,410</b>
Net Change		5.81%		3.21%
	\$	138,771,571	\$	70,817,216
Investment Results*		6.20%		3.17%

The above information does not include annuitized assets, or cash values held by UNUM (Commercial Life). These figures are furnished separately in quarterly financial reports.

### Total Assets



### Total Contributions

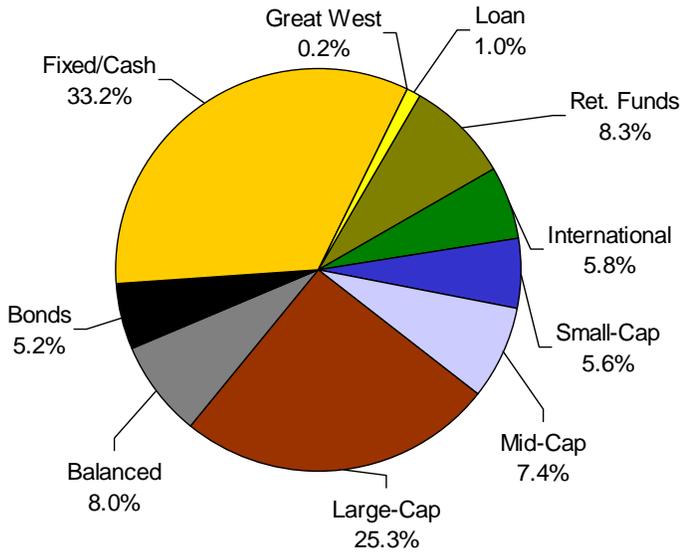


\*Estimated by adding half of the quarterly contributions to the beginning asset balance, deducting half of the quarterly withdrawals, divided into the quarterly investment performance.

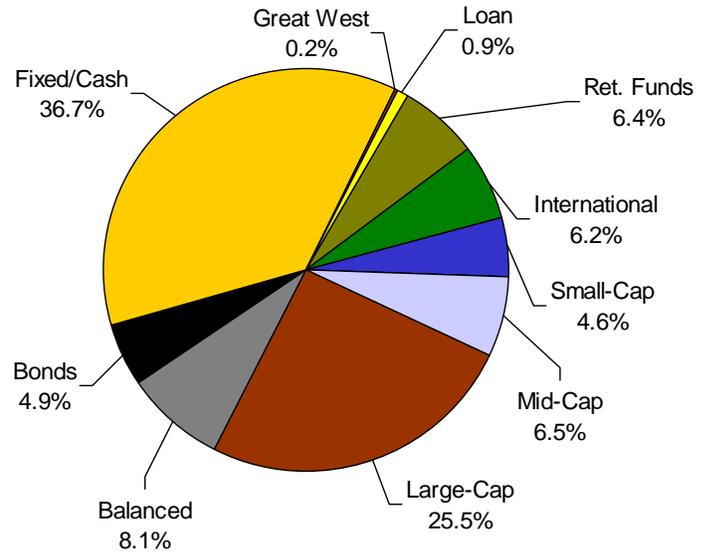
# MSRP - Allocation of Assets and Contributions

## 4th Quarter 2010

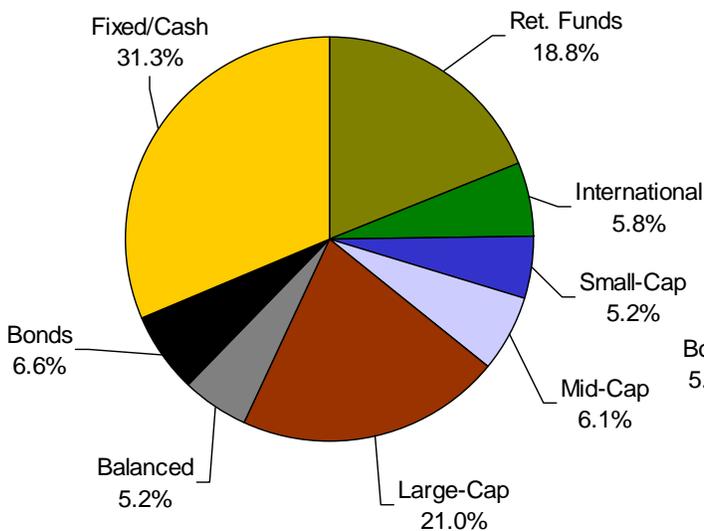
4th Quarter 2010  
Asset Allocation



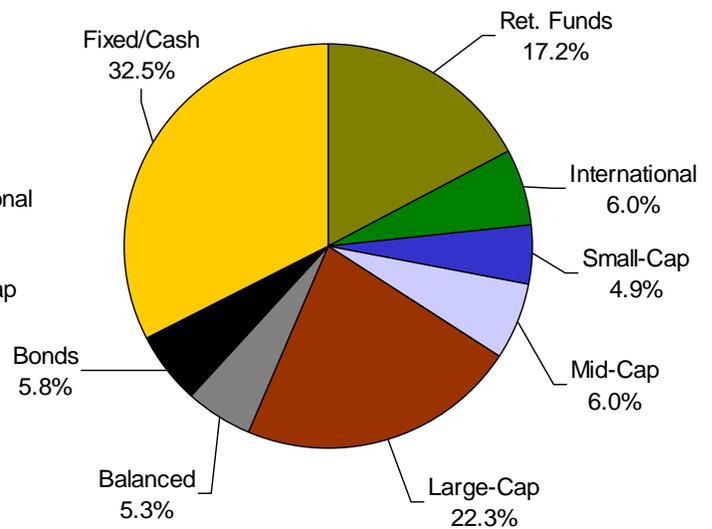
4th Quarter 2009  
Asset Allocation



4th Quarter 2010  
Contribution Allocation



4th Quarter 2009  
Contribution Allocation



NOTE: Due to rounding, percentages may not total 100%.

# MSRP - Allocation of Assets

## 4th Quarter 2010

	Assets for 4th Quarter 2010	Assets for 4th Quarter 2010 % of Total	Assets for 4th Quarter 2009 % of Total
<b>Retirement Funds</b>			
T. Rowe Price Retirement 2005 Fund	\$ 6,717,798	0.3%	0.2%
T. Rowe Price Retirement 2010 Fund	\$ 19,616,928	0.8%	0.7%
T. Rowe Price Retirement 2015 Fund	\$ 36,274,214	1.4%	1.1%
T. Rowe Price Retirement 2020 Fund	\$ 47,974,725	1.9%	1.5%
T. Rowe Price Retirement 2025 Fund	\$ 32,666,825	1.3%	1.0%
T. Rowe Price Retirement 2030 Fund	\$ 25,884,641	1.0%	0.8%
T. Rowe Price Retirement 2035 Fund	\$ 14,610,801	0.6%	0.4%
T. Rowe Price Retirement 2040 Fund	\$ 11,193,159	0.4%	0.3%
T. Rowe Price Retirement 2045 Fund	\$ 5,113,529	0.2%	0.1%
T. Rowe Price Retirement 2050 Fund	\$ 2,277,018	0.1%	0.1%
T. Rowe Price Retirement 2055 Fund	\$ 997,003	0.0%	0.0%
T. Rowe Price Retirement Income Fund	\$ 5,484,172	0.2%	0.1%
<b>Sub Total</b>	<b>\$ 208,810,814</b>	<b>8.3%</b>	<b>6.3%</b>
<b>International Stock</b>			
EuroPacific Growth Fund(R) - (Class R6)	\$ 134,380,809	5.3%	5.7%
Vanguard Total Intl. Stock Index Fund (Inv. Shares)	\$ 12,621,568	0.5%	0.5%
<b>Small-Cap Stock</b>			
T. Rowe Price Small Cap Stock Fund	\$ 98,172,388	3.9%	3.2%
Vanguard Small Cap Growth Index (Inst. Class)	\$ 35,624,049	1.4%	1.2%
Vanguard Small Cap Value Index (Inst. Class)	\$ 8,216,536	0.3%	0.3%
<b>Mid-Cap Stock</b>			
Morgan Stanley Funt Trust (Inst. Class)	\$ 28,267,120	1.1%	0.0%
Dreyfus Mid Cap Index Fund	\$ 149	0.0%	4.1%
Vanguard Mid Cap Index Fund (Inst. Class)	\$ 115,421,245	4.6%	0.0%
T. Rowe Price Mid Cap Value Fund	\$ 43,572,053	1.7%	1.5%
Van Kampen Mid Cap Growth (Class A)	\$ -	0.0%	0.8%
<b>Large-Cap Stock</b>			
The Growth Fund of America (Class R6)	\$ 105,052,948	4.2%	4.2%
Vanguard Institutional Index (Plus Shares)	\$ 291,462,799	11.5%	11.5%
Neuberger Berman Partners (Inv. Class)	\$ 106,780,702	4.2%	4.2%
Goldman Sachs Large Cap Value Fd. (Inst. Class)	\$ 128,727,371	5.1%	5.4%
Vanguard Value Index Fund (Inst. Class)	\$ 6,487,040	0.3%	0.2%
Vanguard Value Index Fund	\$ 8	0.0%	0.0%
Parnassus Equity Income Fund 0 linst. Class)	\$ 415,307	0.0%	0.0%
<b>Balanced</b>			
Fidelity Puritan Fund	\$ 203,053,841	8.0%	8.1%
<b>Bonds</b>			
PIMCO Total Return Fund	\$ 131,463,650	5.2%	4.9%
<b>Fixed Account/Cash</b>			
Investment Contract Pool	\$ 747,100,424	29.6%	32.5%
Nationwide Fixed Account	\$ 85,508,241	3.4%	3.9%
Vanguard Money Market Fund	\$ 6,066,703	0.2%	0.3%
<b>Third Party Administrator</b>			
Great West	\$ 4,182,165	0.2%	0.2%
<b>Loan</b>			
Loan	\$ 24,060,449	1.0%	0.9%
<b>Total</b>	<b>\$ 2,525,448,380</b>	<b>100.0%</b>	<b>100.0%</b>

# MSRP - Allocation of Contributions\*

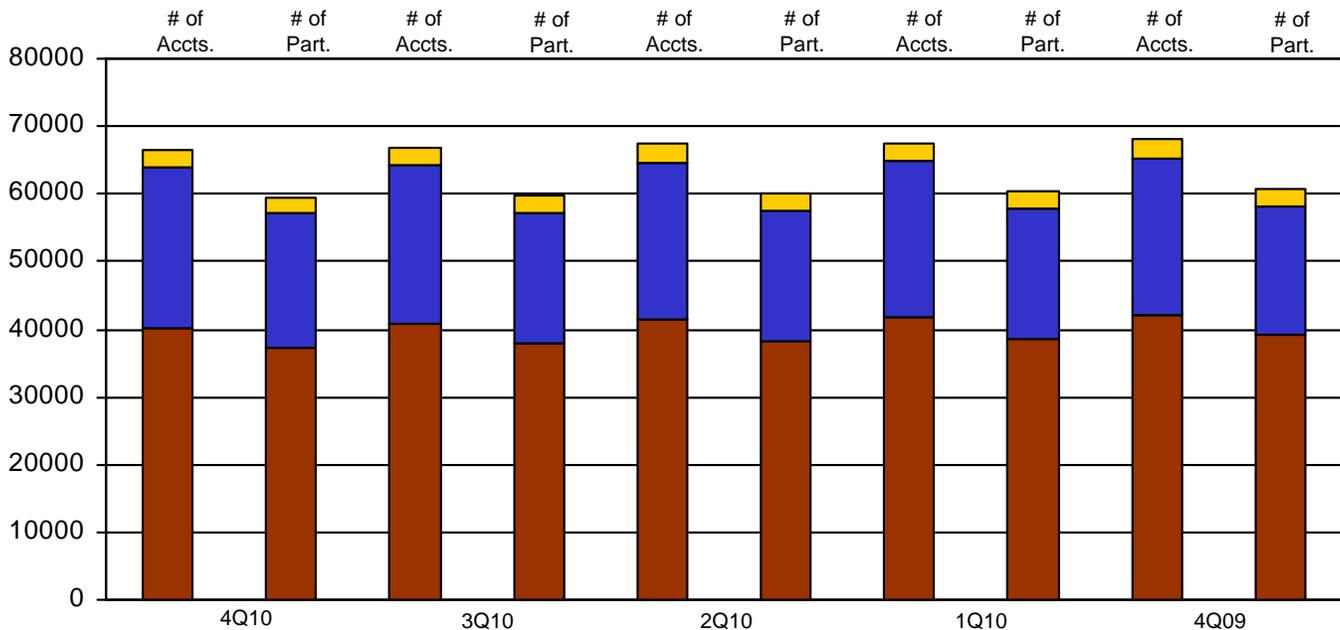
## 4th Quarter 2010

	Contributions for 4th Quarter 2010	Contributions for 4th Quarter 2010 % of Total	Contributions for 4th Quarter 2009 % of Total
<b>Retirement Funds</b>			
T. Rowe Price Retirement 2005 Fund	\$ 93,894	0.2%	0.8%
T. Rowe Price Retirement 2010 Fund	\$ 432,167	1.1%	1.0%
T. Rowe Price Retirement 2015 Fund	\$ 1,294,858	3.2%	2.2%
T. Rowe Price Retirement 2020 Fund	\$ 1,413,192	3.4%	4.3%
T. Rowe Price Retirement 2025 Fund	\$ 1,483,351	3.6%	2.4%
T. Rowe Price Retirement 2030 Fund	\$ 923,303	2.2%	2.6%
T. Rowe Price Retirement 2035 Fund	\$ 932,571	2.3%	1.5%
T. Rowe Price Retirement 2040 Fund	\$ 506,090	1.2%	1.2%
T. Rowe Price Retirement 2045 Fund	\$ 284,647	0.7%	0.7%
T. Rowe Price Retirement 2050 Fund	\$ 182,476	0.4%	0.3%
T. Rowe Price Retirement 2055 Fund	\$ 34,367	0.1%	0.1%
T. Rowe Price Retirement Income Fund	\$ 130,666	0.3%	0.2%
<b>Sub Total</b>	<b>\$ 7,711,584</b>	<b>18.8%</b>	<b>17.3%</b>
<b>International Stock</b>			
EuroPacific Growth Fund	\$ -	0.0%	5.4%
Vanguard Total Intl. Stock Index Fund (Inv. Shares)	\$ 210,517	0.5%	0.6%
EuroPacific Growth Fund(R) - (Class R6)	\$ 2,155,924	5.3%	0.0%
<b>Small-Cap Stock</b>			
T. Rowe Price Small Cap Stock Fund	\$ 1,438,038	3.5%	3.3%
Vanguard Small Cap Growth Index (Inst. Class)	\$ 502,425	1.2%	1.2%
Vanguard Small Cap Value Index (Inst. Class)	\$ 173,199	0.4%	0.0%
Vanguard Small Cap Value Index	\$ -	0.0%	0.4%
<b>Mid-Cap Stock</b>			
Morgan Stanley Fund Trust (Inst. Class)	\$ 417,791	1.0%	0.0%
Dreyfus Mid Cap Index Fund	\$ -	0.0%	3.1%
Vanguard Mid Cap Index Fund (Inst. Class)	\$ 1,181,612	2.9%	0.0%
T. Rowe Price Mid Cap Value Fund	\$ 911,592	2.2%	2.1%
Van Kampen Mid Cap Growth (Class A)	\$ -	0.0%	0.8%
<b>Large-Cap Stock</b>			
Vanguard Institutional Index (Plus Shares)	\$ 4,039,101	9.8%	10.6%
Neuberger Berman Partners (Inv. Class)	\$ 1,266,307	3.1%	3.2%
Goldman Sachs Large Cap Value Fd. (Inst. Class)	\$ 1,349,478	3.3%	3.8%
Vanguard Value Index Fund (Instl. Class)	\$ 146,505	0.4%	0.4%
Vanguard Value Index Fund	\$ (35,199)	-0.1%	0.0%
The Growth Fund of America(R) - (Class R6)	\$ 1,826,660	4.5%	4.4%
Parnassus Equity Income Fund (Inst. Class)	\$ 11,017	0.0%	0.0%
<b>Balanced</b>			
Fidelity Puritan Fund	\$ 2,145,225	5.2%	5.3%
<b>Bonds</b>			
PIMCO Total Return Fund	\$ 2,720,696	6.6%	5.8%
<b>Fixed Account/Cash</b>			
Investment Contract Pool	\$ 12,475,953	30.4%	31.5%
Nationwide Fixed Account	\$ 268,824	0.7%	0.5%
Vanguard Money Market Fund	\$ 118,504	0.3%	0.5%
<b>Total</b>	<b>\$ 41,035,755</b>	<b>100.0%</b>	<b>100.0%</b>

\* Life insurance contributions for 4Q10 were \$9,536.64.

# MSRP - Participant Breakdown

## 4th Quarter 2010



# of Accounts	4Q10	3Q10	2Q10	1Q10	4Q09
Receiving deferrals	40,141	40,858	41,323	41,699	42,235
Not receiving deferrals	23,876	23,460	23,353	23,358	22,954
In payout	2,574	2,641	2,691	2,566	2,776
<b>Total</b>	<b>66,591</b>	<b>66,959</b>	<b>67,367</b>	<b>67,623</b>	<b>67,965</b>

# of Participants	4Q10	3Q10	2Q10	1Q10	4Q09
Deferring	37,203	37,870	38,320	38,704	39,228
Not deferring	19,826	19,415	19,308	19,266	18,858
In payout	2,455	2,519	2,560	2,456	2,636
<b>Total</b>	<b>59,484</b>	<b>59,804</b>	<b>60,188</b>	<b>60,426</b>	<b>60,722</b>

4th Quarter 2010 Status	457	401(k)	403(b)	Total Accounts	Multiple Plan Accounts	Total Participants
With a balance	29,803	35,829	959	66,591	7,107	59,484
Receiving deferrals	16,900	22,826	415	40,141	2,938	37,203
Not receiving deferrals	10,976	12,405	495	23,876	4,050	19,826
In payout	1,927	598	49	2,574	119	2,455

NOTE: Actively deferring participants are identified as participants who have an account balance and have year-to-date deferrals greater than zero, have deferred within the quarter or deferred the annual maximum and are not receiving a systematic payout.

## MSRP - Comparison of all Distributions & Contributions 4th Quarter 2010

	Distributions	Contributions	Net Increase
1996	\$25,745,337	\$62,153,785	\$36,408,448
1997	\$39,236,714	\$68,638,692	\$29,401,978
1998	\$41,242,911	\$75,204,186	\$33,961,274
1999	\$45,379,004	\$107,306,401	\$61,927,397
2000	\$57,688,343	\$124,705,087	\$67,016,743
2001	\$55,491,298	\$135,686,519	\$80,195,222
2002	\$98,555,710	\$146,751,116	\$48,195,405
2003	\$94,124,778	\$145,474,452	\$51,349,674
2004	\$112,732,182	\$146,001,716	\$33,269,534
2005	\$120,372,102	\$162,906,168	\$42,534,066
2006	\$143,428,053	\$179,642,785	\$36,214,732
2007	\$166,637,959	\$191,162,174	\$24,524,215
2008	\$168,429,548	\$191,931,305	\$23,501,756
2009	\$140,088,113	\$169,981,806	\$29,893,692
<b>4Q09</b>	<b>\$37,733,693</b>	<b>\$39,464,519</b>	<b>\$1,730,825</b>

2010	Distributions	Contributions	Net Increase
<b>1Q10</b>	<b>\$37,984,835</b>	<b>\$42,623,001</b>	<b>\$4,638,166</b>
<b>2Q10</b>	<b>\$36,658,083</b>	<b>\$42,781,077</b>	<b>\$6,122,994</b>
<b>3Q10</b>	<b>\$45,473,518</b>	<b>\$45,895,753</b>	<b>\$422,234</b>
October	\$14,041,992	\$12,926,106	(\$1,115,886)
November	\$20,407,945	\$14,886,173	(\$5,521,772)
December	\$14,531,404	\$13,223,476	(\$1,307,928)
<b>4Q10</b>	<b>\$48,981,341</b>	<b>\$41,035,755</b>	<b>(\$7,945,587)</b>
<b>YTD TOTAL:</b>	<b>\$169,097,777</b>	<b>\$172,335,586</b>	<b>\$3,237,807</b>

# **MSRP Investment Contract Pool Investment Policy and Guidelines**

**As of February 23<sup>rd</sup>, 2010**

## **Table of Contents**

Section I	Policy Statement, Investment Objectives and Definitions	Page 3
Section II	Investment Contract Pool Structure	Page 4
Section III	Investment Contract Pool Guidelines and Limitations	Page 4
Section IV	Guidelines and Conditions for Underlying Book Value Contract Issuers	Page 6
Section V	Guidelines and Conditions for Underlying Sub-Managers and Sub-Manager Accounts	Page 7
Section VI	Other Considerations	Page 10

# MSRP Investment Contract Pool Investment Policy and Guidelines

## **I. Policy Statement, Investment Objectives, and Definitions**

The purpose and objective of the Investment Contract Pool (the “ICP”) is to provide participants in the Maryland Teachers & State Employees Supplemental Retirement Plans (the “MSRP”) with an investment vehicle that:

- emphasizes safety through preservation of principal and accrued income;
- provides benefit responsiveness for qualifying participant withdrawals at book value;
- credits a periodically determined rate of interest that exhibits low volatility and tracks the general direction of interest rates;
- delivers as high a return as possible subject to these constraints;
- exceeds the returns on money market investments by 100 - 200 basis points per year over a full market cycle; and
- diversifies portfolio holdings by product, security, and issuer.

Other definitions:

- the “Benchmark Index” means the index used for measuring duration exposure and book value returns.
- “Book Value Contract(s)” are, singly or collectively, benefit responsive investment contracts or investments such as General Account GICs, Separate Account GICs, BICs, Wrapper Agreements, or Stable Value Pooled Funds as further defined in section IV, Investment Contract Pool Guidelines and Limitations.
- “Fixed Income Fund(s)” are, singly or collectively, bank collective trusts or publicly registered mutual funds that primarily invest in fixed income instruments.
- “ICP Manager” means Deutsche Investment Management Americas, Inc., the Stable Value Fund Manager of the entire ICP.
- “Sub-Manager” means either: (1) a separate manager of a Stable Value Pooled Fund that accepts an investment of MSRP ICP assets; or, (2) a manager appointed by the ICP Manager under a separate account insurance instrument; or (3) a fixed income manager appointed under an investment management agreement to manage a Sub-Manager Account according to the guidelines as described under section VI, Guidelines and Conditions for Underlying Book Value Contract Issuers.
- “Sub-Manager Account(s)” means a portion of the MSRP ICP assets that is allocated to a Sub-Manager, is covered by Wrapper Agreements, and is invested by the Sub-Manager either directly in fixed income instruments and/or in Fixed Income Funds that invest in fixed income instruments.

## **II. Investment Contract Pool Structure**

### **Benchmark Index Determination**

The ICP's Benchmark Index for measuring duration exposure and book value returns will consist of a percentage allocation, summing to 100%, to both the return of the Barclays Capital Intermediate Aggregate Index and the return of the Barclays Capital 1-5 Year Government / Credit Index. The percentage allocation of the Benchmark Index to each of these Barclays Capital indexes will be reviewed periodically and may be changed by the ICP Manager (with notice to the Investment Committee of the MSRP Board) for reasons that include, but are not limited to, changes in MSRP participant demographics, MSRP and ICP cash flows, or changes to the MSRP's characteristics.

The Benchmark Index's allocation for measuring returns, which will be calculated monthly on a book value basis by the ICP Manager, is determined to be as follows as of the effective date of this Investment Policy:

- 70% of the return of the Barclays Capital Intermediate Aggregate Index; and
- 30% of the return of the Barclays Capital 1-5 Year Government / Credit Index

### **Overall Duration Target/Range**

The ICP's overall duration shall normally be no more than 0.5 year longer than the duration of the Benchmark Index, which is normally expected to be no greater than 5 years.

The ICP's duration may occasionally be outside the range established above due to reasons that include, but are not limited to, large cash flows due to participant activity, unusual changes to the payment characteristics of securities in the market, or tactical duration decisions of the ICP's Sub-Managers. When appropriate, the ICP Manager will attempt to bring the ICP back to the target duration range within a reasonable time period taking into account the ICP's projected liquidity needs.

## **III. Investment Contract Pool Guidelines and Limitations**

### **Allowable Cash Vehicles and Book Value Investment Contracts**

The ICP Manager may invest the assets of the ICP in an MSRP selected STIF or money market fund(s).

The ICP Manager may invest the assets of the ICP in the following Book Value Contracts, which are benefit responsive investment contracts that pay a fixed or floating rate of interest, have a fixed, variable, serial, or unspecified maturity date(s), and provide book value accounting and liquidity for certain participant-initiated withdrawals:

- **General Account Guaranteed Investment Contracts** (“General Account GICs”) are issued by insurance companies and backed by the insurance company’s general account.
- **Separate Account Guaranteed Investment Contracts** (“Separate Account GICs”) are issued by insurance companies and backed by assets held in a separate account established by the insurance company that are pledged to satisfy the obligations of the Separate Account GIC. For purposes of these guidelines, the credit quality of the Separate Account GIC investment is the claims paying ability of the issuing insurance company.
- **Bank Investment Contracts** (“BICs”) are issued by financial institutions other than insurance companies, such as banks, and backed by assets of the issuing bank or financial institution.
- **Wrapper Agreements** (“Wrapper Agreements”) are issued by banks, insurance companies, or other financial institutions and cover an identifiable set of fixed income securities, and are backed primarily by such fixed income securities held in a custody account in the name of the plan and to a lesser extent by the assets of the issuing institution. Wrapper Agreements also provide for the exchange of cash payments between the plan’s custody accounts and the issuing institution, which include the wrapper fee, and may include payments made in connection with a withdrawal from the Wrapper Agreement as well as payments to the issuer in exchange for a guaranteed fixed or floating rate of interest. The terms of a Wrapper Agreement may limit the types of fixed income securities that are covered under the Wrapper Agreement. Certain Wrapper Agreements may also provide that the ICP Manager’s role be limited to accepting or rejecting the purchase or sale of fixed income securities proposed under the terms of the Wrapper Agreement. In such cases, the issuing institution, or an affiliate thereof, proposes the purchase or sale and executes the purchase or sale of the fixed income securities once the ICP Manager has accepted such purchase or sale proposal. In all cases, any fixed income securities purchased in conjunction with Wrapper Agreements shall comply with these Investment Policy and Guidelines.
- **Stable Value Pooled Funds** (“Stable Value Pooled Funds”), also known as stable value commingled funds, stable value bank pooled funds, or stable value collective funds, are bank collective trusts that allow investment by multiple qualified, though unaffiliated, plans through the commingling of assets in a trust that primarily purchases GICs and other book value investment contracts to provide benefit responsiveness and principal stability. Stable Value Pooled Funds must be benefit responsive, typically maintain duration between 1.5 and 3.5 years, have a fee structure comparable to market levels, and at the time of purchase be rated a minimum of AA-. Also, at the time of purchase, Stable Value Pooled Fund Sub-Managers must have a minimum of assets under management of \$250 million, a 5-year track record of managing stable value products, and competitive historical performance.

**Average credit quality for the overall ICP:**

The ICP Manager will normally target an average credit quality of the equivalent of AA or higher for the ICP investments. If the average credit quality of the ICP investments falls below the equivalent of AA-, using a generally accepted process for measuring the market value weighted average credit quality deemed appropriate by the ICP Manager, the ICP Manager shall take corrective action to restore such average credit quality to the equivalent of AA or better within 60 days.

**Maximum exposure to Book Value Contract issuers at time of purchase – Diversification Requirements**

	<b><u>Maximum Exposure</u></b>
BIC issuer	3%
General Account GIC issuer	7%
Separate Account GIC issuer	30%
Wrapper Agreement issuer	30%
Stable Value Pooled Fund	25%

It is understood the above are maximum exposures, not target exposures, and the ICP Manager will normally not exceed the book value issuer maximum exposure as listed above for the ICP's investments at time of purchase. However, the ICP Manager may find it necessary to exceed the maximum exposures listed above due to reasons that include, but are not limited to, Book Value Contract issuer credit events, changes in Book Value Contract market conditions, or lack of supply in the Book Value Contract markets; in which case, the ICP Manager will report such event and provide subsequent exposure updates in its quarterly reports to the MSRP Board until such exposure is again within the Investment Policy limits.

**IV. Guidelines and Conditions for Underlying Book Value Contract Issuers****Material conditions for book value Wrapper Agreements, BICs, Separate Account GICs, and General Account GIC providers at time of purchase:****Minimum Book Value Contract issuer Credit Quality\***

S&P	AA-
Moody's	Aa3
Fitch	AA-

\* Issuers of Book Value Contracts must be rated the equivalent of AA- or higher by at least one of the above rating services at time of purchase.

- provide book value accounting statements in compliance with applicable accounting standards
- pass ICP Manager internal credit screen
- \$2 billion in book value wrapper agreements or GICs in force

- competitive fee (for wrapper)
- competitive rate (for GIC provider)
- complete understanding and sign off on withdrawal hierarchy
- Competent back room operations (statements/monitoring/rate reset)
- Ability to interact with custodian(s), trustees
- US-domiciled entity or subsidiary

### **Desired Wrapper Agreement/Separate Account GIC contract terms**

- 0% minimum crediting rate (guarantee of principal)
- Benefit-responsive for following participant events:
  - participant withdrawals (including terminations and layoffs)
  - participant inter-fund transfers
  - loans (if allowed by Plan)
  - annuity purchases
- Provision to set crediting rate 30 days in advance of crediting rate period
- Clone contract provision
- Reasonable provision for dealing with impaired securities
- Minimum industry standard definition of competing fund definition and equity wash rule
- Seek book value corridor for employer or sponsor level withdrawals of at least 10% - ideally at 20% or higher
- Book value settlement provision with a limitation on duration extension
- Plan right to discontinue within 30 days for no reason with selection of termination of wrap contract or book value settlement.
- Wrapper Agreement issuer may not discontinue contract without cause, except pursuant to book value extended termination provisions.
- Fee guarantee over specific period.
- Statement of minimum and maximum dollar amount willing to wrap.

## **V. Guidelines and Conditions for Underlying Sub-Managers and Sub-Manager Accounts**

### **Fixed Income Funds:**

Fixed Income Funds may be used as investments either as all or a portion of a Sub-Manager Account covered by Wrapper Agreements. In the former case the selection of the Fixed Income Fund shall be made by the ICP Manager and in the latter case by the Sub-Manager. A Sub-Manager Account which contains a Fixed Income Fund must meet the overall material conditions for Sub-Managers and other requirements specified in this section VI; but minor variations in these rules caused by a Fixed Income Fund shall not be considered a violation of the Investment Policy. The ICP Manager is responsible for approving and monitoring the use of any Fixed Income Funds and shall take appropriate steps to liquidate the ICP's investment in such fund if its activity, management, or investment composition changes so that it is no longer an appropriate investment vehicle for the Sub-Manager Account.

**Material conditions for underlying Sub-Managers:**

- a demonstrated track record of managing separate account insurance instruments or fixed income portfolios
- for Sub-Managers appointed to run Sub-Manager Accounts, top quartile fixed income performance (not applicable to index, index-plus, or enhanced index strategies)
- 5 years experience managing fixed income strategies
- ability to provide liquidity as stated in the wrap agreement or insurance contract without disrupting the total return objective

**Credit quality requirements of Sub-Manager Accounts covered by Wrapper Agreements**

- Average Portfolio Credit Quality = Equivalent of S&P AA- or Moody's AA3 or higher
- Minimum Single Security Credit Quality = Equivalent of S&P BBB- or Moody's Baa3
- Securities rated below A-/A3 (higher rating applies) will constitute no more than 25% of the portfolio
- Commercial paper must be rated A-1 by S&P or P-1 by Moody's

Primary credit ratings are those issued by S&P or Moody's. If a security is not rated by either S&P or Moody's, the security's rating should be issued by another nationally recognized rating agency and/or the Sub-Manager will consult with the discretionary ICP Manager before purchase to ensure suitable equivalency.

All investment guidelines established with individual Sub-Managers will contain detailed "fallen-angel" provisions, identifying the course of action to be pursued by the Sub-Manager in the event that a security falls below the investment guideline credit minimums. In any case, such provisions will require the Sub-Manager to exercise prudence in the disposition of such assets. The provisions will also place a maximum time period for which the assets may be held, unless the assets are held within a Fixed Income Fund, in which case the Sub-Manager shall nonetheless be prudent in the disposition of such assets.

**Permissible investments in Sub-Manager Accounts covered by Wrapper Agreements**

- Non-convertible bonds, notes, bills
- Variable and floating rate securities
- U.S. treasury securities and government-related securities such as agencies, municipals, supranationals, and sovereigns
- Agency and non-agency mortgage-related securities backed by loans secured by residential, multifamily or commercial properties
- Mortgage dollar roll transactions are permitted provided that the forward settlement date on any mortgage transaction does not exceed 92 days from the trade date of the transaction
- Asset-backed securities
- U.S. and Yankee corporate securities
- Eurodollar and other U.S. dollar-denominated securities of U.S. and foreign issuers

- Derivative financial instruments - used only for hedging purposes, such as swaps, futures, and options on financial instruments. Derivatives may not subject the portfolio to greater risk than that to which it would be exposed if the underlying instruments were purchased directly in the cash markets. Investment in Fixed Income Funds that speculatively invest in swaps, options, or other derivative instruments is strongly discouraged.
- Non-convertible preferred securities (other than payable-in-kind preferred securities)
- Rule 144A securities
- Cash equivalents maturing in less than one year, commercial paper, certificates of deposit, bankers acceptances, repurchase agreements, and other money market instruments, money market funds, or STIF
- Securities Lending (“Sec Lending”), within Fixed Income Funds only

#### **Non-permissible investments in Sub-Manager Accounts covered by Wrapper Agreements**

- Common/preferred stock
- Non-US dollar denominated securities
- Convertible bonds
- Short sales of physical securities
- Margin purchases
- Private or direct placements (excluding rule 144A securities)
- Commodities
- Direct ownership of real estate or REITS
- Lending of securities, including Sec Lending if not within a Fixed Income Fund
- Derivatives used for speculative purposes

#### **Desired concentration limits on Sub-Manager Accounts covered by Wrapper Agreements**

Rule 144A Securities	20%
Single corporate Issue	2.5%
Single corporate Issuer	5%
Corporate Sector (total)	60%
Mortgage-backed Securities and Commercial Mortgage-backed Securities Sector (total)	60%
Asset-backed Securities Sector (total)	40%
U.S. Treasury Sector	100%
Government-Related Sector (including Agencies, Municipals, Supranationals, and Sovereigns)	50%
STIF, money market instruments and funds	100%
Interest Rate Swap Agreements	A notional value equal to 200% of the ICP assets under management*

\* Any need for additional swap transactions used as a hedge against existing positions above this limit must receive express permission from the ICP Manager, which may be granted in its sole discretion. These restrictions do not apply to Fixed Income Funds selected by a Sub-Manager, but not under the control of the Sub-Manager.

**Desired duration limits on Sub-Manager Accounts covered by Wrapper Agreements**

Sub-Managers managing a Sub-Manager Account covered by Wrapper Agreements will constrain the variability of their respective account's duration to no more than  $\pm 20\%$  from their respective assigned benchmark index, (e.g., if the index duration is 5.0 years, the Sub-Managers will manage their respective accounts to duration within 1 year of the index), unless otherwise authorized by the ICP Manager.

**VI. Other Considerations****Minority Business Enterprise status**

A Minority Business Enterprise or MBE means a legal entity organized to engage in commercial transactions that is at least 51 percent owned and controlled by one or more minority persons. MBE also includes a nonprofit entity engaged in promoting the interests of persons with physical or mental disabilities. An MBE must be certified as such by the State of Maryland Department of Transportation.

In selecting Stable Value Pooled Fund providers, providers of Book Value Contracts, or any Sub-Managers and other ICP providers, the ICP Manager is authorized and directed to take MBE status into consideration, provided that in making any MBE provider selection, the ICP Manager determines that the investment return anticipated to be generated by a MBE provider is approximately commensurate to the returns anticipated from alternative providers offering products or strategies of commensurate risk.

# DB Advisors

## Fourth quarter 2010 Investment Contract Pool Review

John D. Axtell, Managing Director  
Head of Stable Value Group

David J. Berg, CFA, Director  
Stable Value Portfolio Manager



# Table of contents

- 1 Highlights and ICP performance
- 2 Market overview and portfolio detail
- 3 Fixed Income sub-manager review
- 4 Wrapper contracts and crediting rates
- 5 Appendix, including fee payments and important notes
- 6 Biographies

Deutsche Asset Management, the asset management arm of Deutsche Bank AG, provides services under the following brand names: DB Advisors for the institutional asset management division, Deutsche Insurance Asset Management for the insurance asset management division, DWS Scudder for the US retail asset management and financial institutions group and RREEF for the alternative investments division.

# DB Advisors

## Highlights and ICP Performance

# Investment Contract Pool Review

Fourth Quarter 2010

Commentary text—pages 3 thru 7—omitted



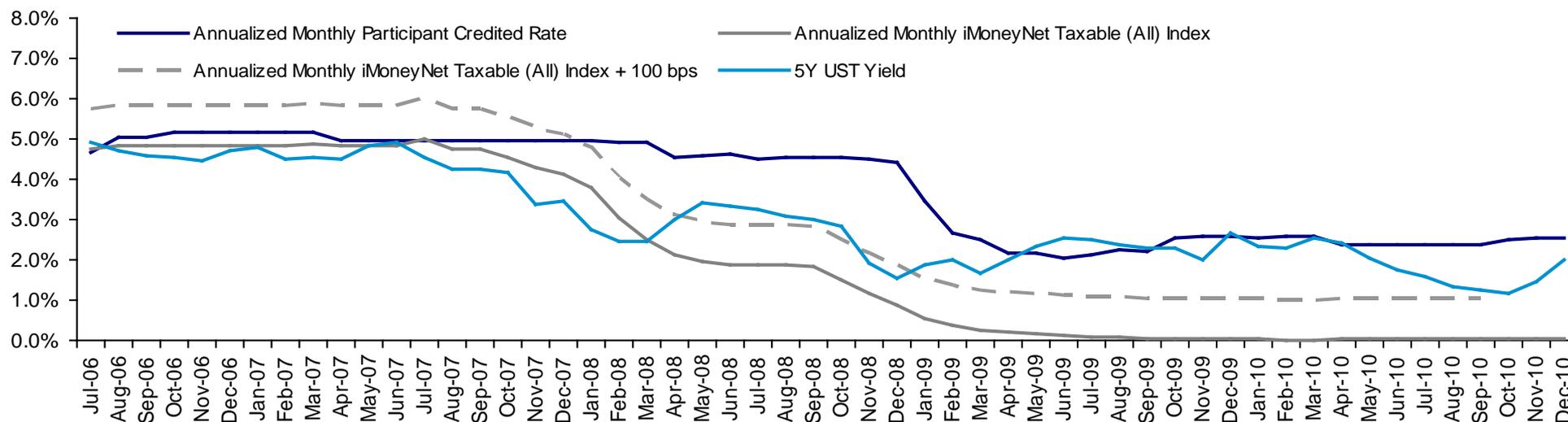
# ICP performance

## Net participant crediting vs. money market index

Performance	Participant Returns <sup>1</sup>	Money Market Return <sup>2</sup>	Difference
<b>3 months</b>	0.61%	0.01%	0.60%
<b>1 year</b>	2.37%	0.04%	2.33%
<b>2 years</b>	2.36%	0.10%	2.26%
<b>3 years</b>	3.08%	0.74%	2.34%
<b>4 years</b>	3.53%	1.72%	1.81%
<b>5 years</b>	3.76%	2.27%	1.49%
<b>Since inception<sup>3</sup></b>	4.20%	1.86%	2.34%

<sup>1</sup> MSRP ICP returns are calculated net of custody fees, DB Advisors investment management fees, third party sub-advisory fees and wrapper fees, but gross of Plan administrative fees.  
<sup>2</sup> Benchmark index: iMoneyNet Taxable (all) Index  
<sup>3</sup> Inception is January 1, 2002

Note: Returns for periods ≥1 year have been annualized.



As of December 31, 2010

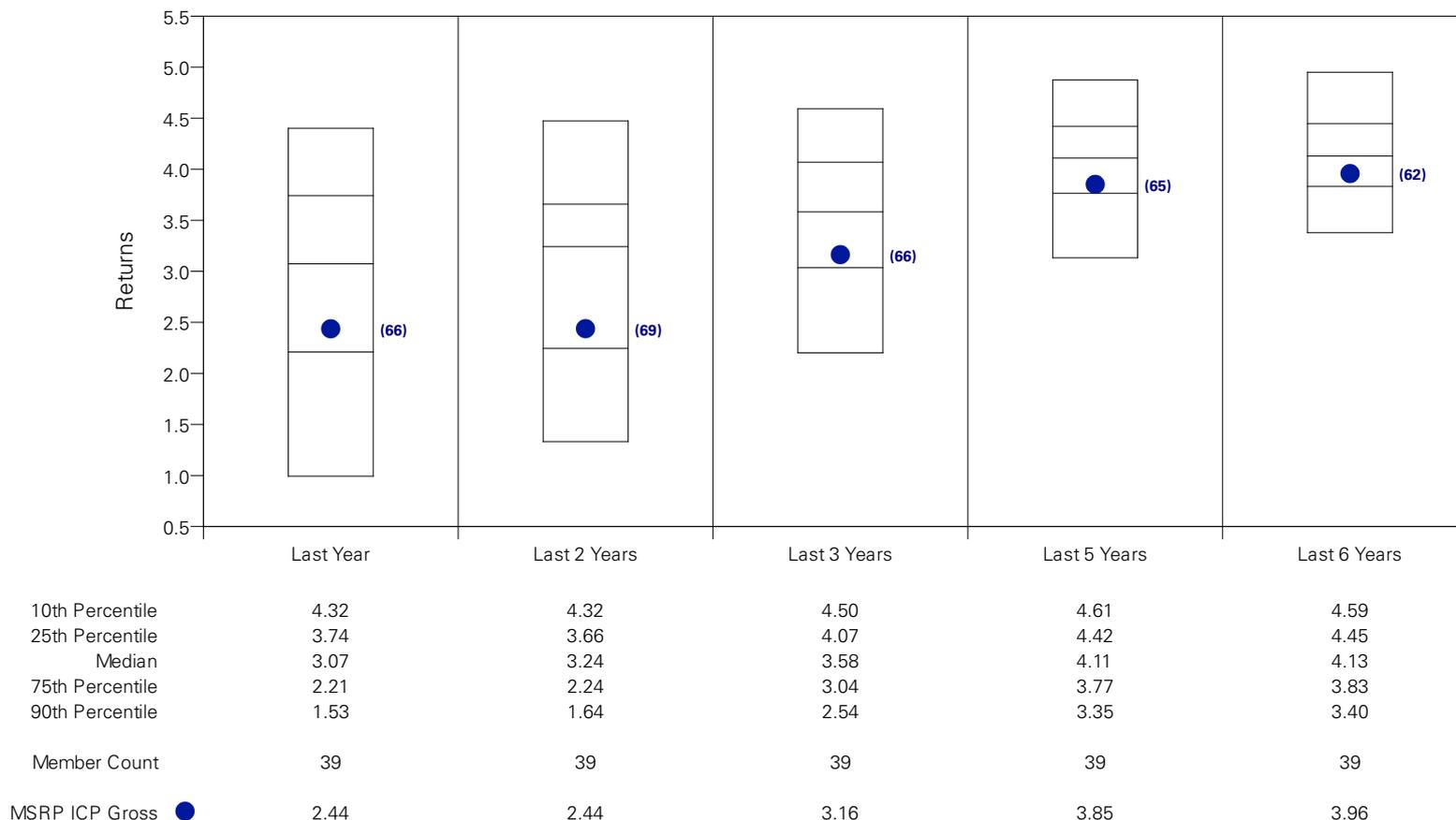
Past performance is not indicative of future results



# ICP performance

## Gross participant crediting rate<sup>1</sup> vs. Universe

**Universe Rankings**  
For periods ending December 31, 2010  
CAI: Stable Value



As of December 31, 2010

<sup>1</sup> The Universe is presented on a gross of stable value management fees basis. Therefore the performance calculation uses historical Nationwide Compass participant quarterly crediting rates grossed up by the estimated ING stable value investment management fees of 13 basis points prior to 3Q '06 and DB Advisors investment management and custody fees of 9 basis points from 3Q '06 to the present.

Past performance is not indicative of future results

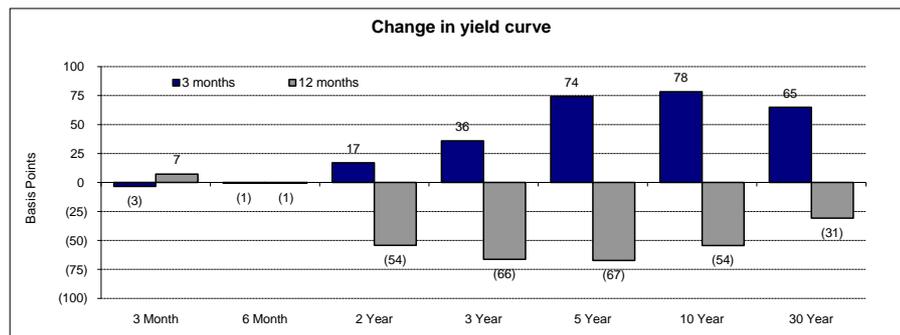


# Market overview and portfolio detail

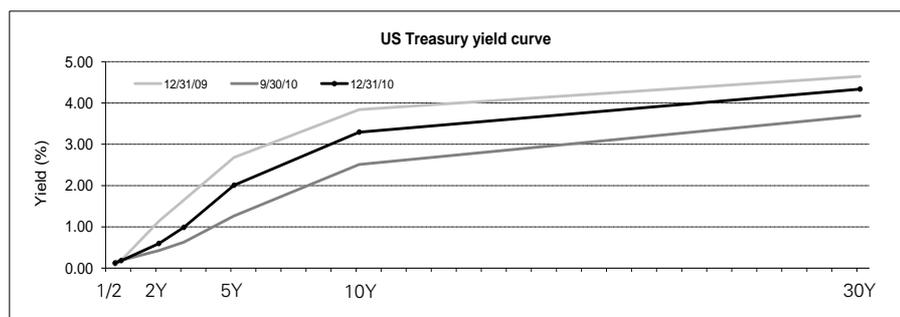
*Passion to Perform*



# Treasury yield summary



- Recent stronger data, the announcement of the Fed's large-scale asset purchases (LSAPs), and the recently-enacted fiscal stimulus likely make the Fed feel better about the near term economic outlook.



- The US is likely entering the 'sweet spot' of the economic cycle as far as profits, credit, etc. are concerned. Treasury yields may continue to drift up, as we have seen over the prior 3 months, but only modestly, as they continue to remain constrained by an accommodative Fed, low inflation, and a not-overly robust recovery.

**LIBOR / SWAP spreads to Treasuries**

	12/31/10	9/30/10	12/31/09	12/31/08	12/31/07
6 month	27	27	24	149	120
2 year	21	18	28	72	76
5 year	17	25	30	58	74
10 year	8	6	13	35	65
30 year	-23	-34	-10	3	57

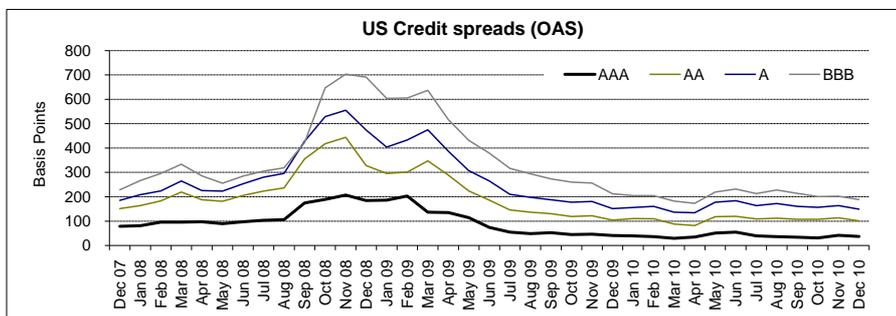
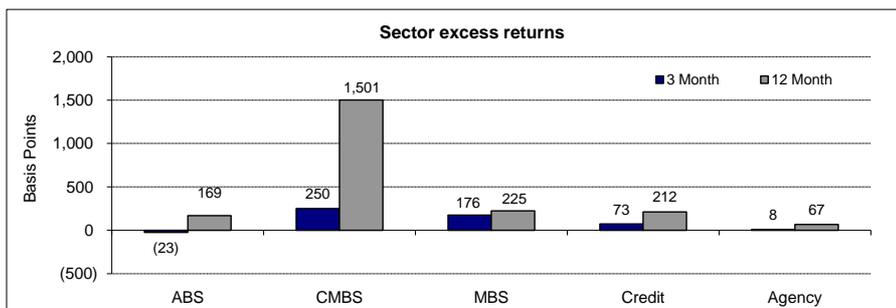
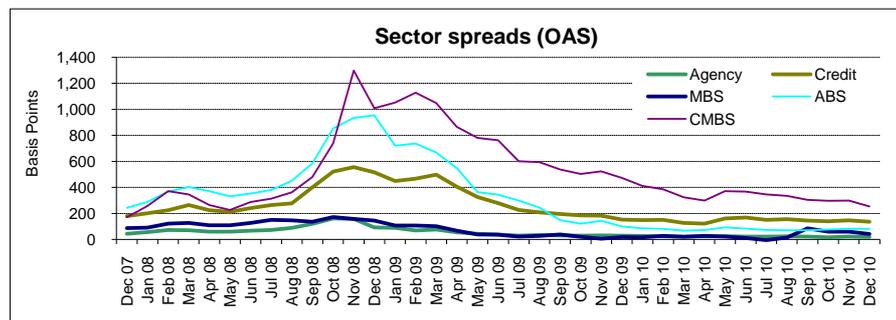
- Over the past few months we have seen more encouraging signs, and while credit markets and bank lending have improved, as indicated in tighter swap spreads, they are still not at levels seen prior to the crises.

As of December 31, 2010

Source: Bloomberg, DB Advisors



# Spread sector performance



- Recovery expectations fueled by demand for riskier assets have contributed to a marked narrowing of sector spreads during the 4Q. Some sectors have stabilized at pre-crises levels.

- A low volatility environment and continued fiscal and monetary stimulus have contributed to positive excess returns from all spread sectors for 2010.

- The low interest rate environment has allowed larger companies to take advantage of the lower borrowing costs to reduce their leverage and improve profit margins. However, access to credit for smaller firms remains constrained.

As of December 31, 2010

Source: DB Advisors, Barclays Capital Intermediate Aggregate Index & US Credit Index

# Fund characteristics

## MSRP Investment Contract Pool



	12/31/10	9/30/10	6/30/10	3/31/10
Duration	3.04	2.82	2.92	3.02
Average Credit Quality	AA	AA	AA	AA
Assets	\$747,481,620	\$750,080,832	\$741,628,293	\$738,014,213
Quarterly Net Participant Activity	-\$6,733,727	\$4,652,922	-\$946,564	-\$5,685,690
Portfolio Credited Rate (annualized quarterly rate) <sup>1</sup>	2.52%	2.38%	2.38%	2.56%
Participant Credited Rate (annualized quarterly rate) <sup>1</sup>	2.44%	2.31%	2.31%	2.45%

**Portfolio Credited Rate** is the actual book value weighted crediting rate earned from all stable value investment contracts held in the MSRP ICP. This rate is provided net of wrapper and sub-advisor investment management fees, but gross of all other fees.

**Participant Credited Rate** is the annualized quarterly net fixed rate credited to participants invested in the MSRP ICP.

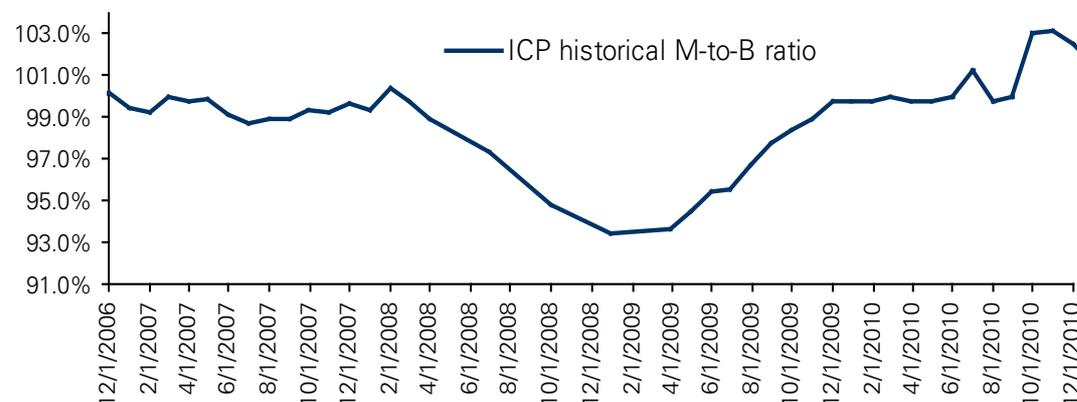
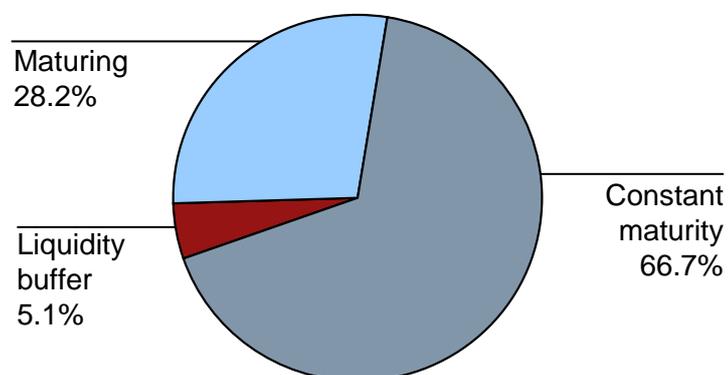
<sup>1</sup> Past performance is not indicative of future results. Please see the appendix for additional performance information.

# Balance report

## MSRP Investment Contract Pool



Carrier	Contract ID	S&P/ Moody Rating	Beginning Quarter Book Value	Net Deposits	Interest	Ending Quarter Book Value	Ending Market Value	M-to-B
<b>Liquidity Buffer</b>								
BONY STIF	MSRP STIF	A-1/P-1	\$53,071,036	(\$15,017,769)	\$2,762	\$38,056,028	\$38,056,028	100.0%
<b>Traditional GICs</b>								
Jackson National Life Insurance Co.	G-1560-1	AA/A1	\$6,717,492	\$0	\$85,568	\$6,803,060	\$7,173,918	105.5%
Jackson National Life Insurance Co.	G-1560-2	AA/A1	\$6,680,576	\$0	\$85,422	\$6,765,998	\$7,143,582	105.6%
Prudential Insurance of America	GA-62129-211	AA-/A2	\$9,014,182	(\$2,275,090)	\$109,139	\$6,848,230	\$7,308,615	106.7%
Prudential Insurance of America	GA-62129-212	AA-/A2	\$10,163,123	\$0	\$62,194	\$10,225,317	\$10,354,073	101.3%
Prudential Insurance of America	GA-62129-213	AA-/A2	\$0	\$10,000,000	\$29,279	\$10,029,279	\$9,552,574	95.2%
<b>Synthetic GICs - Maturing</b>								
Bank of America, N.A.	07-029	A+/Aa3	\$35,186,103	\$0	\$97,774	\$35,283,877	\$34,989,158	99.2%
Natixis Financial Products Inc.	1966-01	A+/Aa3	\$99,434,409	(\$31,129,519)	\$232,342	\$68,537,232	\$68,511,996	100.0%
Royal Bank of Canada	DBMaryland02	AA-/Aaa	\$35,190,019	\$31,129,519	\$170,592	\$66,490,130	\$67,091,254	100.9%
<b>Synthetic GICs - Constant Maturity</b>								
Bank of America, N.A.	06-066	A+/Aa3	\$141,169,884	\$0	\$1,049,092	\$142,218,976	\$145,009,241	102.0%
Natixis Financial Products Inc.	1966-02	A+/Aa3	\$108,809,933	\$0	\$830,070	\$109,640,003	\$112,159,857	102.3%
Royal Bank of Canada	DBMaryland01	AA-/Aaa	\$141,203,943	(\$31,129,519)	\$869,945	\$110,944,370	\$113,138,983	102.0%
Monumental Life Insurance Company	MDA00866TR	AA-/A1	\$103,440,131	\$31,129,519	\$1,069,471	\$135,639,120	\$138,165,826	101.9%
			\$750,080,832	(\$7,292,859)	\$4,693,648	\$747,481,620	\$758,655,104	101.5%

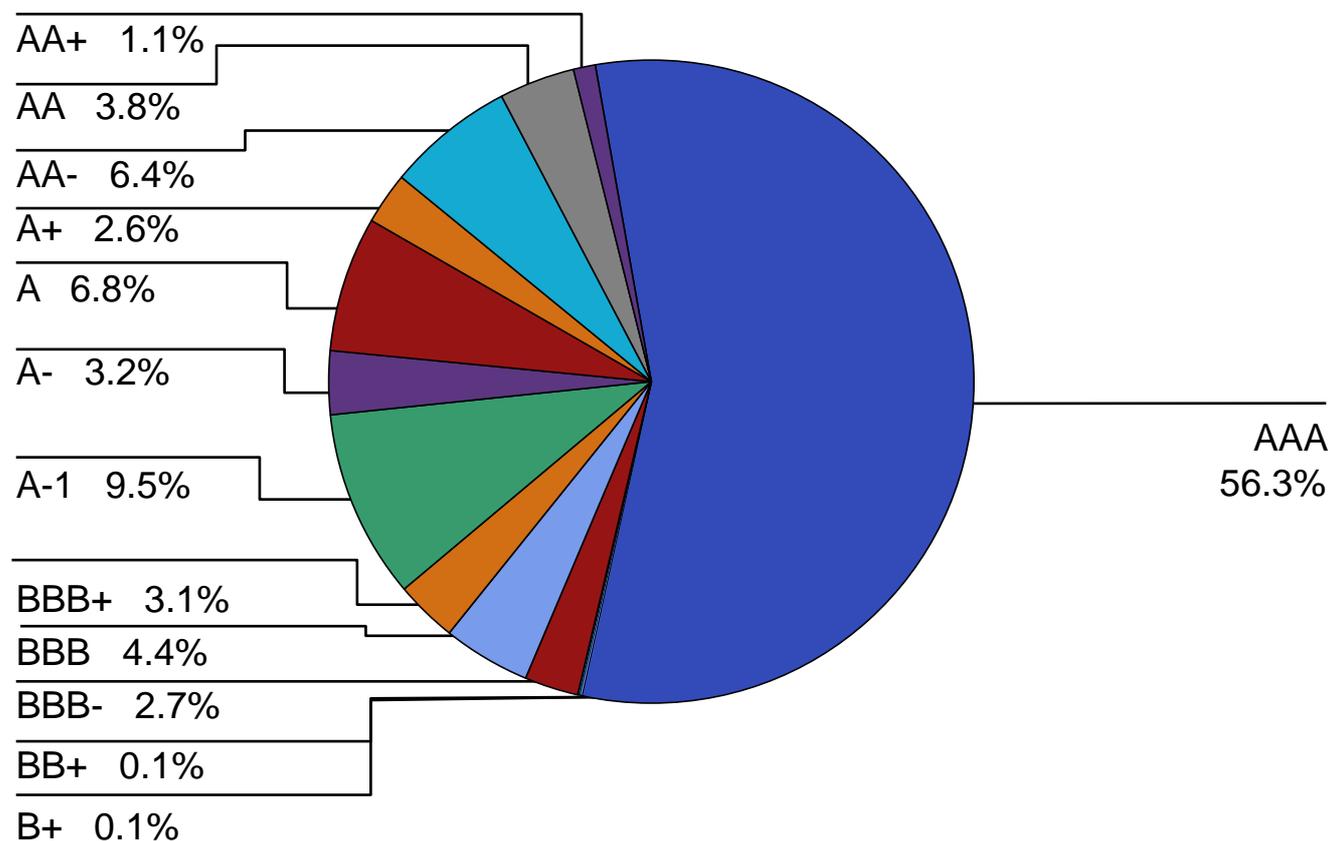


Source: DB Advisors  
As of December 31, 2010



# Credit quality

## MSRP Investment Contract Pool



As of December 31, 2010

Credit quality is based on the market value weighted quality of all securities held in the portfolio. Generally individual securities or assigned the middle rating of S&P, Moody, or Fitch if rated by three, or the lower of credit rating if rated by two. May not sum to 100% due to rounding

# Sector allocation

## MSRP Investment Contract Pool



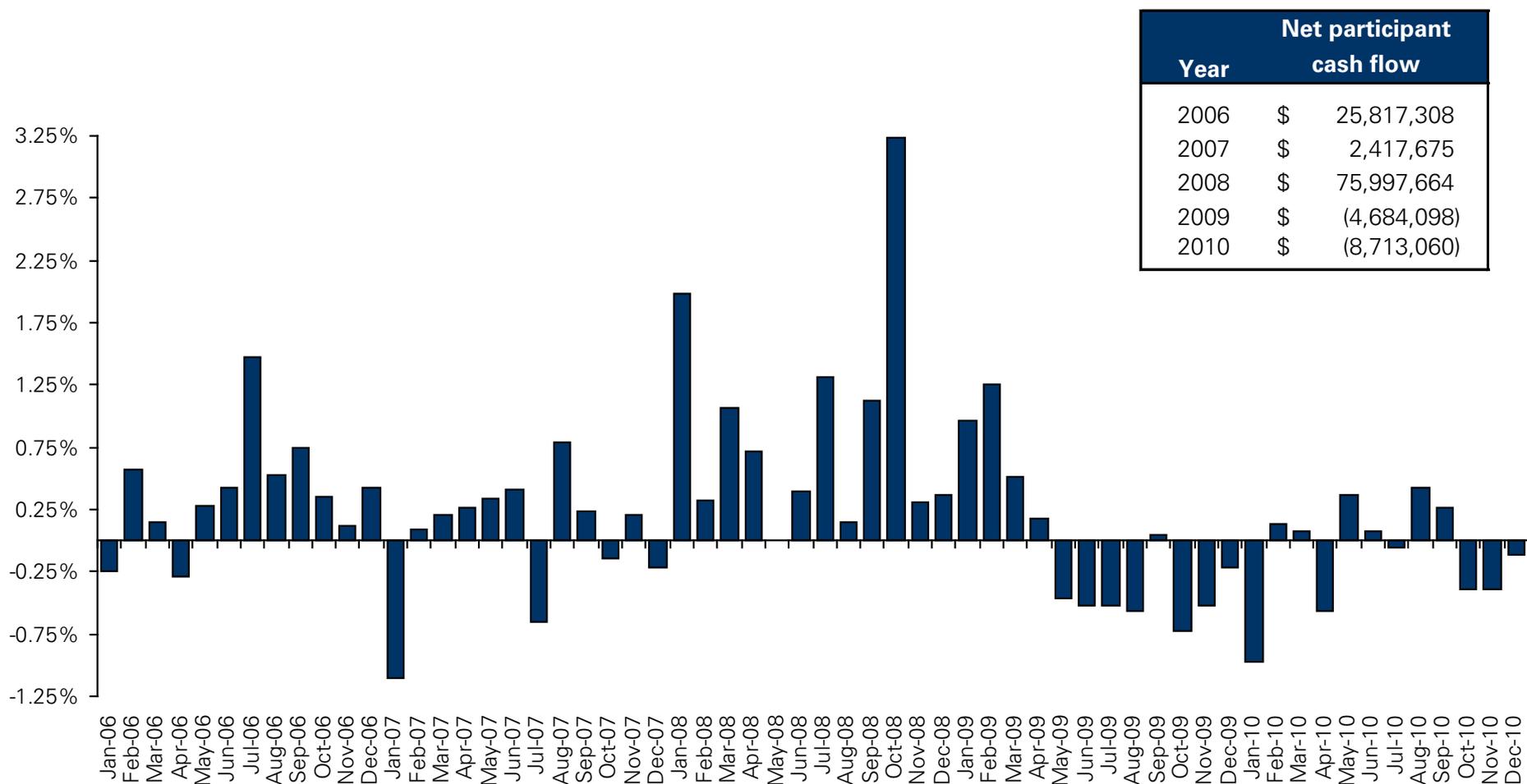
Portfolio Sector Allocation	Total MSRP ICP	Total Market Value	BNY Mellon G STIF	Traditional GICs*	Aberdeen	Goode IPS	PIMCO	HIMCO
<b>Cash &amp; Equivalent</b>	<b>10.6%</b>	10.6%	5.1%	-	3.0%	0.0%	1.5%	1.0%
Cash	7.8%	7.8%	5.1%	-	3.0%	0.0%	0.1%	-0.3%
Commercial Paper - Corporate	0.0%	0.0%	-	-	0.0%	0.0%	0.0%	0.0%
Commercial Paper - Asset Backed & Other	0.0%	0.0%	-	-	0.0%	0.0%	0.0%	0.0%
All Other	2.8%	2.8%	-	-	0.0%	0.0%	1.4%	1.4%
<b>Treasuries</b>	<b>22.9%</b>	22.9%	-	-	6.2%	3.9%	6.1%	6.8%
US Treasury (excluding TIPS)	22.9%	22.9%	-	-	6.2%	3.9%	6.1%	6.8%
US Treasury TIPS	0.0%	0.0%	-	-	0.0%	0.0%	0.0%	0.0%
<b>Government Related</b>	<b>6.1%</b>	6.1%	-	-	0.0%	1.0%	2.1%	3.0%
Municipals	0.8%	0.8%	-	-	0.0%	0.0%	0.6%	0.2%
Govt. Guaranteed Bank Debt	1.3%	1.3%	-	-	0.0%	0.0%	0.2%	1.1%
FNMA Agency Debentures	0.2%	0.2%	-	-	0.0%	0.0%	0.0%	0.2%
FHLMC Agency Debentures	0.4%	0.4%	-	-	0.0%	0.0%	0.0%	0.4%
Other Agency Debentures	3.2%	3.2%	-	-	0.0%	1.0%	1.3%	0.8%
Foreign Government Debt / Sovereign	0.3%	0.3%	-	-	0.0%	0.0%	0.0%	0.3%
Supranational	0.0%	0.0%	-	-	0.0%	0.0%	0.0%	0.0%
<b>Corporate</b>	<b>28.6%</b>	28.6%	-	-	3.1%	2.7%	13.6%	9.3%
Industrial	12.4%	12.4%	-	-	0.9%	1.1%	6.2%	4.2%
Utility	2.8%	2.8%	-	-	0.3%	0.2%	1.2%	1.1%
Financial / Bank	12.0%	12.0%	-	-	1.6%	0.9%	6.2%	3.4%
Other	1.4%	1.4%	-	-	0.3%	0.5%	0.0%	0.6%
<b>Mortgage</b>	<b>22.6%</b>	22.6%	-	-	6.1%	6.3%	9.5%	0.6%
Agency Passthrough Fixed	18.1%	18.1%	-	-	2.4%	6.1%	9.1%	0.6%
Agency ARMS (includes CMO ARMs & Floaters)	0.3%	0.3%	-	-	0.1%	0.2%	0.0%	0.0%
Agency Other	3.7%	3.7%	-	-	3.7%	0.0%	0.0%	0.1%
Non-Agency Alt-A Fixed	0.0%	0.0%	-	-	0.0%	0.0%	0.0%	0.0%
Non-Agency Prime ARM	0.3%	0.3%	-	-	0.0%	0.0%	0.3%	0.0%
Non-Agency Prime Other	0.1%	0.1%	-	-	0.0%	0.0%	0.1%	0.0%
Non-Agency Other	0.0%	0.0%	-	-	0.0%	0.0%	0.0%	0.0%
<b>ABS</b>	<b>2.0%</b>	2.0%	-	-	0.5%	0.6%	0.2%	0.7%
Aircraft	0.0%	0.0%	-	-	0.0%	0.0%	0.0%	0.0%
Auto Loan	0.9%	0.9%	-	-	0.3%	0.1%	0.1%	0.3%
Credit Card	0.7%	0.7%	-	-	0.1%	0.3%	0.0%	0.3%
Home Equity	0.1%	0.1%	-	-	0.0%	0.0%	0.1%	0.1%
Manufactured Housing	0.0%	0.0%	-	-	0.0%	0.0%	0.0%	0.0%
Student Loans	0.0%	0.0%	-	-	0.0%	0.0%	0.0%	0.0%
Utility Rate Reduction Bonds	0.1%	0.1%	-	-	0.0%	0.1%	0.0%	0.0%
Other	0.1%	0.1%	-	-	0.1%	0.0%	0.0%	0.0%
<b>CMBS</b>	<b>3.1%</b>	3.1%	-	-	0.5%	0.7%	0.4%	1.4%
Agency	1.4%	1.4%	-	-	0.0%	0.0%	0.0%	1.4%
Non-Agency Senior	1.6%	1.6%	-	-	0.5%	0.7%	0.4%	0.0%
Non-Agency Mezzanine	0.0%	0.0%	-	-	0.0%	0.0%	0.0%	0.0%
Non-Agency CMBS IOs	0.0%	0.0%	-	-	0.0%	0.0%	0.0%	0.0%
Non-Agency Other	0.0%	0.0%	-	-	0.0%	0.0%	0.0%	0.0%
Other	0.0%	0.0%	-	-	0.0%	0.0%	0.0%	0.0%
<b>Traditional GICS</b>	<b>5.6%</b>	5.6%	-	5.6%	0.0%	0.0%	0.0%	0.0%
<b>Wrapper Exposure*</b>	<b>-1.5%</b>	0.0%	-	-	-	-	-	-
<b>Total</b>	<b>100.0%</b>	101.5%	5.1%	5.6%	19.4%	15.1%	33.5%	22.8%
<b>Total Assets</b>	<b>747,481,620</b>	758,655,104	38,056,028	41,532,762	145,009,241	113,138,983	250,325,683	170,592,407

As of December 31, 2010

\*Asset figure presented is the fair value of the of the Traditional GIC contracts. As a result the Wrapper Exposure figure presented may include some exposure to Traditional GIC issuers. Wrapper exposure is the difference between the book value of the wrapper and traditional GIC contracts and the market value of the underlying securities as a percentage of the book value of the entire fund. A negative exposure denotes that the market value exceeds the book value of the contract, and the fund has no exposure to wrapper issuers.

# Historical monthly net participant cash flow activity

## MSRP Investment Contract Pool



Source: DB Advisors  
As of December 31, 2010

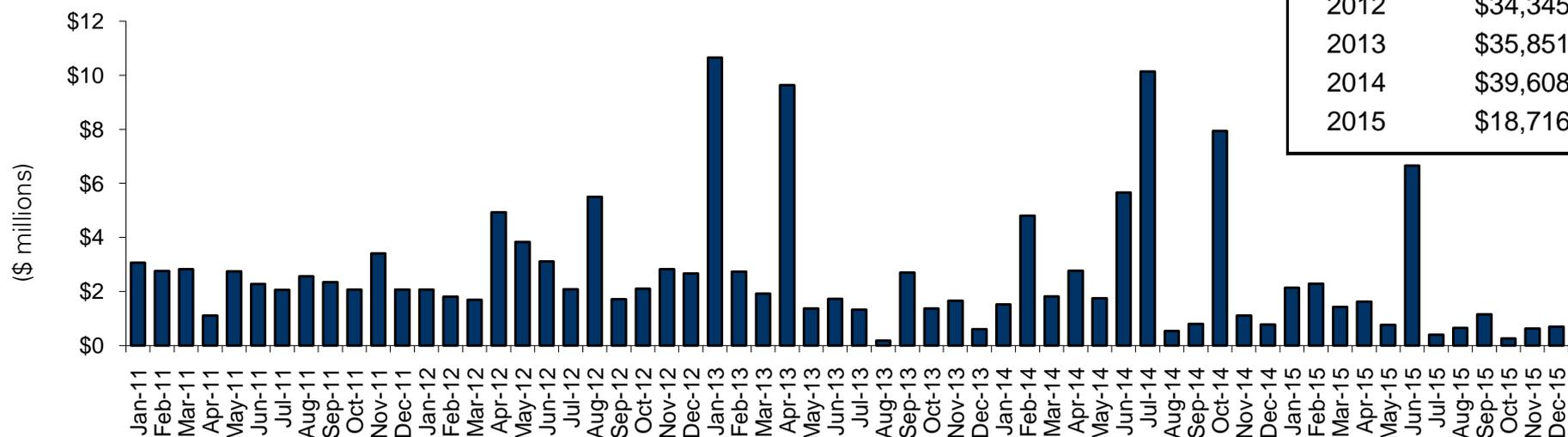
# HIMCO Managed Maturing cash flow ladder

## MSRP Investment Contract Pool



The “Managed Maturing” ladder helps immunize the liability of expected participant withdrawals

- Immunizes the portfolio against expected withdrawal risk by replenishing the liquidity buffer and meeting future expected participant cash needs
- Employs a structured approach, emphasizing stable and laddered projected cash flows
- Seeks to minimize reinvestment rate risk
- Provides complementary sources of alpha relative to the evergreen allocation



Year	Projected Payment
2011	\$29,311,340
2012	\$34,345,282
2013	\$35,851,770
2014	\$39,608,344
2015	\$18,716,045

Source: DB Advisors and HIMCO  
Estimated as of December 31, 2010



# Fixed income sub-manager review

*Passion to Perform*

# Sub-manager summary

## MSRP Investment Contract Pool



### Performance summary

Investment Manager	Inception Date	Market Value (\$M)	Last 3 Months			Year To Date			1 Year			2 Year*			3 Year*			Since Inception*			
			Fund	Index	Diff	Fund	Index	Diff	Fund	Index	Diff	Fund	Index	Diff	Fund	Index	Diff	Fund	Index	Diff	
JP Morgan <sup>1</sup>	11/4/10	\$ 145.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
PIMCO <sup>1</sup>	11/30/01	\$ 250.3	(1.35)	(0.75)	(0.60)	6.58	6.15	0.43	6.58	6.15	0.43	8.28	6.31	1.97	8.00	5.82	2.18	6.46	5.24	1.22	
Goode <sup>1</sup>	3/4/08	\$ 113.1	(0.65)	(0.75)	0.10	6.47	6.15	0.32	6.47	6.15	0.32	6.89	6.30	0.59	n/a	n/a	n/a	5.47	5.66	(0.19)	
HIMCO <sup>2</sup>	4/1/07	\$ 170.6	(0.56)	(0.60)	0.04	4.56	4.08	0.48	4.56	4.08	0.48	5.77	4.35	1.42	2.74	4.61	(1.87)	2.59	5.19	(2.60)	

### Portfolio snapshot

	JP Morgan			PIMCO			Goode IPS			HIMCO		
	Fund	Index <sup>1</sup>	Diff	Fund	Index <sup>1</sup>	Diff	Fund	Index <sup>1</sup>	Diff	Fund	Index <sup>2</sup>	Diff
Effective duration	3.37	4.00	(0.63)	3.64	4.00	(0.36)	3.70	4.00	(0.30)	2.33	2.57	(0.24)
Yield-to-worst (YTW)	2.22%	2.71%	-0.49%	2.92%	2.71%	0.22%	2.62%	2.71%	-0.09%	1.66%	1.32%	0.35%
Annual effective YTW	2.23%	2.72%	-0.49%	2.94%	2.72%	0.22%	2.64%	2.72%	-0.09%	1.67%	1.32%	0.35%
Average credit quality	AA+	AA1/AA2		AA-	AA1/AA2		AA+	AA1/AA2		AA	AA1/AA2	

\*Figures are annualized

<sup>1</sup>Benchmark is Barclays Capital Intermediate Aggregate from 3/1/07 to present, Barclays Capital Aggregate from inception to 3/1/07.

<sup>2</sup>Benchmark is Barclays Capital Intermediate Aggregate from 3/1/07 to present, Barclays Capital Intermediate Government Credit from inception to 3/1/07.

<sup>3</sup>Benchmark is Barclays Capital Intermediate Aggregate

<sup>4</sup>Benchmark is Barclays Capital 1 – 5 year Government / Credit

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# Sub-manager annual performance summary

## MSRP Investment Contract Pool

	2010	2009	2008	2007	2006	2005	2004
<b>Constant Maturity Managers</b>							
JP Morgan Investment Management <sup>5</sup>	(1.31)	n/a	n/a	n/a	n/a	n/a	n/a
Benchmark <sup>1,5</sup>	(1.43)	n/a	n/a	n/a	n/a	n/a	n/a
Difference	0.12	n/a	n/a	n/a	n/a	n/a	n/a
Pacific Investment Management, Inc.	6.58	10.02	7.44	8.59	4.64	1.71	3.57
Benchmark <sup>2</sup>	6.15	6.46	4.86	7.08	4.08	1.58	3.04
Difference	0.43	3.56	2.58	1.51	0.56	0.13	0.53
Goode Investment Management, Inc. IPS	6.47	7.32	1.67	n/a	n/a	n/a	n/a
Benchmark <sup>1</sup>	6.15	6.46	3.40	n/a	n/a	n/a	n/a
Difference	0.32	0.86	(1.73)	n/a	n/a	n/a	n/a
Aberdeen Asset Management <sup>6</sup>	9.94	9.13	(10.64)	6.01	4.81	2.74	4.58
Benchmark <sup>4,6</sup>	7.68	6.46	4.86	7.16	4.33	2.43	4.34
Difference	2.26	2.67	(15.50)	(1.15)	0.48	0.31	0.24
<b>Managed Maturing Managers</b>							
Hartford Investment Management, Inc.	4.56	7.00	(3.07)	1.49	n/a	n/a	n/a
Benchmark <sup>3</sup>	4.08	4.62	5.12	5.63	n/a	n/a	n/a
Difference	0.48	2.38	(8.19)	(4.14)	n/a	n/a	n/a

As of December 31, 2010

\*Figures are annualized

<sup>1</sup>Benchmark is Barclays Capital Intermediate Aggregate

<sup>2</sup>Benchmark is Barclays Capital Intermediate Aggregate from 3/1/07 to present, Barclays Capital Intermediate Government Credit from inception to 3/1/07.

<sup>3</sup>Benchmark is Barclays Capital 1 – 5 year Government / Credit

<sup>4</sup>Benchmark is Barclays Capital Intermediate Aggregate from 3/1/07 to present, Barclays Capital Aggregate from inception to 3/1/07.

<sup>5</sup>Performance figures presented for 2010 are for November and December only. JPMorgan was not a fixed income manager for the ICP prior to November 3, 2010.

<sup>6</sup>Performance figures presented for 2010 are for January through October. Aberdeen was terminated as a fixed income manager effective November 3, 2010.

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# JP Morgan Synthetic GIC Account (Constant Maturity)

MSRP Investment Contract Pool



## General Portfolio Information

Fixed Income Manager JPMorgan Investment Management Inc.  
Client Portfolio Name Maryland State Teachers

Prepared by Justin Rucker  
Contact Number 614.213.7046

Benchmark US Intermediate Aggregate

## Portfolio Characteristics

Portfolio Inception Date November 4, 2010  
As of / Valuation Date December 31, 2010  
Market Value of Stable Value Investm \$ 145,009,240.97

## Portfolio Characteristics

	Actual	Benchmark
Effective Duration (option adjusted)	3.37	4.00
Spread Duration (option adjusted)	2.17	4.01
Convexity (option adjusted)	-0.55	-0.35
Yield to maturity ("YTM")	2.22%	2.71%
Annual effective YTM	2.23%	2.73%
Yield to worst ("YTW")	2.22%	2.71%
Annual effective YTW	2.23%	2.72%
SEC Yield (mutual funds only)	0.00%	N/A
Average Credit Quality	AA+	AA1/AA2

## Gross Total Return

	Portfolio	Benchmark
Current Month	-0.96%	-0.95%
Latest 3 Months	0.00%	0.00%
Year to Date	0.00%	0.00%
Trailing 12 Months	0.00%	0.00%
Latest 2 years (annualized)	0.00%	0.00%
Latest 3 years (annualized)	0.00%	0.00%
Latest 5 years (annualized)	0.00%	0.00%
Latest 10 years (annualized)	0.00%	0.00%
Since Inception (annualized)	0.00%	0.00%

## Sector Allocation

	Portfolio	Benchmark
Cash	15.25%	0.00%
Cash Equivalent & Other	0.00%	0.00%
US Treasury	31.97%	33.00%
Government-Related	0.00%	11.46%
>Agency Debentures	0.00%	8.91%
>Municipals	0.00%	0.48%
>Sovereign	0.00%	0.78%
>Supranational	0.00%	1.29%
Corporate	15.95%	15.62%
>Industrial	4.44%	7.77%
>Utility	1.79%	1.50%
>Financial / Bank	8.18%	6.35%
>Corporate Other	1.54%	0.00%
Securitized	36.83%	39.91%
>MBS	31.66%	36.81%
-Agency Passthrough	12.39%	35.55%
-Agency ARMs	0.39%	0.00%
-Agency Other	18.86%	1.26%
-Non-Agency Alt-A	0.00%	0.00%
-Non-Agency Prime ARM	0.00%	0.00%
-Non-Agency Prime Other	0.02%	0.00%
-Non-Agency Other	0.00%	0.00%
>ABS	2.43%	0.31%
-Credit Card	0.40%	0.17%
-Auto Loan	1.48%	0.07%
-Home Equity	0.00%	0.00%
-Manufactured Housing	0.00%	0.00%
-Standard Cost Utility	0.00%	0.06%
-ABS Other	0.55%	0.00%
>CMBS	2.74%	2.79%
-Agency CMBS	0.00%	0.00%
-Non-Agency CMBS	2.74%	2.79%
>Other	0.00%	0.00%
Total	100.0%	100.0%

## Credit Quality

	Portfolio	Benchmark
A-1 (cash & STIF)	15.26%	0.00%
AAA	68.79%	81.77%
AA+	0.00%	0.22%
AA	1.98%	1.51%
AA-	1.09%	2.09%
A+	1.56%	2.31%
A	4.44%	3.75%
A-	2.07%	2.13%
BBB+	1.69%	1.79%
BBB	1.52%	2.50%
BBB-	1.60%	1.93%
BB+	0.00%	0.00%
BB	0.00%	0.00%
BB-	0.00%	0.00%
B+ & below	0.00%	0.00%
NR	0.00%	0.00%
Total	100.00%	100.00%

## Derivative Exposure (in Millions)

	Market Value	Notional Amount
Int. Swap - Pay Fixed	\$0	\$0
Int. Swap - Receive Fixec	\$0	\$0
Long Futures	\$0	\$0
Short Futures	\$0	\$0
Long Calls	\$0	\$0
Short Calls	\$0	\$0
Long Puts	\$0	\$0
Short Puts	\$0	\$0

## DB Advisors Contact Information

Name Debra Jennings  
Contact Number 201-593-3431  
Email debra.jennings@db.com

Benchmark is Barclays Capital Intermediate Aggregate

Deutsche Bank and Deutsche Asset Management, including the DB Advisors Stable Value Group, have numerous financial and business relationships with many asset management and insurance firms in the market including many of those Sub-Managers retained for the MSRP ICP mandate.

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# PIMCO Synthetic GIC Account (Constant Maturity)

MSRP Investment Contract Pool



General Portfolio Information			Sector Allocation		Portfolio		Benchmark		Credit Quality		
Fixed Income Manager	PIMCO		Cash	0.29%	0.00%	A-1 (cash & STIF)	1.52%	0.00%	AAA	57.62%	81.77%
Client Portfolio Name	State of Maryland Teachers and State Employees		Cash Equivalent & Other	4.27%	0.00%	AA+	2.33%	0.22%	AA	1.87%	1.51%
Prepared by	Alison MacArtney		US Treasury	18.15%	33.00%	AA-	5.06%	2.09%	A+	2.71%	2.31%
Contact Number	212-739-3729		Government-Related	6.41%	11.46%	A	10.42%	3.75%	A-	4.77%	2.13%
Benchmark	US Intermediate Aggregate		>Agency Debentures	4.64%	8.91%	BBB+	4.13%	1.79%	BBB	4.56%	2.50%
			>Municipals	1.77%	0.48%	BBB-	4.77%	1.93%	BB+	0.00%	0.00%
			>Sovereign	0.00%	0.78%	BB	0.00%	0.00%	BB-	0.05%	0.00%
			>Supranational	0.00%	1.29%	B+ & below	0.20%	0.00%	NR	0.00%	0.00%
			Corporate	40.67%	15.62%	Total	100.00%	100.00%			
			>Industrial	18.66%	7.77%	<b>Derivative Exposure (in Millions)</b>					
			>Utility	3.49%	1.50%		Market	Notional			
			>Financial / Bank	18.53%	6.35%		Value	Amount			
			>Corporate Other	0.00%	0.00%	Int. Swap - Pay Fixed	\$0	\$0			
			Securitized	30.21%	39.91%	Int. Swap - Receive Fixed	\$0	\$0			
			>MBS	28.34%	36.81%	Long Futures	\$0	\$0			
			-Agency Passthrough	27.06%	35.55%	Short Futures	\$0	\$0			
			-Agency ARMs	0.07%	0.00%	Long Calls	\$0	\$0			
			-Agency Other	0.00%	1.26%	Short Calls	\$0	\$0			
			-Non-Agency Alt-A	0.00%	0.00%	Long Puts	\$0	\$0			
			-Non-Agency Prime ARM	0.95%	0.00%	Short Puts	\$0	\$0			
			-Non-Agency Prime Other	0.26%	0.00%						
			-Non-Agency Other	0.00%	0.00%						
			>ABS	0.67%	0.31%	<b>DB Advisors Contact Information</b>					
			-Credit Card	0.00%	0.17%	Name	Debra Jennings				
			-Auto Loan	0.44%	0.07%	Contact Number	201-593-3431				
			-Home Equity	0.23%	0.00%	Email	debra.jennings@db.com				
			-Manufactured Housing	0.00%	0.00%						
			-Standard Cost Utility	0.00%	0.06%						
			-ABS Other	0.00%	0.00%						
			>CMBS	1.19%	2.79%						
			-Agency CMBS	0.00%	0.00%						
			-Non-Agency CMBS	1.19%	2.79%						
			>Other	0.00%	0.00%						
			Total	100.0%	100.0%						

Benchmark is the Barclays Capital Intermediate Aggregate from 3/1/07 to present, Barclays Capital Intermediate Government Credit from inception to 3/1/07.

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# PIMCO Portfolio IRS Scenario Analysis

MSRP Investment Contract Pool



PIMCO uses interest rate swaps (IRS) to hedge risk exposure in the portfolio, specifically duration and yield curve exposure

There were no IRS in the PIMCO portfolio at quarter end.

Source: PIMCO

Deutsche Bank and Deutsche Asset Management, including the DB Advisors Stable Value Group, have numerous financial and business relationships with many asset management and insurance firms in the market including many of those Sub-Managers retained for the MSRP ICP mandate. Past performance is not indicative of future results. Performance shown is gross of fees.

# Goode IPS Synthetic GIC Account (Constant Maturity)

MSRP Investment Contract Pool



## General Portfolio Information

Fixed Income Manager	Goode Investment Management, Inc.
Client Portfolio Name	MARYLAND TEACHERS & STATE EM
Prepared by	R. Maier
Contact Number	216.771.9000
Benchmark	US Intermediate Aggregate

## Portfolio Characteristics

Portfolio Inception Date	March 4, 2008
As of / Valuation Date	December 31, 2010
Market Value of Stable Value Investm \$	113,138,982.56

Portfolio Characteristics	Actual	Benchmark
Effective Duration (option adjusted)	3.70	4.00
Spread Duration (option adjusted)	3.18	4.01
Convexity (option adjusted)	-0.01	-0.35
Yield to maturity ("YTM")	2.62%	2.71%
Annual effective YTM	2.64%	2.73%
Yield to worst ("YTW")	n/a	2.71%
Annual effective YTW	n/a	2.72%
SEC Yield (mutual funds only)	n/a	N/A
Average Credit Quality	AA+	AA1/AA2

Gross Total Return	Portfolio	Benchmark
Current Month	-0.89%	-0.95%
Latest 3 Months	-0.65%	-0.75%
Year to Date	6.47%	6.15%
Trailing 12 Months	6.47%	6.15%
Latest 2 years (annualized)	6.89%	6.30%
Latest 3 years (annualized)	0.00%	0.00%
Latest 5 years (annualized)	0.00%	0.00%
Latest 10 years (annualized)	0.00%	0.00%
Since Inception (annualized)	5.47%	5.66%

## Sector Allocation

Sector Allocation	Portfolio	Benchmark
Cash	0.00%	0.00%
Cash Equivalent & Other	0.00%	0.00%
US Treasury	25.67%	33.00%
Government-Related	6.49%	11.46%
>Agency Debentures	6.49%	8.91%
>Municipals	0.00%	0.48%
>Sovereign	0.00%	0.78%
>Supranational	0.00%	1.29%
Corporate	17.56%	15.62%
>Industrial	6.99%	7.77%
>Utility	1.34%	1.50%
>Financial / Bank	5.74%	6.35%
>Corporate Other	3.49%	0.00%
Securitized	50.28%	39.91%
>MBS	41.56%	36.81%
-Agency Passthrough	40.23%	35.55%
-Agency ARMs	1.34%	0.00%
-Agency Other	0.00%	1.26%
-Non-Agency Alt-A	0.00%	0.00%
-Non-Agency Prime ARM	0.00%	0.00%
-Non-Agency Prime Other	0.00%	0.00%
-Non-Agency Other	0.00%	0.00%
>ABS	4.00%	0.31%
-Credit Card	2.25%	0.17%
-Auto Loan	0.96%	0.07%
-Home Equity	0.00%	0.00%
-Manufactured Housing	0.00%	0.00%
-Standard Cost Utility	0.79%	0.06%
-ABS Other	0.00%	0.00%
>CMBS	4.72%	2.79%
-Agency CMBS	0.00%	0.00%
-Non-Agency CMBS	4.72%	2.79%
>Other	0.00%	0.00%
Total	100.0%	100.0%

## Credit Quality

Credit Quality	Portfolio	Benchmark
A-1 (cash & STIF)	0.00%	0.00%
AAA	82.27%	81.77%
AA+	0.00%	0.22%
AA	3.75%	1.51%
AA-	0.00%	2.09%
A+	0.00%	2.31%
A	7.95%	3.75%
A-	0.00%	2.13%
BBB+	0.00%	1.79%
BBB	6.02%	2.50%
BBB-	0.00%	1.93%
BB+	0.00%	0.00%
BB	0.02%	0.00%
BB-	0.00%	0.00%
B+ & below	0.00%	0.00%
NR	0.00%	0.00%
Total	100.00%	100.00%

## Derivative Exposure (in Millions)

	Market Value	Notional Amount
Int. Swap - Pay Fixed	\$0	\$0
Int. Swap - Receive Fixec	\$0	\$0
Long Futures	\$0	\$0
Short Futures	\$0	\$0
Long Calls	\$0	\$0
Short Calls	\$0	\$0
Long Puts	\$0	\$0
Short Puts	\$0	\$0

## DB Advisors Contact Information

Name	Debra Jennings
Contact Number	201-593-3431
Email	<a href="mailto:debra.jennings@db.com">debra.jennings@db.com</a>

Benchmark is Barclays Capital Intermediate Aggregate.

Deutsche Bank and Deutsche Asset Management, including the DB Advisors Stable Value Group, have numerous financial and business relationships with many asset management and insurance firms in the market including many of those Sub-Managers retained for the MSRP ICP mandate.

Past performance is not indicative of future results. Performance shown is gross of fees. Performance results do not reflect the deduction of fees and expenses charged or incurred. Had such fees been deducted, returns would have been lower.

# HIMCO Synthetic GIC Account (Maturing)

## MSRP Investment Contract Pool



### General Portfolio Information

Manager Name	Hartford Investment Management Company
Client Portfolio Name	MSRP ICP
Prepared by	John Cardinali
Contact Number	860-297-6711
Benchmark	US Government/Credit 1-5 Yr

### Portfolio Characteristics

Portfolio Inception Date	April 1, 2007
As of / Valuation Date	December 31, 2010
Market Value of Stable Value Investm \$	170,592,407.00

Portfolio Characteristics	Actual	Benchmark
Effective Duration (option adjusted)	2.33	2.57
Spread Duration (option adjusted)	1.45	2.57
Convexity (option adjusted)	0.06	0.05
Yield to maturity ("YTM")	1.67%	1.32%
Annual effective YTM	1.68%	1.32%
Yield to worst ("YTW")	1.66%	1.32%
Annual effective YTW	1.67%	1.32%
SEC Yield (mutual funds only)	n/a	N/A
Average Credit Quality	Aa2	AA1/AA2

Gross Total Return	Portfolio	Benchmark
Current Month	-0.59%	-0.58%
Latest 3 Months	-0.56%	-0.60%
Year to Date	4.56%	4.08%
Trailing 12 Months	4.56%	4.08%
Latest 2 years (annualized)	5.77%	4.35%
Latest 3 years (annualized)	2.74%	4.61%
Latest 5 years (annualized)	0.00%	0.00%
Latest 10 years (annualized)	0.00%	0.00%
Since Inception (annualized)	2.59%	5.19%

### Sector Allocation

Sector Allocation	Portfolio	Benchmark
Cash	-1.37%	0.00%
Cash Equivalent & Other	3.49%	0.00%
US Treasury	34.39%	56.01%
Government-Related	11.37%	23.48%
>Agency Debentures	9.82%	18.97%
>Local Authority	0.58%	0.78%
>Sovereign	0.98%	1.01%
>Supranational	0.00%	2.72%
Corporate	39.95%	20.51%
>Industrial	18.13%	9.66%
>Utility	4.67%	1.63%
>Financial / Bank	14.75%	9.23%
>Corporate Other	2.41%	0.00%
Securitized	12.17%	0.00%
>MBS	1.38%	0.00%
-Agency Passthrough	1.12%	0.00%
-Agency ARMs	0.00%	0.00%
-Agency Other	0.25%	0.00%
-Non-Agency Passthrough	0.00%	0.00%
-Non-Agency CMOs	0.00%	0.00%
-Non-Agency ARMs	0.00%	0.00%
-Non-Agency Other	0.00%	0.00%
>ABS	5.64%	0.00%
-Credit Card	2.32%	0.00%
-Auto Loan	1.72%	0.00%
-Home Equity	0.25%	0.00%
-Student Loans	1.35%	0.00%
-Standard Cost Utility	0.00%	0.00%
-ABS Other	0.00%	0.00%
>CMBS	5.15%	0.00%
-Agency CMBS	5.15%	0.00%
-Non-Agency CMBS	0.00%	0.00%
>Securitized Other	0.00%	0.00%
Total	100.0%	100.0%

### Credit Quality

Credit Quality	Portfolio	Benchmark
A-1 (cash & STIF)	4.52%	0.00%
AAA	53.05%	77.14%
AA+	1.49%	0.31%
AA	1.73%	2.60%
AA-	4.17%	3.27%
A+	6.10%	2.91%
A	5.80%	5.09%
A-	5.40%	2.44%
BBB+	6.09%	1.83%
BBB	7.36%	2.60%
BBB-	3.66%	1.81%
BB+	0.57%	0.00%
BB	0.00%	0.00%
BB-	0.00%	0.00%
B+ & below	0.07%	0.00%
NR	0.00%	0.00%
Total	100.00%	100.00%

### Derivative Exposure (in Millions)

	Market Value	Notional Amount
Swap - Pay Fixed	\$0	\$0
Swap - Receive Fixed	\$0	\$0
Long Futures	\$0	\$0
Short Futures	\$0	\$0
Long Calls	\$0	\$0
Short Calls	\$0	\$0
Long Puts	\$0	\$0
Short Puts	\$0	\$0

### DB Advisors Contact Information

Name	Debra Jennings
Contact Number	201-593-3431
Email	<a href="mailto:debra.jennings@db.com">debra.jennings@db.com</a>

Benchmark is Barclays Capital 1 – 5 year Government / Credit

Deutsche Bank and Deutsche Asset Management, including the DB Advisors Stable Value Group, have numerous financial and business relationships with many asset management and insurance firms in the market including many of those Sub-Managers retained for the MSRP ICP mandate.

Past performance is not indicative of future results. Performance shown is gross of fees. Performance results do not reflect the deduction of fees and expenses charged or incurred. Had such fees been deducted, returns would have been lower.

# DB Advisors

Fourth quarter 2010  
Investment Contract Pool Review

Wrapper contracts and crediting rates  
& Appendix commentary—pages 27 to 37—omitted

**ATTACHMENT D – MINORITY BUSINESS ENTERPRISE PARTICIPATION**  
**MARYLAND SUPPLEMENTAL RETIREMENT PLANS**

**Purpose**

Contractor shall structure its procedures for the performance of the work required in this contract to attempt to achieve the minority business enterprise (MBE) goal stated in the Request for Proposals. MBE performance must be in accordance with this document, as authorized by Code of Maryland Regulations (COMAR) 21.11.03. Contractor agrees to exercise all good faith efforts to carry out the requirements set forth in this Attachment.

**MBE Goals and Sub goals**

An MBE subcontract participation goal of EIGHT percent of the total investment management fee amount has been established for this procurement. By submitting a response to this solicitation, the bidder or Offeror agrees that this percentage of the total management fee of the contract will be performed by certified minority business enterprises.

By submitting a response to this solicitation, the bidder or Offeror agrees that the percentage of the total management fee amounts of the contract will be performed by certified minority business enterprises as specified.

- ◆ A prime contractor — including an MBE prime contractor — must accomplish an amount of work not less than the MBE subcontract goal with certified MBE subcontractors.
- ◆ A prime contractor comprising a joint venture that includes MBE partner(s) must accomplish the MBE subcontract goal with certified MBE subcontractors.

**Solicitation and Contract Formation**

A bidder or Offeror must include with its bid or offer a completed *Certified MBE Utilization and Fair Solicitation Affidavit (Attachment D-1)* whereby:

- (1) the bidder or Offeror acknowledges the certified MBE participation goal or requests a waiver, commits to make a good faith effort to achieve the goal, and affirms that MBE subcontractors were treated fairly in the solicitation process.
- (2) the bidder or Offeror responds to the expected degree of Minority Business Enterprise participation as stated in the solicitation, by identifying the specific commitment of certified MBEs at the time of submission. The bidder or Offeror shall specify the percentage of contract value associated with each MBE subcontractor identified on the MBE Participation Schedule.

*If a bidder or Offeror fails to submit Attachment D-1 with the bid or offer as required, the Procurement Officer shall deem the bid non-responsive or shall determine that the offer is not reasonably susceptible of being selected for award.*

Within 10 working days from notification that it is the apparent awardee or from the date of the actual award, whichever is earlier, the apparent awardee must provide the following documentation to the Procurement Officer.

- (1) **Outreach Efforts Compliance Statement** (Attachment D-2)
- (2) **Subcontractor Project Participation Statement** (Attachment D-3)
- (3) If the apparent awardee believes a waiver (in whole or in part) of the overall MBE goal or of any sub goal is necessary, it must submit a fully documented waiver request that complies with COMAR 21.11.03.11.
- (4) Any other documentation required by the Procurement Officer to ascertain bidder or Offeror responsibility in connection with the certified MBE participation goal.

*If the apparent awardee fails to return each completed document within the required time, the Procurement Officer may determine that the apparent awardee is not responsible and therefore not eligible for contract award. If the contract has already been awarded, the award is voidable.*

### **Contract Administration Requirements**

Contractor shall:

1. Submit monthly to the Department a report listing any unpaid invoices, over 30 days old, received from any certified MBE subcontractor, the amount of each invoice and the reason payment has not been made.
2. Include in its agreements with its certified MBE subcontractors a requirement that those subcontractors submit monthly to the Department a report that identifies the prime contract and lists all payments received from Contractor in the preceding 30 days, as well as any outstanding invoices, and the amount of those invoices.
3. Maintain such records as are necessary to confirm compliance with its MBE participation obligations. These records must indicate the identity of certified minority and non-minority subcontractors employed on the contract, the type of work performed by each, and the actual dollar value of work performed. Subcontract agreements documenting the work performed by all MBE participants must be retained by the Contractor and furnished to the Procurement Officer on request.
4. Consent to provide such documentation as reasonably requested and to provide right-of-entry at reasonable times for purposes of the State's representatives verifying compliance with the MBE participation obligations. Contractor must retain all records concerning MBE participation and make them available for State inspection for three years after final completion of the contract.
5. At the option of the procurement agency, upon completion of the contract and before final payment and/or release of retainage, submit a final report in affidavit form and under penalty of perjury, of all payments made to, or withheld from MBE subcontractors.

Attachments

**ATTACHMENT D-1 – Certified MBE Utilization and Fair Solicitation Affidavit**

(must be submitted with bid or offer)

**ATTACHMENT D-2 - Outreach Efforts Compliance Statement**

(must be submitted within 10 working days of notification of apparent award or actual award, whichever is earlier)

**ATTACHMENT D-3 - Subcontractor Project Participation Statement**

(must be submitted within 10 working days of notification of apparent award or actual award, whichever is earlier)

**These attachments must be submitted on a monthly (by the 15<sup>th</sup>) basis after award of contract or as otherwise directed:**

**ATTACHMENT D-4 - Prime Contractor Unpaid MBE Invoice Report**

**ATTACHMENT D-5 - Subcontractor Paid/Unpaid MBE Invoice Report**

*The remainder of this page is intentionally blank.*

**Attachment D-1**

**MDOT Certified MBE Utilization and Fair Solicitation Affidavit**

This document **MUST BE** included with the bid or offer. If the Bidder or Offeror fails to complete and submit this form with the bid or offer as required, the procurement officer shall deem the bid non-responsive or shall determine that the offer is not reasonably susceptible of being selected for award.

In conjunction with the bid or offer submitted in response to Solicitation No. \_\_\_\_\_, I affirm the following:

1.  I acknowledge and intend to meet the overall certified Minority Business Enterprise (MBE) participation goal of EIGHT. Therefore, I will not be seeking a waiver pursuant to COMAR 21.11.03.11.

**OR**

- I conclude that I am unable to achieve the MBE participation goal. I hereby request a waiver, in whole or in part, of the overall goal. Within 10 business days of receiving notice that our firm is the apparent awardee, I will submit all required waiver documentation in accordance with COMAR 21.11.03.11.

2. *I understand that if I am notified that I am the apparent awardee, I must submit the following additional documentation within 10 working days of receiving notice of the potential award or from the date of conditional award (per COMAR 21.11.03.10), whichever is earlier.*

- (a) Outreach Efforts Compliance Statement (Attachment D-2)
- (b) Subcontractor Project Participation Statement (Attachment D-3)
- (c) Any other documentation, including waiver documentation, if applicable, required by the Procurement Officer to ascertain bidder or Offeror responsibility in connection with the certified MBE participation goal.

I understand that if I fail to return each completed document within the required time, the Procurement Officer may determine that I am not responsible and therefore not eligible for contract award. If the contract has already been awarded, the award is voidable.

3. In the solicitation of subcontract quotations or offers, MBE subcontractors were provided not less than the same information and amount of time to respond as were non-MBE subcontractors.
4. Set forth below are the (i) certified MBEs I intend to use and (ii) the percentage of the total contract amount allocated to each MBE for this project. I hereby affirm that the MBE firms are only providing those products and services for which they are MDOT certified.

Prime Contractor: (Firm Name, Address, Phone)	Project Description:
Project Number:	

List Information For Each Certified MBE Subcontractor On This Project

Minority Firm Name	MBE Certification Number
Certification Category For Dually Certified MBE Subcontractors ( <i>Check Only One Certification Category</i> )	
<input type="checkbox"/> African American Owned	<input type="checkbox"/> Woman-Owned
-----	
Percentage of Total Management Fee	
Minority Firm Name	MBE Certification Number
Certification Category For Dually Certified MBE Subcontractors ( <i>Check Only One Certification Category</i> )	
<input type="checkbox"/> African American Owned	<input type="checkbox"/> Woman-Owned
-----	
Percentage of Total Management Fee	
Minority Firm Name	MBE Certification Number
Certification Category for Dually Certified MBE Subcontractors ( <i>Check Only One Certification Category</i> )	
<input type="checkbox"/> African American Owned	<input type="checkbox"/> Woman-Owned
-----	
Percentage of Total Management Fee	
Minority Firm Name	MBE Certification Number
Certification Category for Dually Certified MBE Subcontractors ( <i>Check Only One Certification Category</i> )	
<input type="checkbox"/> African American Owned	<input type="checkbox"/> Woman-Owned
-----	
Percentage of Total Management Fee	

Continue on a separate page, if needed.

**SUMMARY**

Total <i>African-American</i> MBE Participation:	_____ %
Total <i>Woman-Owned</i> MBE Participation:	_____ %
Total <i>Other</i> Participation	_____ %
<b>Total <i>All MBE</i> Participation:</b>	<b>_____ %</b>

I solemnly affirm under the penalties of perjury that the contents of this Affidavit are true to the best of my knowledge, information, and belief.

\_\_\_\_\_  
Bidder/Offeror Name  
*(PLEASE PRINT OR TYPE)*

\_\_\_\_\_  
Signature of Affiant

Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

*The remainder of this page is intentionally blank.*

**Attachment D-2  
Outreach Efforts Compliance Statement**

**Complete and submit this form within 10 working days of notification of apparent award or actual award, whichever is earlier.**

In conjunction with the bid or offer submitted in response to Solicitation No. \_\_\_\_\_, Bidder/Offeror states the following:

1. Bidder/Offeror identified opportunities to subcontract in these specific work categories.
2. Attached to this form are copies of written solicitations (with bidding instructions) used to solicit MDOT certified MBEs for these subcontract opportunities.
3. Bidder/Offeror made the following attempts to contact personally the solicited MDOT certified MBEs.
4. Select ONE of the following:
  - a.  This project does not involve bonding requirements.

**OR**

  - b.  Bidder/Offeror assisted MDOT certified MBEs to fulfill or seek waiver of bonding requirements (*describe efforts*).
5. Select ONE of the following:
  - a.  Bidder/Offeror did/did not attend the pre-bid/proposal conference.

**OR**

  - b.  No pre-bid/proposal conference was held.

\_\_\_\_\_ By: \_\_\_\_\_  
Bidder/Offeror Printed Name Signature

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Attachment D-3  
Subcontractor Project Participation Certification**

*Please complete and submit one form for each MDOT certified MBE listed on Attachment D-1 within 10 working days of notification of apparent award.*

\_\_\_\_\_ (prime contractor) has entered into a contract with  
\_\_\_\_\_ (subcontractor) to provide services in connection with the Solicitation described below.

Prime Contractor Address and Phone	Project Description
Project Number	Total Management Fee Amount \$
Minority Firm Name	MBE Certification Number
Work To Be Performed	
Percentage of Total Contract	

The undersigned Prime Contractor and Subcontractor hereby certify and agree that they have fully complied with the State Minority Business Enterprise law, State Finance and Procurement Article §14-308(a)(2), Annotated Code of Maryland which provides that, except as otherwise provided by law, a contractor may not identify a certified minority business enterprise in a bid or proposal and:

- (1) fail to request, receive, or otherwise obtain authorization from the certified minority business enterprise to identify the certified minority business enterprise in its bid or proposal;
- (2) fail to notify the certified minority business enterprise before execution of the contract of its inclusion of the bid or proposal;
- (3) fail to use the certified minority business enterprise in the performance of the contract; or

(4) pay the certified minority business enterprise solely for the use of its name in the bid or proposal.

**PRIME CONTRACTOR SIGNATURE**

**SUBCONTRACTOR SIGNATURE**

By: \_\_\_\_\_  
Name, Title

By: \_\_\_\_\_  
Name, Title

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

*The remainder of this page is intentionally blank.*

This form is to be completed monthly by the prime contractor.

**Attachment D-4  
Maryland Supplemental Retirement Plans  
Minority Business Enterprise Participation  
Prime Contractor Paid/Unpaid MBE Invoice Report**

Report #: _____ Reporting Period (Month/Year): _____ <b>Report is due to the MBE Officer by the 10<sup>th</sup> of the month following the month the services were provided.</b> <b>Note: Please number reports in sequence</b>	Contract #: _____ Contracting Unit: _____ Contract Amount: _____ MBE Subcontract Amt: _____ Project Begin Date: _____ Project End Date: _____ Services Provided: _____
--	--

Prime Contractor:		Contact Person:	
Address:			
City:		State:	ZIP:
Phone:	FAX:	Email:	
Subcontractor Name:		Contact Person:	
Phone:	FAX:		
Subcontractor Services Provided:			

<b>List all payments made to MBE subcontractor named above during this reporting period:</b> <table style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width:10%;"></th> <th style="width:40%; text-align: center;"><u>Invoice#</u></th> <th style="width:50%; text-align: center;"><u>Amount</u></th> </tr> </thead> <tbody> <tr><td>1.</td><td></td><td></td></tr> <tr><td>2.</td><td></td><td></td></tr> <tr><td>3.</td><td></td><td></td></tr> <tr><td>4.</td><td></td><td></td></tr> <tr> <td colspan="3"><b>Total Dollars Paid: \$</b> _____</td> </tr> </tbody> </table>		<u>Invoice#</u>	<u>Amount</u>	1.			2.			3.			4.			<b>Total Dollars Paid: \$</b> _____			<b>List dates and amounts of any outstanding invoices:</b> <table style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width:10%;"></th> <th style="width:40%; text-align: center;"><u>Invoice #</u></th> <th style="width:50%; text-align: center;"><u>Amount</u></th> </tr> </thead> <tbody> <tr><td>1.</td><td></td><td></td></tr> <tr><td>2.</td><td></td><td></td></tr> <tr><td>3.</td><td></td><td></td></tr> <tr><td>4.</td><td></td><td></td></tr> <tr> <td colspan="3"><b>Total Dollars Unpaid: \$</b> _____</td> </tr> </tbody> </table>		<u>Invoice #</u>	<u>Amount</u>	1.			2.			3.			4.			<b>Total Dollars Unpaid: \$</b> _____		
	<u>Invoice#</u>	<u>Amount</u>																																			
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4.																																					
<b>Total Dollars Paid: \$</b> _____																																					
	<u>Invoice #</u>	<u>Amount</u>																																			
1.																																					
2.																																					
3.																																					
4.																																					
<b>Total Dollars Unpaid: \$</b> _____																																					

If more than one MBE subcontractor is used for this contract, you must use separate D-5 forms.

**Return one copy (hard or electronic) of this form to the following address (electronic copy with signature and date is preferred):**

MBE Liaison Officer Maryland Supplemental Retirement Plans 6 Saint Paul Street, Suite 200 Baltimore, MD 21202 <a href="mailto:MSRP.state.md.us">@MSRP.state.md.us</a>
---

Signature: \_\_\_\_\_ (Required) Date: \_\_\_\_\_

This form must be completed by  
MBE subcontractor

**ATTACHMENT D-5**  
**Minority Business Enterprise Participation**  
**Subcontractor Paid/Unpaid MBE Invoice Report**

Report#: _____	Contract #
Reporting Period (Month/Year): _____	Contracting Unit:
<b>Report is due by the 10<sup>th</sup> of the month following the month the services were performed.</b>	MBE Subcontract Amount:
	Project Begin Date:
	Project End Date:
	Services Provided:

MBE Subcontractor Name:		
MDOT Certification #:		
Contact Person:	Email:	
Address:		
City: Baltimore	State:	ZIP:
Phone:	FAX:	
<b>Subcontractor Services Provided:</b>		
<b>List all payments received from Prime Contractor during reporting period indicated above.</b>		<b>List dates and amounts of any unpaid invoices over 30 days old.</b>
<u>Invoice Amt</u>	<u>Date</u>	<u>Invoice Amt</u> <u>Date</u>
1.		1.
2.		2.
3.		3.
<b>Total Dollars Paid: \$ _____</b>		<b>Total Dollars Unpaid: \$ _____</b>
Prime Contractor:		Contact Person:

**Return one copy (hard or electronic) of this form to the following address (electronic copy with signature and date is preferred):**

MBE Liaison Officer Maryland Supplemental Retirement Plans 6 Saint Paul Street, Suite 200 Baltimore, MD 21202 <a href="mailto:MSRP.state.md.us">@MSRP.state.md.us</a>
---

Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
(Required)

## ATTACHMENT E – STANDARD CONTRACT PROVISIONS

THIS CONTRACT is made this \_\_\_\_\_ day of \_\_\_\_\_, 2011 by and between \_\_\_\_\_ and Board of Trustees Maryland Teachers and State Employees Supplemental Retirement Plans

IN CONSIDERATION of the premises and the covenants herein contained, the adequacy and sufficiency of which are duly acknowledged by the parties, the parties agree as follows:

### 1. Definitions

In this Contract, the following words have the meanings indicated:

1.1 “Board” means the Board of Trustees of the Maryland Teachers and State Employees Supplemental Retirement Plans.

1.2 “Contract” means this Contract Stable Value fund Investment Management Services.

1.3 “Contractor” means \_\_\_\_\_ whose principal business address is \_\_\_\_\_ and whose address in Maryland is \_\_\_\_\_.

1.4 “Contract Manager” means the individual identified in section 1.5 of the RFP or a successor designated by the Department.

1.5 “Financial Proposal” means the Contractor’s Financial Proposal [Best and Final Offer] dated \_\_\_\_\_, 2011.

1.6 “Notice to Proceed” means the formal written notification from the Board’s Contract Manager or designee that: (1) directs the Contractor, as of a date contained in the NTP, to begin performance of the Contract work.

1.7 “Procurement Officer” means the individual identified in section 1.6 of the RFP or a successor designated by the Department.

1.8 “RFP” means the Request for Proposals Stable Value fund Investment Management Services., No. G50B1400004 dated \_\_\_\_\_, 2011, including addenda, attachments and Excel worksheets, as amended through \_\_\_\_\_.

1.9 “State” means the State of Maryland.

1.10 “Technical Proposal” means the Contractor’s Technical Proposal, dated \_\_\_\_ 2011 , as supplemented and revised by the Contractor’s subsequent response to questions, requests for cure, and BAFO submissions through \_\_\_\_\_.

## **2. Scope of Work**

2.1 The Contractor shall provide Stable Value fund Investment Management Services. These services shall be provided in accordance with this Contract and the following exhibits, which are attached and incorporated herein by reference:

Exhibit A - The RFP.

Exhibit B - The Technical Proposal.

Exhibit C - The Financial Proposal.

Exhibit D – State Conflict of Interest Affidavits.

## **3. Time for Performance.**

The Contract resulting from this RFP shall be for a period of about five (5) years beginning on or about July 24, 2011 and ending July 23, 2016. The Contractor shall provide services upon receipt of a Notice to Proceed from the Procurement Officer.

## **4. Consideration and Payment**

4.1 In consideration of the satisfactory performance of the work set forth in this Contract, the Department shall pay the Contractor in accordance with the terms of this Contract and at the rates specified on Exhibit C, Contractor's Financial Proposal.

4.2 Payments to the Contractor shall be made no later than thirty (30) days after MSRP's receipt of a proper invoice for services provided by the Contractor, acceptance by MSRP of services provided by the Contractor, and pursuant to the conditions outlined in Section 4 of this Contract. Each invoice for services rendered must include the Contractor's Federal Tax Identification Number which is\_\_\_\_\_. Charges for late payment of invoices other than as prescribed by Title 15, Subtitle 1, of the State Finance and Procurement Article, Annotated Code of Maryland, are prohibited. Invoices shall be submitted to the Contract Manager.

4.3 In addition to any other available remedies, if, in the opinion of the Procurement Officer, the Contractor fails to perform in a satisfactory and timely manner, the Procurement Officer may refuse or limit approval of any invoice for payment, and may cause payments to the Contractor to be reduced or withheld until such time as the Contractor meets performance standards as established by the Procurement Officer pursuant to this Contract.

## **5. Rights to Records**

5.1 The Contractor agrees that all documents and materials including but not limited to, software, reports, drawings, studies, specifications, estimates, tests, maps, photographs, designs, graphics, mechanical, artwork, computations and data prepared by the Contractor, for purposes of this Contract shall be the sole property of the State and shall be available to the State at any time. The State shall have the right to use the same without restriction and without compensation to the Contractor other than that specifically provided by this Contract.

5.2 The Contractor agrees that at all times during the term of this Contract and thereafter, works created as a deliverable under this Contract, and services performed under this Contract shall be "works made for hire" as that term is interpreted under U.S. copyright law. To the extent that any products created as a deliverable under this

Contract are not works for hire for the State, the Contractor hereby relinquishes, transfers, and assigns to the State all of its rights, title, and interest (including all intellectual property rights) to all such products created under this Contract, and will cooperate reasonably with the State in effectuating and registering any necessary assignments.

**5.3** The Contractor shall report to the Contract Manager, promptly and in written detail, each notice or claim of copyright infringement received by the Contractor with respect to all data delivered under this Contract.

**5.4** The Contractor shall not affix any restrictive markings upon any data, documentation, or other materials provided to the State hereunder and if such markings are affixed, the State shall have the right at any time to modify, remove, obliterate, or ignore such warnings.

## **6. Exclusive Use**

The State shall have the exclusive right to use, duplicate, and disclose any data, information, documents, records, or results, in whole or in part, in any manner for any purpose whatsoever, that may be created or generated by the Contractor in connection with this Contract. If any material, including software, is capable of being copyrighted, the State shall be the copyright owner and Contractor may copyright material connected with this project only with the express written approval of the State.

## **7. Patents, Copyrights, Intellectual Property**

**7.1** If the Contractor furnishes any design, device, material, process, or other item, which is covered by a patent, trademark or service mark, or copyright or which is proprietary to or a trade secret of another, the Contractor shall obtain the necessary permission or license to permit the State to use such item or items.

**7.2** The Contractor will defend or settle, at its own expense, any claim or suit against the State alleging that any such item furnished by the Contractor infringes any patent, trademark, service mark, copyright, or trade secret. If a third party claims that a product infringes that party's patent, trademark, service mark, trade secret, or copyright, the Contractor will defend the State against that claim at Contractor's expense and will pay all damages, costs and attorney fees that a court finally awards, provided the State (i) promptly notifies the Contractor in writing of the claim; and (ii) allows Contractor to control and cooperates with Contractor in, the defense and any related settlement negotiations. The obligations of this paragraph are in addition to those stated in Section 7.3 below.

**7.3** If any products furnished by the Contractor become, or in the Contractor's opinion are likely to become, the subject of a claim of infringement, the Contractor will, at its option and expense: a) procure for the State the right to continue using the applicable item, b) replace the product with a non-infringing product substantially complying with the item's specifications, or c) modify the item so that it becomes non-infringing and performs in a substantially similar manner to the original item.

## **8. Confidentiality**

Subject to the Maryland Public Information Act and any other applicable laws, all confidential or proprietary information and documentation relating to either party (including without limitation, any information or data stored within the Contractor's computer systems) shall be held in absolute confidence by the other party. Each party shall, however, be permitted to disclose relevant confidential information to its officers, agents and employees to the extent that such disclosure is necessary for the performance of their duties under this Contract, provided that the data may be collected, used, disclosed, stored and disseminated only as provided by and consistent with the law. The provisions of this section shall not apply to information that (a) is lawfully in the public domain; (b) has been independently developed by the other party without violation of this Contract; (c) was already in the possession of such party, (d) was supplied to such party by a third party lawfully in possession

thereof and legally permitted to further disclose the information or (e) which such party is required to disclose by law.

**9. Loss of Data**

In the event of loss of any State data or records where such loss is due to the intentional act or omission or negligence of the Contractor or any of its subcontractors or agents, the Contractor shall be responsible for recreating such lost data in the manner and on the schedule set by the Contract Manager. The Contractor shall ensure that all data is backed up and recoverable by the Contractor. Contractor shall use its best efforts to assure that at no time shall any actions undertaken by the Contractor under this Contract (or any failures to act when Contractor has a duty to act) damage or create any vulnerabilities in data bases, systems, platforms and/or applications with which the Contractor is working hereunder.

**10. Indemnification**

**10.1** The Contractor shall hold harmless and indemnify the State from and against any and all losses, damages, claims, suits, actions, liabilities and/or expenses, including, without limitation, attorneys' fees and disbursements of any character that arise from, are in connection with or are attributable to the performance or nonperformance of the Contractor or its subcontractors under this Contract.

**10.2** The State has no obligation to provide legal counsel or defense to the Contractor or its subcontractors in the event that a suit, claim or action of any character is brought by any person not party to this Contract against the Contractor or its subcontractors as a result of or relating to the Contractor's obligations under this Contract.

**10.3** The State has no obligation for the payment of any judgments or the settlement of any claims against the Contractor or its subcontractors as a result of or relating to the Contractor's obligations under this Contract.

**10.4** The Contractor shall immediately notify the Procurement Officer of any claim or suit made or filed against the Contractor or its subcontractors regarding any matter resulting from, or relating to, the Contractor's obligations under the Contract, and will cooperate, assist and consult with the State in the defense or investigation of any claim, suit, or action made or filed against the State as a result of, or relating to, the Contractor's performance under this Contract.

**11. Non-Hiring of Employees**

No official or employee of the State, as defined under State Government Article, § 15-102, Annotated Code of Maryland, whose duties as such official or employee include matters relating to or affecting the subject matter of this Contract, shall, during the pendency and term of this Contract and while serving as an official or employee of the State, become or be an employee of the Contractor or any entity that is a subcontractor on this Contract.

**12. Disputes**

This Contract shall be subject to the provisions of Title 15, Subtitle 2, of the State Finance and Procurement Article of the Annotated Code of Maryland, and COMAR 21.10 (Administrative and Civil Remedies). Pending resolution of a claim, the Contractor shall proceed diligently with the performance of the Contract in accordance with the Procurement Officer's decision. Unless a lesser period is provided by applicable statute, regulation, or the Contract, the Contractor must file a written notice of claim with the Procurement Officer within 30 days after the basis for the claim is known or should have been known, whichever is earlier. Contemporaneously with or within 30 days of the filing of a notice of claim, but no later than the date of final payment under the Contract, the Contractor must submit to the Procurement Officer its written claim containing the information specified in COMAR 21.10.04.02.

### **13. Maryland Law**

This Contract shall be construed, interpreted, and enforced according to the laws of the State of Maryland. The Maryland Uniform Computer Information Transactions Act, Maryland Code Annotated, Commercial Law Article, Title 22, does not apply to this Contract, or to any purchase order, or Notice to Proceed, issued under this Contract. Any and all references to the Annotated Code of Maryland contained in this Contract shall be construed to refer to such Code sections as from time to time amended.

### **14. Nondiscrimination in Employment**

The Contractor agrees: (a) not to discriminate in any manner against an employee or applicant for employment because of race, color, religion, creed, age, sex, marital status, national origin, ancestry, or disability of a qualified individual with a disability; (b) to include a provision similar to that contained in subsection (a), above, in any underlying subcontract except a subcontract for standard commercial supplies or raw materials; and (c) to post and to cause subcontractors to post in conspicuous places available to employees and applicants for employment, notices setting forth the substance of this clause.

### **15. Contingent Fee Prohibition**

The Contractor warrants that it has not employed or retained any person, partnership, corporation, or other entity, other than a bona fide employee, bona fide agent, bona fide salesperson, or commercial selling agency working for the business, to solicit or secure the Contract, and that the business has not paid or agreed to pay any person, partnership, corporation, or other entity, other than a bona fide employee, bona fide agent, bona fide salesperson, or commercial selling agency, any fee or any other consideration contingent on the making of this Contract.

### **16. Cancellation Privileges**

The Board reserves the right to cancel this contract at any time during the course of its performance without liability for damages, incurred costs, or anticipated profits. In the event of such cancellation the Board's sole liability to the manager will be for accrued percentage fees and/or any yearly minimum, adjusted for months served.

### **17. Non-availability of Funding**

If the General Assembly fails to appropriate funds or if funds are not otherwise made available for continued performance for any fiscal period of this Contract succeeding the first fiscal period, this Contract shall be canceled automatically as of the beginning of the fiscal year for which funds were not appropriated or otherwise made available; provided, however, that this will not affect either the State's rights or the Contractor's rights under any termination clause in this Contract. The effect of termination of the Contract hereunder will be to discharge both the Contractor and the State from future performance of the Contract, but not from their rights and obligations existing at the time of termination. The Contractor shall be reimbursed for the reasonable value of any nonrecurring costs incurred but not amortized in the price of the Contract. The State shall notify the Contractor as soon as it has knowledge that funds may not be available for the continuation of this Contract for each succeeding fiscal period beyond the first.

### **18. Termination for Cause**

If the Contractor fails to fulfill its obligations under this Contract properly and on time, or otherwise violates any provision of the Contract, the State may terminate the Contract by written notice to the Contractor. The notice shall specify the acts or omissions relied upon as cause for termination. All finished or unfinished work provided

by the Contractor shall, at the State's option, become the State's property. The State shall pay the Contractor fair and equitable compensation for satisfactory performance prior to receipt of notice of termination, less the amount of damages caused by the Contractor's breach. If the damages are more than the compensation payable to the Contractor, the Contractor will remain liable after termination and the State can affirmatively collect damages. Termination hereunder, including the termination of the rights and obligations of the parties, shall be governed by the provisions of COMAR 21.07.01.11B.

**19. Termination for Convenience**

The performance of work under this Contract may be terminated by the State in accordance with this clause in whole, or from time to time in part, whenever the State shall determine that such termination is in the best interest of the State. The State will pay all reasonable costs associated with this Contract that the Contractor has incurred up to the date of termination, and all reasonable costs associated with termination of the Contract; provided, however, the Contractor shall not be reimbursed for any anticipatory profits that have not been earned up to the date of termination. Termination hereunder, including the determination of the rights and obligations of the parties, shall be governed by the provisions of COMAR 21.07.01.12 (A)(2).

**20. Delays and Extensions of Time**

The Contractor agrees to prosecute the work continuously and diligently and no charges or claims for damages shall be made by it for any delays or hindrances from any cause whatsoever during the progress of any portion of the work specified in this Contract.

Time extensions will be granted only for excusable delays that arise from unforeseeable causes beyond the control and without the fault or negligence of the Contractor, including but not restricted to, acts of God, acts of the public enemy, acts of the State in either its sovereign or contractual capacity, acts of another Contractor in the performance of a contract with the State, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, or delays of subcontractors or suppliers arising from unforeseeable causes beyond the control and without the fault or negligence of either the Contractor or the subcontractors or suppliers.

**21. Suspension of Work**

The State unilaterally may order the Contractor in writing to suspend, delay, or interrupt all or any part of its performance for such period of time as the Procurement Officer may determine to be appropriate for the convenience of the State.

**22. Pre-Existing Regulations**

In accordance with the provisions of Section 11-206 of the State Finance and Procurement Article, Annotated Code of Maryland, the regulations set forth in Title 21 of the Code of Maryland Regulations (COMAR 21) in effect on the date of execution of this Contract are applicable to this Contract.

**23. Financial Disclosure**

The Contractor shall comply with the provisions of Section 13-221 of the State Finance and Procurement Article of the Annotated Code of Maryland, which requires that every person that enters into contracts, leases, or other agreements with the State or its agencies during a calendar year under which the business is to receive in the aggregate, \$100,000 or more, shall within 30 days of the time when the aggregate value of these contracts, leases or other agreements reaches \$100,000, file with the Secretary of the State certain specified information to include disclosure of beneficial ownership of the business.

**24. Political Contribution Disclosure**

The Contractor shall comply with Election Law Article, §§14-101 - 14-108, Annotated Code of Maryland, which requires that every person that enters into contracts, leases, or other agreements with the State, a county, or an incorporated municipality, or their agencies, during a calendar year in which the person receives in the aggregate \$100,000 or more, shall, file with the State Board of Elections a statement disclosing contributions in excess of \$500 made during the reporting period to a candidate for elective office in any primary or general election. The statement shall be filed with the State Board of Elections: (1) before a purchase or execution of a lease or contract by the State, a county, an incorporated municipality, or their agencies, and shall cover the preceding two calendar years; and (2) if the contribution is made after the execution of a lease or contract, then twice a year, throughout the contract term, on: (a) February 5, to cover the 6-month period ending January 31; and (b) August 5, to cover the 6-month period ending July 31.

**25. Retention of Records**

The Contractor shall retain and maintain all records and documents in any way relating to this Contract for three years after Contract closeout and final payment by the State under this Contract or any applicable statute of limitations, whichever is longer, and shall make them available for inspection and audit by authorized representatives of the State, including the Procurement Officer or the Procurement Officer’s designee, at all reasonable times. All records related in any way to the Contract are to be retained for the entire time provided under this section. In the event of any audit, Contractor shall provide assistance to the State, without additional compensation, to identify, investigate and reconcile any audit discrepancies and/or variances.

**26. Compliance with Laws**

The Contractor hereby represents and warrants that:

- A. It is qualified to do business in the State and that it will take such action as, from time to time hereafter, may be necessary to remain so qualified;
- B. It is not in arrears with respect to the payment of any monies due and owing the State, or any department or unit thereof, including but not limited to the payment of taxes and employee benefits, and that it shall not become so in arrears during the term of this Contract;
- C. It shall comply with all federal, State and local laws, regulations, and ordinances applicable to its activities and obligations under this Contract; and,
- D. It shall obtain, at its expense, all licenses, permits, insurance, and governmental approvals, if any, necessary to the performance of its obligations under this Contract.

**27. Cost and Price Certification**

By submitting cost or price information, the Contractor certifies to the best of its knowledge that the information submitted is accurate, complete, and current as of the date of its bid or offer.

The price under this Contract and any change order or modification hereunder, including profit or fee, shall be adjusted to exclude any significant price increases occurring because the Contractor furnished cost or price information which, as of the date of its bid or offer, was inaccurate, incomplete, or not current.

**28. Subcontracting; Assignment**

The Contractor may not subcontract any portion of the services provided under this Contract without obtaining the prior written approval of the State, nor may the Contractor assign this Contract or any of its rights or obligations hereunder, without the prior written approval of the State. Any such subcontract or assignment shall include the terms of Sections 11 and 13 through 26 of this Contract and any other terms and conditions that the State deems necessary to protect its interests. The State shall not be responsible for the fulfillment of the Contractor's obligations to the subcontractors.

**29. Liability**

**29.1** For breach of this Contract, negligence, misrepresentation or any other contract or tort claim, Contractor shall be liable as follows:

- A. For infringement of patents, copyrights, trademarks, service marks and/or trade secrets, as provided in Section 7 of this Contract;
- B. Without limitation for damages for bodily injury (including death) and damage to real property and tangible personal property;
- C. For all other claims, damages, losses, costs, expenses, suits or actions in any way related to this Contract, regardless of the form, Contractor's liability shall be limited to three (3) times the total dollar amount of the Contract value up to the date of settlement or final award of any such claim. Third party claims arising under Section 10, "Indemnification", of this Contract are included in this limitation of liability only if the State is immune from liability. Contractor's liability for third party claims arising under Section 10 of this Contract shall be unlimited if the State is not immune from liability for claims arising under Section 10.

**30. Parent Company Guarantee (If Applicable)**

[Corporate name of Parent Company] hereby guarantees absolutely the full, prompt and complete performance by "[Contractor]" of all the terms, conditions and obligations contained in this Contract, as it may be amended from time to time, including any and all exhibits that are now or may become incorporated hereunto, and other obligations of every nature and kind that now or may in the future arise out of or in connection with this Contract, including any and all financial commitments, obligations and liabilities. "[Corporate name of Parent Company]" may not transfer this absolute guaranty to any other person or entity without the prior express written approval of the State, which approval the State may grant, withhold, or qualify in its sole and absolute subjective discretion. "[Corporate name of Parent Company]" further agrees that if the State brings any claim, action, suit or proceeding against "[Contractor]", "[Corporate name of Parent Company]" may be named as a party, in its capacity as Absolute Guarantor.

**31. Commercial Non-Discrimination**

31.1 As a condition of entering into this Contract, Contractor represents and warrants that it will comply with the State's Commercial Nondiscrimination Policy, as described under Title 19 of the State Finance and Procurement Article of the Annotated Code of Maryland. As part of such compliance, Contractor may not discriminate on the basis of race, color, religion, ancestry or national origin, sex, age, marital status, sexual orientation, or on the basis of disability or other unlawful forms of discrimination in the solicitation, selection, hiring, or commercial treatment of subcontractors, vendors, suppliers, or commercial customers, nor shall Contractor retaliate against any person for reporting instances of such discrimination. Contractor shall provide equal opportunity for subcontractors, vendors, and suppliers to participate in all of its public sector and private sector subcontracting and supply opportunities, provided

that this clause does not prohibit or limit lawful efforts to remedy the effects of marketplace discrimination that have occurred or are occurring in the marketplace. Contractor understands that a material violation of this clause shall be considered a material breach of this Contract and may result in termination of this Contract, disqualification of Contractor from participating in State contracts, or other sanctions. This clause is not enforceable by or for the benefit of, and creates no obligation to, any third party.

- 31.2 The Contractor shall include the above Commercial Nondiscrimination clause, or similar clause approved by MSRP, in all subcontracts.
- 31.3 As a condition of entering into this Contract, upon the Maryland Human Relations Commission's request, and only after the filing of a complaint against Contractor under Title 19 of the State Finance and Procurement Article, as amended from time to time, Contractor agrees to provide within 60 days after the request a complete list of the names of all subcontractors, vendors, and suppliers that Contractor has used in the past 4 years on any of its contracts that were undertaken within the state of Maryland, including the total dollar amount paid by Contractor on each subcontract or supply contract. Contractor further agrees to cooperate in any investigation conducted by the State pursuant to the State's Commercial Nondiscrimination Policy as set forth under Title 19 of the State Finance and Procurement Article of the Annotated Code of Maryland, and to provide any documents relevant to any investigation that are requested by the State. Contractor understands that violation of this clause is a material breach of this Contract and may result in contract termination, disqualification by the State from participating in State contracts, and other sanctions.

## **32. Prompt Pay Requirements**

This contract is subject to the Prompt Payment Policy Directive issued by the Governor's Office of Minority Affairs and dated August 1, 2008. Promulgated pursuant to §§11-201, 13-205(a), and Title 14, Subtitle 3 of the SFP, and Code of Maryland Regulations (COMAR) 21.01.01.03 and 21.11.03.01 et seq., the Directive seeks to ensure the prompt payment of all subcontractors on non-construction procurement contracts.

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**ATTACHMENT F – BID/PROPOSAL AFFIDAVIT**

**A. AUTHORIZED REPRESENTATIVE**

I HEREBY AFFIRM THAT:

I am the (title) \_\_\_\_\_ and the duly authorized representative of (business) \_\_\_\_\_ and that I possess the legal authority to make this Affidavit on behalf of myself and the business for which I am acting.

**B. CERTIFICATION REGARDING COMMERCIAL NONDISCRIMINATION**

The undersigned bidder hereby certifies and agrees that the following information is correct: In preparing its bid on this project, the bidder has considered all proposals submitted from qualified, potential subcontractors and suppliers, and has not engaged in "discrimination" as defined in §19-103 of the State Finance and Procurement Article of the Annotated Code of Maryland. "Discrimination" means any disadvantage, difference, distinction, or preference in the solicitation, selection, hiring, or commercial treatment of a vendor, subcontractor, or commercial customer on the basis of race, color, religion, ancestry, or national origin, sex, age, marital status, sexual orientation, or on the basis of disability or any otherwise unlawful use of characteristics regarding the vendor's, supplier's, or commercial customer's employees or owners. "Discrimination" also includes retaliating against any person or other entity for reporting any incident of "discrimination". Without limiting any other provision of the solicitation on this project, it is understood that, if the certification is false, such false certification constitutes grounds for the State to reject the bid submitted by the bidder on this project, and terminate any contract awarded based on the bid. As part of its bid or proposal, the bidder herewith submits a list of all instances within the past 4 years where there has been a final adjudicated determination in a legal or administrative proceeding in the State of Maryland that the bidder discriminated against subcontractors, vendors, suppliers, or commercial customers, and a description of the status or resolution of that determination, including any remedial action taken. Bidder agrees to comply in all respects with the State's Commercial Nondiscrimination Policy as described under Title 19 of the State Finance and Procurement Article of the Annotated Code of Maryland.

**B-1. Certification Regarding Minority Business Enterprises.**

The undersigned bidder hereby certifies and agrees that it has fully complied with the State Minority Business Enterprise Law, State Finance and Procurement Article, §14-308(a)(2), Annotated Code of Maryland, which provides that, except as otherwise provided by law, a contractor may not identify a certified minority business enterprise in a bid or proposal and:

- (1) Fail to request, receive, or otherwise obtain authorization from the certified minority business enterprise to identify the certified minority proposal;
- (2) Fail to notify the certified minority business enterprise before execution of the contract of its inclusion in the bid or proposal;

- (3) Fail to use the certified minority business enterprise in the performance of the contract; or
- (4) Pay the certified minority business enterprise solely for the use of its name in the bid or proposal.

Without limiting any other provision of the solicitation on this project, it is understood that if the certification is false, such false certification constitutes grounds for the State to reject the bid submitted by the bidder on this project, and terminate any contract awarded based on the bid.

**C. AFFIRMATION REGARDING BRIBERY CONVICTIONS**

**I FURTHER AFFIRM THAT:**

Neither I, nor to the best of my knowledge, information, and belief, the above business (as is defined in Section 16-101(b) of the State Finance and Procurement Article of the Annotated Code of Maryland), or any of its officers, directors, partners, controlling stockholders, or any of its employees directly involved in the business's contracting activities including obtaining or performing contracts with public bodies has been convicted of, or has had probation before judgment imposed pursuant to Criminal Procedure Article, §6-220, Annotated Code of Maryland, or has pleaded nolo contendere to a charge of, bribery, attempted bribery, or conspiracy to bribe in violation of Maryland law, or of the law of any other state or federal law, except as follows (indicate the reasons why the affirmation cannot be given and list any conviction, plea, or imposition of probation before judgment with the date, court, official or administrative body, the sentence or disposition, the name(s) of person(s) involved, and their current positions and responsibilities with the business):

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**D. AFFIRMATION REGARDING OTHER CONVICTIONS**

**I FURTHER AFFIRM THAT:**

Neither I, nor to the best of my knowledge, information, and belief, the above business, or any of its officers, directors, partners, controlling stockholders, or any of its employees directly involved in the business's contracting activities including obtaining or performing contracts with public bodies, has:

- (1) Been convicted under state or federal statute of:
  - (a) A criminal offense incident to obtaining, attempting to obtain, or performing a public or private contract; or
  - (b) Fraud, embezzlement, theft, forgery, falsification or destruction of records or receiving stolen property;

- (2) Been convicted of any criminal violation of a state or federal antitrust statute;
- (3) Been convicted under the provisions of Title 18 of the United States Code for violation of the Racketeer Influenced and Corrupt Organization Act, 18 U.S.C. §1961 et seq., or the Mail Fraud Act, 18 U.S.C. §1341 et seq., for acts in connection with the submission of bids or proposals for a public or private contract;
- (4) Been convicted of a violation of the State Minority Business Enterprise Law, §14-308 of the State Finance and Procurement Article of the Annotated Code of Maryland;
- (5) Been convicted of a violation of §11-205.1 of the State Finance and Procurement Article of the Annotated Code of Maryland;
- (6) Been convicted of conspiracy to commit any act or omission that would constitute grounds for conviction or liability under any law or statute described in subsections (1)—(5) above;
- (7) Been found civilly liable under a state or federal antitrust statute for acts or omissions in connection with the submission of bids or proposals for a public or private contract;
- (8) Been found in a final adjudicated decision to have violated the Commercial Nondiscrimination Policy under Title 19 of the State Finance and Procurement Article of the Annotated Code of Maryland with regard to a public or private contract; or
- (9) Admitted in writing or under oath, during the course of an official investigation or other proceedings, acts or omissions that would constitute grounds for conviction or liability under any law or statute described in §§B and C and subsections D(1)—(8) above, except as follows (indicate reasons why the affirmations cannot be given, and list any conviction, plea, or imposition of probation before judgment with the date, court, official or administrative body, the sentence or disposition, the name(s) of the person(s) involved and their current positions and responsibilities with the business, and the status of any debarment):

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**E. AFFIRMATION REGARDING DEBARMENT**

**I FURTHER AFFIRM THAT:**

Neither I, nor to the best of my knowledge, information, and belief, the above business, or any of its officers, directors, partners, controlling stockholders, or any of its employees directly involved in the business's contracting activities, including obtaining or performing contracts with public bodies, has ever been suspended or debarred (including being issued a limited denial of participation) by any public entity, except as follows (list each debarment or suspension providing the dates of the suspension or

debarment, the name of the public entity and the status of the proceedings, the name(s) of the person(s) involved and their current positions and responsibilities with the business, the grounds of the debarment or suspension, and the details of each person's involvement in any activity that formed the grounds of the debarment or suspension).

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**F. AFFIRMATION REGARDING DEBARMENT OF RELATED ENTITIES**

I FURTHER AFFIRM THAT:

(1) The business was not established and it does not operate in a manner designed to evade the application of or defeat the purpose of debarment pursuant to Sections 16-101, et seq., of the State Finance and Procurement Article of the Annotated Code of Maryland; and

(2) The business is not a successor, assignee, subsidiary, or affiliate of a suspended or debarred business, except as follows (you must indicate the reasons why the affirmations cannot be given without qualification):

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**G. SUB-CONTRACT AFFIRMATION**

I FURTHER AFFIRM THAT:

Neither I, nor to the best of my knowledge, information, and belief, the above business, has knowingly entered into a contract with a public body under which a person debarred or suspended under Title 16 of the State Finance and Procurement Article of the Annotated Code of Maryland will provide, directly or indirectly, supplies, services, architectural services, construction related services, leases of real property, or construction.

**H. AFFIRMATION REGARDING COLLUSION**

I FURTHER AFFIRM THAT:

Neither I, nor to the best of my knowledge, information, and belief, the above business has:

(1) Agreed, conspired, connived, or colluded to produce a deceptive show of competition in the compilation of the accompanying bid or offer that is being submitted;

(2) In any manner, directly or indirectly, entered into any agreement of any kind to fix the bid price or price proposal of the bidder or Offeror or of any competitor, or otherwise taken any action in restraint of free competitive bidding in connection with the contract for which the accompanying bid or offer is submitted.

#### I. FINANCIAL DISCLOSURE AFFIRMATION

I FURTHER AFFIRM THAT:

I am aware of, and the above business will comply with, the provisions of Section 13-221 of the State Finance and Procurement Article of the Annotated Code of Maryland, which require that every business that enters into contracts, leases, or other agreements with the State of Maryland or its agencies during a calendar year under which the business is to receive in the aggregate \$100,000 or more shall, within 30 days of the time when the aggregate value of the contracts, leases, or other agreements reaches \$100,000, file with the Secretary of State of Maryland certain specified information to include disclosure of beneficial ownership of the business.

#### J. POLITICAL CONTRIBUTION DISCLOSURE AFFIRMATION

I FURTHER AFFIRM THAT:

I am aware of, and the above business will comply with, Election Law Article, §§14-101—14-108, Annotated Code of Maryland, which requires that every person that enters into contracts, leases, or other agreements with the State of Maryland, including its agencies or a political subdivision of the State, during a calendar year in which the person receives in the aggregate \$100,000 or more shall file with the State Board of Elections a statement disclosing contributions in excess of \$500 made during the reporting period to a candidate for elective office in any primary or general election.

#### K. DRUG AND ALCOHOL FREE WORKPLACE

(Applicable to all contracts unless the contract is for a law enforcement agency and the agency head or the agency head's designee has determined that application of COMAR 21.11.08 and this certification would be inappropriate in connection with the law enforcement agency's undercover operations.)

I CERTIFY THAT:

(1) Terms defined in COMAR 21.11.08 shall have the same meanings when used in this certification.

(2) By submission of its bid or offer, the business, if other than an individual, certifies and agrees that, with respect to its employees to be employed under a contract resulting from this solicitation, the business shall:

(a) Maintain a workplace free of drug and alcohol abuse during the term of the contract;

- (b) Publish a statement notifying its employees that the unlawful manufacture, distribution, dispensing, possession, or use of drugs, and the abuse of drugs or alcohol is prohibited in the business' workplace and specifying the actions that will be taken against employees for violation of these prohibitions;
- (c) Prohibit its employees from working under the influence of drugs or alcohol;
- (d) Not hire or assign to work on the contract anyone whom the business knows, or in the exercise of due diligence should know, currently abuses drugs or alcohol and is not actively engaged in a bona fide drug or alcohol abuse assistance or rehabilitation program;
- (e) Promptly inform the appropriate law enforcement agency of every drug-related crime that occurs in its workplace if the business has observed the violation or otherwise has reliable information that a violation has occurred;
- (f) Establish drug and alcohol abuse awareness programs to inform its employees about:
  - (i) The dangers of drug and alcohol abuse in the workplace;
  - (ii) The business' policy of maintaining a drug and alcohol free workplace;
  - (iii) Any available drug and alcohol counseling, rehabilitation, and employee assistance programs; and
  - (iv) The penalties that may be imposed upon employees who abuse drugs and alcohol in the workplace;
- (g) Provide all employees engaged in the performance of the contract with a copy of the statement required by §K(2)(b), above;
- (h) Notify its employees in the statement required by §K(2)(b), above, that as a condition of continued employment on the contract, the employee shall:
  - (i) Abide by the terms of the statement; and
  - (ii) Notify the employer of any criminal drug or alcohol abuse conviction for an offense occurring in the workplace not later than 5 days after a conviction;
- (i) Notify the procurement officer within 10 days after receiving notice under §K(2)(h)(ii), above, or otherwise receiving actual notice of a conviction;
- (j) Within 30 days after receiving notice under §K(2)(h)(ii), above, or otherwise receiving actual notice of a conviction, impose either of the following sanctions or remedial measures on any employee who is convicted of a drug or alcohol abuse offense occurring in the workplace:
  - (i) Take appropriate personnel action against an employee, up to and including termination; or
  - (ii) Require an employee to satisfactorily participate in a bona fide drug or alcohol abuse assistance or rehabilitation program; and

(k) Make a good faith effort to maintain a drug and alcohol free workplace through implementation of §K(2)(a)—(j), above.

(3) If the business is an individual, the individual shall certify and agree as set forth in §K(4), below, that the individual shall not engage in the unlawful manufacture, distribution, dispensing, possession, or use of drugs or the abuse of drugs or alcohol in the performance of the contract.

(4) I acknowledge and agree that:

(a) The award of the contract is conditional upon compliance with COMAR 21.11.08 and this certification;

(b) The violation of the provisions of COMAR 21.11.08 or this certification shall be cause to suspend payments under, or terminate the contract for default under COMAR 21.07.01.11 or 21.07.03.15, as applicable; and

(c) The violation of the provisions of COMAR 21.11.08 or this certification in connection with the contract may, in the exercise of the discretion of the Board of Public Works, result in suspension and debarment of the business under COMAR 21.08.03.

#### L. CERTIFICATION OF CORPORATION REGISTRATION AND TAX PAYMENT

I FURTHER AFFIRM THAT:

(1) The business named above is a (domestic \_\_\_ ) (foreign \_\_\_ ) corporation registered in accordance with the Corporations and Associations Article, Annotated Code of Maryland, and that it is in good standing and has filed all of its annual reports, together with filing fees, with the Maryland State Department of Assessments and Taxation, and that the name and address of its resident agent filed with the State Department of Assessments and Taxation is: Name: \_\_\_\_\_ Address: \_\_\_\_\_ .

(If not applicable, so state).

(2) Except as validly contested, the business has paid, or has arranged for payment of, all taxes due the State of Maryland and has filed all required returns and reports with the Comptroller of the Treasury, the State Department of Assessments and Taxation, and the Department of Labor, Licensing, and Regulation, as applicable, and will have paid all withholding taxes due the State of Maryland prior to final settlement.

#### M. CONTINGENT FEES

I FURTHER AFFIRM THAT:

The business has not employed or retained any person, partnership, corporation, or other entity, other than a bona fide employee, bona fide agent, bona fide salesperson, or commercial selling agency working for the business, to solicit or secure the Contract, and that the business has not paid or agreed to

pay any person, partnership, corporation, or other entity, other than a bona fide employee, bona fide agent, bona fide salesperson, or commercial selling agency, any fee or any other consideration contingent on the making of the Contract.

N. Repealed.

O. ACKNOWLEDGEMENT

I ACKNOWLEDGE THAT this Affidavit is to be furnished to the Procurement Officer and may be distributed to units of: (1) the State of Maryland; (2) counties or other subdivisions of the State of Maryland; (3) other states; and (4) the federal government. I further acknowledge that this Affidavit is subject to applicable laws of the United States and the State of Maryland, both criminal and civil, and that nothing in this Affidavit or any contract resulting from the submission of this bid or proposal shall be construed to supersede, amend, modify or waive, on behalf of the State of Maryland, or any unit of the State of Maryland having jurisdiction, the exercise of any statutory right or remedy conferred by the Constitution and the laws of Maryland with respect to any misrepresentation made or any violation of the obligations, terms and covenants undertaken by the above business with respect to (1) this Affidavit, (2) the contract, and (3) other Affidavits comprising part of the contract.

I DO SOLEMNLY DECLARE AND AFFIRM UNDER THE PENALTIES OF PERJURY THAT THE CONTENTS OF THIS AFFIDAVIT ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE, INFORMATION, AND BELIEF.

Date: \_\_\_\_\_ By: \_\_\_\_\_ (Authorized Representative and Affiant)

*The remainder of this page is intentionally blank.*

**ATTACHMENT G - CONTRACT AFFIDAVIT**

**A. AUTHORIZED REPRESENTATIVE**

I HEREBY AFFIRM THAT:

I am the \_\_\_\_\_(title)\_\_\_\_\_ and the duly authorized representative of \_\_\_\_\_(business)\_\_\_\_\_ and that I possess the legal authority to make this Affidavit on behalf of myself and the business for which I am acting.

**B. CERTIFICATION OF CORPORATION REGISTRATION AND TAX PAYMENT**

I FURTHER AFFIRM THAT:

(1) The business named above is a (domestic\_\_\_\_) (foreign\_\_\_\_) corporation registered in accordance with the Corporations and Associations Article, Annotated Code of Maryland, and that it is in good standing and has filed all of its annual reports, together with filing fees, with the Maryland State Department of Assessments and Taxation, and that the name and address of its resident agent filed with the State Department of Assessments and Taxation is:

Name: \_\_\_\_\_

Address: \_\_\_\_\_.

(2) Except as validly contested, the business has paid, or has arranged for payment of, all taxes due the State of Maryland and has filed all required returns and reports with the Comptroller of the Treasury, the State Department of Assessments and Taxation, and the Department of Labor, Licensing, and Regulation, as applicable, and will have paid all withholding taxes due the State of Maryland prior to final settlement.

**C. CERTAIN AFFIRMATIONS VALID**

I FURTHER AFFIRM THAT:

To the best of my knowledge, information, and belief, each of the affirmations, certifications, or acknowledgements contained in that certain Bid/Proposal Affidavit dated \_\_\_\_\_, 20\_\_\_\_, and executed by me for the purpose of obtaining the contract to which this Exhibit is attached remains true and correct in all respects as if made as of the date of this Contract Affidavit and as if fully set forth herein.

I DO SOLEMNLY DECLARE AND AFFIRM UNDER THE PENALTIES OF PERJURY THAT THE CONTENTS OF THIS AFFIDAVIT ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE, INFORMATION, AND BELIEF.

Date: \_\_\_\_\_

By: \_\_\_\_\_

(Authorized Representative and Affiant)

**Attachment H - Financial Proposal Form for Evaluation Purposes**

The contract that results from this RFP is a fixed rate contract. The rate may be constructed of different factors for different levels of assets under management, but the rate structure will be consistent throughout the duration of the contract.

1. Please succinctly and clearly describe the proposed Stable Value Manager fee for this proposal, including precise asset fee rates, minimum and maximum asset levels for each and any minimum fee:
  
2. Please disclose the investment management fee the Offeror will receive for internally managed Maryland ICP investments as allowed in section 3.2:
  
3. Please apply the Offeror’s proposed fee to the following hypothetical ICP asset levels for evaluation purposes:

CONTRACT YEAR	HYPOTHETICAL AVERAGE ICP ASSETS	TOTAL RESULTING FEE
1	\$756,200,000	\$
2	\$771,300,000	\$
3	\$786,700,000	\$
4	\$802,400,000	\$
5	\$818,400,000	\$
Total Fee for the 5 Year Evaluative Price (Total of Contract Years 1-5)		\$

Submitted By: \_\_\_\_\_  
 Authorized Signature: \_\_\_\_\_ Date \_\_\_\_\_  
 Printed Name and Title: \_\_\_\_\_  
 Company Name: \_\_\_\_\_  
 Company Address: \_\_\_\_\_  
 \_\_\_\_\_

FEIN: \_\_\_\_\_

eMarylandMarketplace I.D.

Telephone #

Fax #

## Attachment I – Living Wage Requirements for Service Contracts

### Living Wage Requirements for Service Contracts

- A. This contract is subject to the Living Wage requirements under Title 18, State Finance and Procurement Article, Annotated Code of Maryland and the regulations proposed by the Commissioner of Labor and Industry. The Living Wage generally applies to a Contractor or Subcontractor who performs work on a State contract for services that is valued at \$100,000 or more. An employee is subject to the Living Wage if he/she is at least 18 years old or will turn 18 during the duration of the contract; works at least 13 consecutive weeks on the State Contract and spends at least one-half of the employee’s time during any work week on the State Contract.
- B. The Living Wage Law does not apply to:
- (1) A Contractor who:
    - (A) has a State contract for services valued at less than \$100,000, or
    - (B) employs 10 or fewer employees and has a State contract for services valued at less than \$500,000.
  - (2) A Subcontractor who:
    - (A) performs work on a State contract for services valued at less than \$100,000,
    - (B) employs 10 or fewer employees and performs work on a State contract for services valued at less than \$500,000, or
    - (C) performs work for a Contractor not covered by the Living Wage Law as defined in B(1)(B) above, or B (3) or C below.
  - (3) Service contracts for the following:
    - (A) services with a Public Service Company;
    - (B) services with a nonprofit organization;
    - (C) services with an officer or other entity that is in the Executive Branch of the State government and is authorized by law to enter into a procurement (“Unit”); or
    - (D) services between a Unit and a County or Baltimore City.
- C. If the Unit responsible for the State contract for services determines that application of the Living Wage would conflict with any applicable Federal program, the Living Wage does not apply to the contract or program.
- D. A Contractor must not split or subdivide a State contract for services, pay an employee through a third party, or treat an employee as an independent Contractor or assign work to employees to avoid the imposition of any of the requirements of Title 18, State Finance and Procurement, Annotated Code of Maryland.
- E. Each Contractor/Subcontractor, subject to the Living Wage Law, shall post in a prominent and easily accessible place at the work site(s) of covered employees a notice of the Living Wage Rates, employee rights under the law, and the name, address, and telephone number of the Commissioner.

- F. The Commissioner of Labor and Industry shall adjust the wage rates by the annual average increase or decrease, if any, in the Consumer Price Index for all urban consumers for the Washington/Baltimore metropolitan area, or any successor index, for the previous calendar year, not later than 90 days after the start of each fiscal year. The Commissioner shall publish any adjustments to the wage rates on the Division of Labor and Industry's Website. An employer subject to the Living Wage Law must comply with the rate requirements during the initial term of the contract and all subsequent renewal periods, including any increases in the wage rate, required by the Commissioner, automatically upon the effective date of the revised wage rate.
- G. A Contractor/Subcontractor who reduces the wages paid to an employee based on the employer's share of the health insurance premium, as provided in §18-103(c), State Finance and Procurement Article, Annotated Code of Maryland, shall not lower an employee's wage rate below the minimum wage as set in §3-413, Labor and Employment Article, Annotated Code of Maryland. A Contractor/Subcontractor who reduces the wages paid to an employee based on the employer's share of health insurance premium shall comply with any record reporting requirements established by the Commissioner of Labor and Industry.
- H. A Contractor/Subcontractor may reduce the wage rates paid under §18-103(a), State Finance and Procurement, Annotated Code of Maryland, by no more than 50 cents of the hourly cost of the employer's contribution to an employee's deferred compensation plan. A Contractor/Subcontractor who reduces the wages paid to an employee based on the employer's contribution to an employee's deferred compensation plan shall not lower the employee's wage rate below the minimum wage as set in §3-413, Labor and Employment Article, Annotated Code of Maryland.
- I. Under Title 18, State and Finance Procurement Article, Annotated Code of Maryland, if the Commissioner determines that the Contractor/Subcontractor violated a provision of this title or regulations of the Commissioner, the Contractor/Subcontractor shall pay restitution to each affected employee, and the State may assess liquidated damages of \$20 per day for each employee paid less than the Living Wage.
- J. Information pertaining to reporting obligations may be found by going to the DLLR Website <http://www.dllr.state.md.us/> and clicking on Living Wage.

**Attachment J - Affidavit, Maryland Living Wage Requirement  
Maryland Living Wage Requirements-Service Contracts**

Contract No. \_\_\_\_\_

Name of Contractor \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_

**If the Contract is Exempt from the Living Wage Law**

The Undersigned, being an authorized representative of the above named Contractor, hereby affirms that the Contract is exempt from Maryland's Living Wage Law for the following reasons (check all that apply):

- Bidder/Offeror is a nonprofit organization
- Bidder/Offeror is a public service company
- Bidder/Offeror employs 10 or fewer employees and the proposed contract value is less than \$500,000
- Bidder/Offeror employs more than 10 employees and the proposed contract value is less than \$100,000

**If the Contract is a Living Wage Contract**

- A. The Undersigned, being an authorized representative of the above named Contractor, hereby affirms our commitment to comply with Title 18, State Finance and Procurement Article, Annotated Code of Maryland and, if required, to submit all payroll reports to the Commissioner of Labor and Industry with regard to the above stated contract. The Bidder/Offeror agrees to pay covered employees who are subject to living wage at least the living wage rate in effect at the time service is provided for hours spent on State contract activities, and to ensure that its Subcontractors who are not exempt also pay the required living wage rate to their covered employees who are subject to the living wage for hours spent on a State contract for services. The Contractor agrees to comply with, and ensure its Subcontractors comply with, the rate requirements during the initial term of the contract and all subsequent renewal periods, including any increases in the wage rate established by the Commissioner of Labor and Industry, automatically upon the effective date of the revised wage rate.
- B. \_\_\_\_\_(initial here if applicable) The Bidder/Offeror affirms it has no covered employees for the following reasons: (check all that apply):
- The employee(s) proposed to work on the contract will spend less than one-half of the employee's time during any work week on the contract

**Attachment J – Living Wage Affidavit of Agreement (Continued)**  
**Maryland Living Wage Requirements-Service Contracts**

- The employee(s) proposed to work on the contract is 17 years of age or younger during the duration of the contract; or
- The employee(s) proposed to work on the contract will work less than 13 consecutive weeks on the State contract.

The Commissioner of Labor and Industry reserves the right to request payroll records and other data that the Commissioner deems sufficient to confirm these affirmations at any time.

Name of Authorized Representative: \_\_\_\_\_

\_\_\_\_\_  
Signature of Authorized Representative Date

\_\_\_\_\_  
Title

\_\_\_\_\_  
Witness Name (Typed or Printed)

\_\_\_\_\_  
Witness Signature Date

**Submit This Affidavit with Bid/Proposal**