Air Resources Board

Mary D. Nichols, Chairman
1001 I Street • P.O. Box 2815
Sacramento, California 95812 • www.arb.ca.gov

Matthew Rodriquez
Secretary for
Environmental Protection

Edmund G. Brown Jr.
Governor

Notice to Prospective Proposers

Request for Proposal
RFP No. 10-109

"Cap-and-Trade Financial Services for Auction and Reserve Sale"

ADDENDUM NO. 4

October 25, 2011

ARB is issuing this Addendum No. 4 to post the amended Cap-and-Trade Financial Services for Auction and Reserve Sale Request for Proposal (RFP) and extend the Proposal Submittal Deadline. This RFP replaces in whole the RFP released September 8, 2011. Primary changes to the RFP include refining due dates, clarifying that documents completed through this contract will be owned by ARB, and making changes noted in Addendum #1 for this RFP. Other significant areas of change include updates to the Key Action Dates, Technical Proposal Requirements, Cost Detail, Evaluation and Rating Criteria Guidelines, and Budget Detail and Payment Provisions.

Please note that the Proposal Submittal Deadline has been changed from October 28, 2011 to Monday, October 31, 2011, as indicated in the Key Action Dates of the RFP.

If proposals have already been submitted to ARB, the proposal may be modified and resubmitted pursuant Section II. D, Modification and/or Withdrawal of Proposals of the RFP.

This addendum, along with the RFP is published online in the California State Contracts Register at http://www.eprocure.dgs.ca.gov/CSCRAds.htm. To ensure receipt of any addenda that may be issued, interested parties are encouraged to register online at http://www.bidsync.com/help/bidsync/freebids.html. Any questions are to be addressed to the contact listed below:

Air Resources Board
ASD - Contract Services Section
Contact: Sue Bayoneta
Phone: (916) 322-2208
Email: sbayonet@arb.ca.gov

Thank you.

Air Resources Board

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REQUEST FOR PROPOSAL (SECONDARY METHOD)
Notice to Prospective Proposers
RFP No. 10-109
As Amended by Addendum #4

October 25, 2011

You are invited to review and respond to this Request for Proposal (RFP) No**. 10-109**, entitled, **"Cap-and-Trade Financial Services for Auction and Reserve Sale"**. In submitting your proposal, you must comply with the instructions found herein.

This RFP is published online in the California State Contracts Register at http://www.eprocure.dgs.ca.gov/CSCRAds.htm. To ensure receipt of any addenda that may be issued, interested parties are encouraged to register online at http://www.bidsync.com/help/bidsync/freebids.html.

The Air Resources Board (ARB) deadline for receipt of proposals is **October 31, 2011, no later than 3:00 p.m Pacific Daylight Time (PDT).** No late received or emailed proposals are acceptable. **All late received, faxed, or emailed proposals will be rejected** and returned to the potential Proposer. Hard copies of proposals must be received on or before the date and time specified herein at the following location:

Delivery Address:
Air Resources Board
ASD - Contract Services Section
Attn: Sue Bayoneta
1001 I Street, 20th Floor
Sacramento, CA 95814

You are advised that you are responsible for ensuring that your proposal is received by the above listed contact person by the time and date required. Any proposal reaching the contact person after the deadline date and time will be returned unopened.

In the opinion of the Air Resources Board, this RFP is complete and without need of explanation. However, if you have questions, notice any discrepancies or inconsistencies, or need any clarifying information, the contact person for this RFP is listed below. **All questions must be submitted in accordance with the RFP instructions contained herein and sent via email directly to the below listed contact person and not through the BidSync system.**

Contact: Sue Bayoneta
Phone: 916 / 322-2208
Email: sbayonet@arb.ca.gov

We appreciate your interest in this project and hope to receive a proposal from you if this is within your area of expertise.

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I. PURPOSE / BACKGROUND / SCOPE OF WORK

A. Purpose

This Request for Proposal (RFP) is to solicit competitive proposals from experienced and qualified contractors to provide client financial services for participants in the California cap-and-trade program. The Contractor will assist the Air Resources Board (ARB) in fulfilling the directives contained in ARB Board Resolution 10-42, supporting the goals of the Global Warming Solutions Act of 2006 (Health and Safety Code § 38501- 38599) (AB 32), and supporting the objectives of the Memorandum of Understanding signed by members of the Western Climate Initiative (WCI) on February 26, 2007.

ARB is seeking a qualified contractor to provide client financial services for participants in the California cap-and-trade program that seek to purchase GHG emission allowances at ARB auctions, consign emission allowances to an auction, or purchase emission allowances from the Allowance Price Containment Reserve (Reserve). The Contractor will also communicate directly with the ARB staff for approvals and completion of financial transactions. As California is intending to link its cap-and-trade system with others as part of the Western Climate Initiative (WCI), the Contractor will need the capacity to complete auction transactions with Canadian entities as well as U.S. entities.

For a detailed description of the Scope of Work, please refer to Section I, C, Scope of Work. The work of this contract is expected to require up to 24 months after receiving final approval by the Department of General Services; no work shall begin until all required signatures and approvals are obtained.

B. Background

ARB is charged with designing emission reduction measures to meet statewide emission limits for greenhouse gases (GHG). AB 32 directed ARB to design measures that achieve real, quantifiable, cost-effective reductions of GHG emissions and return California to 1990 levels by the year 2020. To achieve this emissions target, ARB was authorized in AB 32 to consider provisions for using market-based compliance mechanisms, such as a cap-and-trade program. Additional information on AB 32 can be found on the ARB website at www.arb.ca.gov/climatechange.

After a multi-year policy development and stakeholder involvement process, in December 2010, ARB considered a California cap-and-trade regulation. The cap-and-trade regulation, once effective, will establish GHG emission targets for certain sectors of the economy, and provide that these targets would be achieved by establishing an emissions limit, or cap, that declines over time. To ensure that GHG emissions remain at or below the cap, ARB will issue tradable allowances which authorize the allowance holder to emit a certain quantity of GHGs. Entities will receive these allowances directly from ARB, by purchase from an auction or

reserve sale, or by purchase from the marketplace. ARB will also issue and track compliance offsets credits, which are credits for additional GHG reductions or removals that occur outside the California cap. At the end of a three-year compliance period, GHG sources will surrender allowances and compliance offset credits in amounts equal to their reported emissions. As the program progresses, the number of allowances available to sources and other market participants will decline, thereby reducing California's allowable GHG emissions and bringing California closer to our AB 32 goal of 1990 emissions levels by 2020.

California is participating in the Western Climate Initiative (WCI). Several WCI Partner jurisdictions are considering implementing GHG cap-and trade programs and linking them to form a regional market for compliance instruments. A regional program provides for a cap to be set separately by each WCI Partner jurisdiction, not just California, resulting in limits on GHG emissions and advancing the broad-based solution needed to reduce climate changing emissions. The cap-and-trade programs would create reciprocal recognition of the compliance instruments (GHG allowances and offset credits) that each partner jurisdiction issues. By expanding California's market to include the WCI Partner jurisdictions, the regional market will generate greater potential for lower cost emissions reductions, enhance market liquidity, and would likely reduce the compliance costs of covered sources than could be realized through a California-only program. The number of entities with compliance obligations is anticipated to be in the hundreds, with the number of entities increasing as WCI Partner jurisdictions join the regional market. Other entities without a compliance obligation are also expected to participate in the cap-and-trade program.

Establishing and implementing a California and regional GHG cap-and-trade program by January 1, 2012 requires ARB and WCI Partner jurisdictions to establish a number of services for market operation and monitoring. California expects to contract for services to conduct necessary cap-and-trade functions but is also working towards a regional administration of the Program with the WCI Partner Jurisdictions. Of the services needed for cap-and-trade, the WCI Partners have recommended a coordination auction and oversight of the market.

ARB and the WCI Partner jurisdictions are working towards establishing a Regional Administrative Organization (RAO) similar to other established cap-and-trade programs (e.g., RGGI) to meet the goal of regionally coordinated administration of cap-and-trade services. ARB intends to procure services in anticipation of services transitioning to an RAO once established. The RAO would assume the day-to-day administration of the cap-and-trade program, including assuming many of the functions ARB is currently planning on procuring.

Having a single administrator for the regional market is essential for market integrity and will greatly simplify market administration and oversight, reduce the potential for fraud or malfeasance within the market, and will provide a framework that can be expanded as more jurisdictions join the market. A regional program operated through separate services operated or procured by multiple WCI Partner

jurisdictions would create weaknesses that could be exploited and create greater potential for market manipulation. Administration through a single administrator reduces this potential, while also reducing cost to jurisdictions by creating administrative efficiencies.

After the initial auction, auctions would continue each calendar quarter for the remainder of the program. Three weeks after the regular quarterly auction, ARB will also offer allowances in the reserve for sale at fixed prices to covered entities. ARB will announce the auctions on its website at least 60 days prior to each auction. This announcement will specify the date, time, and location of the auction; information that must be submitted to ARB by those wishing to participate in the auction consistent with the proposed regulation; and the number of allowances that will be auctioned. Auctions will be administered by ARB or an entity designated by ARB to serves as the auction and reserve sale operator. The auctions will be settled in a single round of bidding, and allowances will be awarded beginning with the highest bid. Allowances will continue to be awarded to each bid in declining order until all allowances are awarded. ARB will transfer the allowances to the purchaser's account once the auction or reserve sale is completed and approved by the ARB Executive Officer, and the proceeds are transferred to the Air Pollution Control Fund Account.

Through this RFP, California intends to competitively select and contract with a firm to provide client financial services to settle allowances purchased at auction or through a reserve sale. All services provided through this RFP will be provided directly to the State of California.

Required restrictions specific to the final selection of vendors: To reduce the potential for conflict of interest, and to protect the environmental integrity of the cap-and-trade program, the Contractor chosen to provide the services described in this RFP will not be awarded any additional contract pursuant to RFP No. 10-110 or RFP No. 10-111 issued by ARB.

C. Scope of Work

The objective of this service is to administer financial and transaction services to support up to six (6) quarterly GHG allowance auctions and up to six (6) "reserve sales" to implement the California cap-and-trade program. ARB is anticipating the first California allowance auction will take place in late 2012. The auctions will continue based on the calendar quarter for the remainder of the program.

There are anticipated to be more than 300 quarterly GHG allowance auction participants (bidders) and more than 300 quarterly reserve sales participants. The scope, tasks, and processing of services for GHG allowance auction and bidder information is anticipated to be in close alignment with the processing of reserve sale participant information. Consignments processing is anticipated during auction processes, however not during reserve sales. All other exceptions are anticipated to be minimal and must be reviewed and approved by ARB. The required services are described in detail in the sub-sections 1 – 6. The Contractor must:

1. Auction/Reserve Sale Preparation Services. Prepare auction and reserve sale processes.
2. Pre-Auction/Reserve Sale Services. Financial Qualification Application Processing: Conduct the financial qualification process for approved auction or reserve sale participants, including assessing validity of collateral.
   - Conduct administration and acceptance of financial guarantee instruments for potential participants in the auction and reserve sales.
3. Post Auction/Reserve Sale Services. Financial Settlement: Invoice purchasers of reserve sale GHG allowances per instructions from ARB or an entity designated by ARB to serve as reserve sale operator.
   - Conduct financial settlement for quarterly auctions and reserve sales, including coordinating with designated auction and reserve sale operator.
   - Provide payment or financial settlement confirmation to ARB and an entity designated by ARB to serve as auction and reserve sale operator to enable transfer of GHG allowance ownership and updating of market tracking operation records.
4. Post Auction/Reserve Sale Services. Processing Distribution of Proceeds: Process post-auction/reserve sale payments for awarded GHG allowances, per instructions from ARB and an entity designated by ARB to serve as auction and reserve sale operator.
   - Process auction and reserve sale proceeds.
5. Post Auction/Reserve Sale Services. Return Financial Assurance Payments: Process return financial guarantee deposits to successful and unsuccessful bidders as instructed by the ARB or an entity designated by ARB to serve as auction and reserve sale operator.
   - Manage financial records associated with the quarterly auctions and reserve sales in a highly secure and confidential manner.
6. Prepare a System Security Plan. Prepare a System Security Plan describing the security approach for all proposed services and ensure compliance with the security processes, practices and requirements in the State of California.

Documents completed by the Contractor for the administration of financial services for auction and reserve sale including preparation of auction and reserve sale processes and the System Security Plan will be owned by the ARB.

The Contractor and Contractor's agents, representatives, and subcontractors must remain free of conflicts of interest between the services required under this Agreement and services provided by the Contractor to other clients or the Contractor's other business operations (see Exhibit E, Additional Provisions and Attachment 7, Contractor Certification Clauses).

The work of this contract is expected to require up to 24 months in anticipation of transitioning services over to an RAO in the future.

For this Scope of Work, the Contractor's responsibilities are divided into 1) auction/reserve sale preparation services, 2) pre-auction/reserve sale services, and 3) post auction/reserve sale services.

The Scope of Work is detailed below:

1. Auction/Reserve Sale Preparation Services

The Contractor will work with ARB and an entity designated by ARB to serve as auction and reserve sale operator to design and develop auction/reserve sale processes, controls, and instructions for auction/reserve sale participants. The Contractor will work with ARB and an entity designated by ARB to serve as auction and reserve sale operator to develop financial qualification procedures, instructions, and contact information and training materials for potential bidders and purchasers. Additionally, the Contractor must work with ARB and an entity designated by ARB to serve as auction and reserve sale operator to design and develop financial settlement procedures, instructions, reconciliation reports, forms, contact information, and training materials.

The Contractor must be able to describe how financial and transaction services will work with other cap-and-trade services and develop a procedure to ensure confidentiality of data and that data security meets all of the State of California's data security requirements.

The Contractor must provide to ARB for approval, 120 days prior to the start of each auction, the insurance certificate, latest audited financial statements, and latest business continuity plan with test results for all relevant data management/processing systems, document retention infrastructure, and manual processes utilized in the provision of proposed services.

ARB will present the instructions for submitting cash developed by ARB or its auction and reserve sale services contractor to the Contractor. The Contractor must review the instructions for submitting cash to ARB and communicate any comments or issues raised in this review process to ARB and its designee responsible for

auction and reserve sale services within a maximum of 20 days of receipt of the instructions for submitting cash to ARB.

As one purpose of this RFP is for California to work with the service providers to ensure the services provided also support the common goals of the other WCI Partner jurisdictions in developing a regional program, the Contractor must also describe how administration of financial services for auction and reserve sale would be designed with the capacity for growth to accommodate potential linkage with cap-and-trade programs in other WCI Partner jurisdictions.

The Contractor must describe how financials services for auction and reserve sale will work with other cap-and-trade services (i.e. Auction and Reserve Sale Operator).

2. Pre-Auction/Reserve Sale Services- Financial Qualification Application Processing

ARB will designate an entity to serve as auction and reserve sale operator and oversee the pre-auction/reserve sale, auction/reserve sale, and post auction/reserve sale activities. ARB or an entity designated by ARB to serve as auction and reserve sale operator will be responsible for coordinating the participant application process. The Contractor will work in coordination with ARB and an entity designated by ARB to serve as auction and reserve sale administrator to develop and conduct the financial qualification application process of approved market participants. Financial qualification applications will be required for both the quarterly auctions of allowances made available by ARB, and the quarterly reserve sales. The Contractor will work with ARB to finalize the list of acceptable mechanisms for payment guarantees. The current draft of the regulation indicates that bid guarantees must be in one or a combination of the following forms:

- A bond issued by a financial institution with a United States banking license.
- Cash in the form of a wire transfer or certified funds, such as a bank check or cashier’s check.
- An irrevocable letter of credit issued by a financial institution with a United States banking license.
- If California participates in a joint auction with one or more Canadian Provinces, then bonds or irrevocable letters of credit issued by a financial institution with a Canadian banking license will be acceptable.

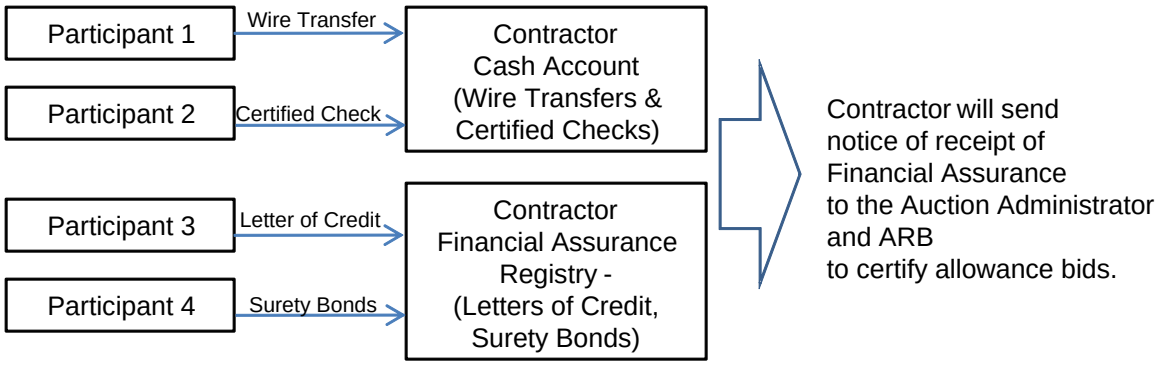
The Contractor must provide a plan outlining how they will meet all applicable State of California and federal law, industry standards, and best practices for insurance/liability limits and certification to replace bid guarantees or deposit transactions that are lost or stolen and assessing the validity of collateral provided as part of the financial qualification process.

The Contractor must allow for the receipt of assurance payments in U.S. Dollars and the foreign currency of jurisdictions planned to be linked to the cap-and-trade

program such as the Canadian dollar as this may be required to accommodate fellow WCI Partner jurisdictions or voluntary participants from other jurisdictions.

The Contractor must achieve 100% accuracy of collateral received no later than twelve (12) business days prior to the start of the auction/reserve sale. Once the bidder has qualified, the Contractor must notify ARB and the entity designated by ARB to serve as auction and reserve sale administrator no later than twelve (12) business days prior to the start of the auction/reserve sale in order to enter the appropriate information into the auction platform, and notify qualified participants of their eligibility to participate in the auction/reserve sale. It is expected that the Contractor must process up to 2,000 applications per auction or up to 1,000 account holders for the reserve sale.

Processing Pre-Auction Financial Assurance Transactions



If there are consigned allowances for sale in an auction, the Contractor will be provided with the contact information and payment instructions for each consignee by ARB or an entity designated by ARB to serve as auction and reserve sale operator.

3. Post Auction/Reserve Sale Services - Financial Settlement

After each quarterly auction and reserve sale, the Contractor will be responsible for processing payments from successful participants, distributing auction proceeds to both ARB and allowance Consignees, and returning financial assurance deposits to both successful and unsuccessful participants. For successful participants who posted financial assurance in a cash equivalent, such as a wire transfer or a bank/certified check, the Contractor's services will allow for these funds to be applied towards the invoice for purchase of allowances.

Coordination with ARB and Designated Auction and Reserve Sale Administrator:

After an auction or reserve sale is completed, the Contractor will be provided with a list of successful bidders (including the quantity and price of allowances purchased) by ARB or an entity designated by ARB to serve as auction and reserve sale

operator. The auction and reserve sale operator will be responsible for reporting to ARB the results of the auction (awards and prices) and, after ARB approval, will communicate awards and financial settlement instructions to the Contractor.

Once ARB reviews and approves the auction results, the auction clearing price will be released. The auction and reserve sale operator will be required to administer the settlements immediately (within 2 business days) after release of the auction clearing price. The auction process will provide for a list of all bidders with the total cost of the awarded GHG allowances, if any. This amount represents the amount to be paid or drawn from the bidder's financial security. As part of the financial settlements administration, ARB or its designee will provide auction/reserve sale settlement instructions to include:

- Auction/reserve sale results – successful bidder information, GHG allowances awarded, price of GHG allowances awarded;
- Financial settlement instructions for successful bidders (e.g., draw on financial guarantee, cash settlement);
- List of unsuccessful bidders; and
- Financial security instructions for successful and unsuccessful bidders (e.g., hold, return)

ARB or its designated auction and reserve sale operator will provide the option to settle its award transaction(s) with cash via a wire transfer in US dollars (USD) rather than a draw against established financial security. ARB or its designated auction and reserve sale operator will develop instructions for submitting cash to the Contractor by wire transfer and these instructions will be communicated to all potential bidders no later than ten (10) business days before the auction date.

The Contractor will work with ARB and its designated auction and reserve sale operator to develop detailed procedures and communication protocols to fully support financial settlements via financial security instrument or wire transfer. In addition, the Contractor will develop detailed ARB approved procedures, instructions, and requirements for the return of financial security instruments in close coordination with the auction and reserve sale operator.

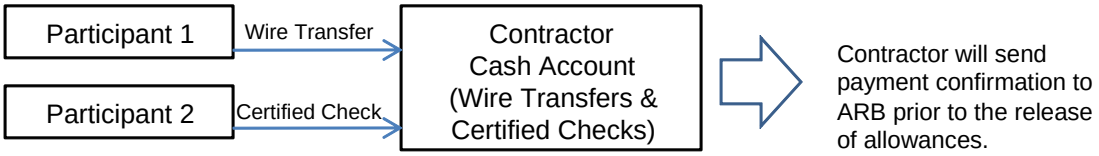
Financial settlement procedures, or any other procedures or instructions, must not include any fees paid to the Financial Services for Auction and Reserve Contractor by the auction or reserve sale participants.

After each auction is completed, the Contractor will create and distribute invoices for all successful bidders. The Contractor will receive and process invoice payments from auction participants. The Contractor will provide ARB and an entity designated by ARB to serve as auction operator with the list of successful bidders who have satisfied their payment obligations by the specified payment due date. The Contractor must achieve 100% accuracy of final auction awards and funds received within ten (10) business days after the auction date.

After each reserve sale is completed, the Contractor will create and distribute invoices to the account holders awarded GHG allowances from the reserve sale. The Contractor will also receive and process these invoice payments from reserve sale participants. The Contractor will provide ARB and as the designated auction and reserve sale operator with the list of account holders who have satisfied their payment obligations by the specified payment due date. The Contractor must achieve 100% accuracy of final reserve sale awards and funds received within ten (10) business days after the reserve sale date.

Some forms of financial assurance are considered cash equivalents and will be acceptable for settling the invoice for the purchase of allowances. Therefore, the Contractor must include in their services the ability to apply cash equivalent financial assurance payments to such invoices. In cases where a cash equivalent assurance payment is applied to an invoice, the Contractor will, as applicable, invoice the relevant participant for any balance due or refund overpayment to the participant. The Contractor must achieve a minimum of 99% accuracy in creating bidder invoices and must achieve 100% reconciliation accuracy of final auction/reserve awards and funds received within ten (10) business days after each auction/reserve sale date. Additionally, the Contractor must provide an electronic reconciliation report to ARB and an entity designated by ARB to serve as auction/reserve sale operator no later than ten (10) business days after the completion of the each auction or reserve sale.

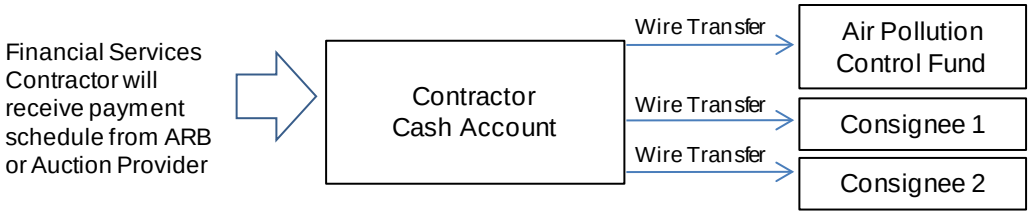
Processing Auction Payments



4. Post Auction/Reserve Sale Services -- Processing Distribution of Proceeds

The Contractor will be provided with instructions for the distribution of auction/reserve sale proceeds by ARB or an entity designated by ARB to serve as an auction and reserve sale operator. ARB's auction mechanism allows for allowance holders to place their allowances on consignment with ARB to be included in the next quarterly auction. As such, the auction proceeds for any given auction may not be 100% payable to ARB, but could also include funds due to consignees. The instructions for distributing funds will include payment amounts and payment instructions for ARB and all consignees whose allowances were sold as part of the auction. The Contractor's service will include the ability to remit auction proceeds to potentially hundreds of payees for any given auction. The Contractor must achieve 100% reconciliation accuracy of funds transferred to ARB and consignees within ten (10) business days after the auction date and provide an electronic report to ARB and any entity designated by ARB to serve as auction and reserve sale operator.

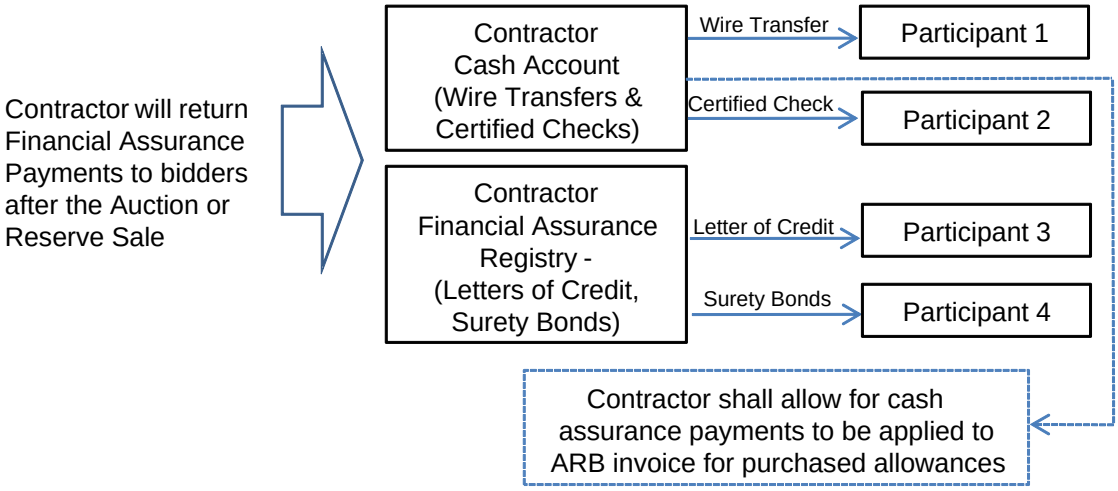
Processing Post-Auction Distribution of Proceeds



5. Post Auction/Reserve Sale Services -- Return Financial Assurance Payments

After each auction/reserve sale is completed and the proceeds have been distributed, the Contractor will return financial assurance payments to their respective bidders/reserve sale participants. Some acceptable forms of financial assurance may not be considered acceptable forms of payment for ARB's final invoice to successful participants (i.e., letters of credit or surety bonds), and will be returned, by Contractor, to participants.

Processing Post-Auction Financial Assurance Transactions



Note: The examples above have generally described the obligations of the Contractor in the context of GHG allowance auctions. The Contractor will work with ARB to determine if any of these procedures require modification for quarterly reserve sales, and if so, develop specific procedures and services for these sales.

6. Prepare a System Security Plan

The Contactor must comply with the security processes, practices and requirements specified in the following sections of the State of California's State Administrative Manual (SAM Chapter 5300 - Information Security (Office of Information Security)). http://sam.dgs.ca.gov/TOC/5300/default.htm

- SAM Chapter 5305 Risk Management
- SAM Chapter 5320 Asset protection
- SAM Chapter 5330 Physical & Environmental Security
- SAM Chapter 5335.1 Information Integrity & Data Security
- SAM Chapter 5340 Access Control
- SAM Chapter 5350 Incident Management
- SAM Chapter 5355 Disaster Recovery Management

In addition the Contractor should consider security requirements documented in the following standards:

- National Institute of Standards and Technology (NIST) and Federal Information Processing Standards (FIPS);
- North American Electric Reliability Corporation (NERC) Critical Infrastructure Protection (CIP) Standards;
- ISO/IEC 27002.2005(e) Code of Practice for Information Security;
- ISO TR 13569:2005 Financial Services industry information security program standards; and
- FDIC Memo FIL-131-97 Security Risks Associated with the Internet.

The Contractor must prepare a system security plan describing the security approach for all proposed services. The system security plan must be submitted by March 1, 2012. The system security plan shall address, at a minimum, the following areas:

- General Information about System Environment, Interconnections/Information Sharing, Applicable Laws or Regulations, Information Sensitivity, Responsible Parties, General System Description;
- Security Controls pertaining to Risk Assessment and Management, User Rules or Behavior, Implementation Phase, Operation and Maintenance Phase;
- Operational Controls pertaining to Personnel Security, Physical and Environmental Protection, Input/ Output Controls, Contingency Plans, Maintenance, Integrity, Documentation, Training, Incident Response;
- Technical Controls pertaining to User Identification and Authentication, Logical Access Controls, Audit Trails; and
- Security Vulnerability Assessments and Penetration Testing.

The Contractor must describe their approach for developing the plan, the methodology and standards used, and the content of the plan.

Protecting Information Assets: Protecting information assets is driven by a variety of considerations including legal, operational, financial and other business requirements. They are classified according to the risks associated with the data being stored or processed. Data with the highest risk needs the greatest amount of protection to prevent compromise; data at lower risk can be given proportionately less protection. Describe your data classification approach to apply the appropriate levels of resources to the protection of the assets based upon need. Describe how the approach will comply with the State's State Administrative Manual (SAM Chapter 5300 - Information Security (Office of Information Security)) http://sam.dgs.ca.gov/TOC/5300/default.htm.

Information Security Risk Assessments: Information security risk assessments are an on-going process of discovering, correcting, and preventing security problems. The risk assessment is an integral part of a risk management process designed to provide appropriate levels of security for information systems. Information security risk assessments are part of sound security practices and a risk analysis process is required by the State's State Administrative Manual (SAM Chapter 5300 - Information Security (Office of Information Security). Describe your approach for conducting the risk analysis, the methodology used, and the information the risk assessment will provide to the organization.

Computer Networks and Data Security: Efforts by organizations to prioritize their security initiatives and strategy to align with business initiatives and goals can be achieved by adhering to security principles and leading industry security practices. One such principle is Defense-in-Depth, which is a model for protecting computer networks and data with a series of defensive mechanisms, such that if one mechanism fails, another will already be in place to thwart an attack. Defense-in-Depth involves using not only multiple layers of security, but also complementary technologies at each layer. For instance, network administrators may deploy firewalls, intrusion detection and prevention tools, virus scanners, and content filtering at the perimeter to protect against external attacks, and in the internal network to protect against internal attacks. Describe your strategy for computer network and data security and how the strategy minimizes the probability that the efforts of malicious activity will succeed.

Identity Management and Infrastructure: Describe how your security solution will lay the foundation for an identity management infrastructure that integrates seamlessly with the State of California's Identity infrastructure including provisioning users with role-based access controls, single sign-on, and Federated Identity Management capabilities that will accommodate systems targeted for this environment. Include information on how the solution will be compatible with the State of California's vision for Identity Management and Federated Identity Management as defined in the California Enterprise Architecture Program (CEAP). http://www.cio.ca.gov/Government/Initiatives/EA.html.

Authentication and Authorization Services: Describe how authentication and authorization services will follow industry standards, such as the National Institute of Standards and Technology (NIST) 800-63 and NIST 800-95 guides that

accommodate different levels of authentication assurance and different user privileges.

Describe how end users and administrators are authenticated to the IT infrastructure and Software products. Include information on how the IT Infrastructure and Software applications will manage the assignment of access rights for all levels of users, all modules, and all entities using the application.

Describe how the IT Infrastructure and Software applications will enable the enforcement of access policies such as strong password and password policy management including integration with authentication systems such as Lightweight Directory Access Protocol/Active Directory (LDAP/AD) and an Identity Management solution.

Electronic Auditing: Describe the electronic audit trails for system administration and user activities.

Encryption Protocols: Describe the encryption protocols to be applied that permit secure sharing of private, confidential, and sensitive data.

Information Security Incidents Reporting: Vendors who have custody over State of California information assets must promptly investigate incidents involving loss, damage, misuse of these information assets, or improper dissemination of this information. Describe how you will detect and report information security incidents consistent with the security reporting requirements in SAM Section 5350.

Disaster Recovery and Business Continuity Management Program: Vendors who have custody over State of California information assets must establish a Business Continuity Management Program that provides processes supported by executive management and resources to ensure the appropriate steps are taken to identify the impact of potential losses, maintain viable recovery strategies and plans, and ensure the vendor has the ability to continue its essential functions during a business disruption or major catastrophic event. Describe the program controls you have in place that would protect State of California information assets and limit the consequences of a potential loss of essential functions incident, and provide for the availability of information assets for the continued business needs for the proposed services.

II. PROPOSAL REQUIREMENTS (GENERAL) AND INFORMATION

This section contains instructions for the submission of your proposal. It is the responsibility of the Proposer to carefully read and follow all proposal requirements within this Request for Proposal (RFP). Compliance with the RFP instructions is mandatory for your proposal to be considered for award. Failure to comply with the RFP instructions may cause your proposal to be deemed non-compliant and non-responsive, thus ineligible for award.

A. Key Action Dates

Below is the tentative time schedule for this RFP. ARB reserves the right to modify the RFP and/or change dates and times at its sole discretion, prior to the date fixed for submission of proposals, by the issuance of an addendum that will be posted in the eProcurement system of the State of California at http://www.bidsync.com.

1. ARB reserves the right to modify or cancel in whole or any part of this solicitation.
2. Clarifications to the solicitation will only be provided in the form of a written addendum to all Proposers.

Key Actions	Dates	Time
RFP available to prospective Proposers	09/08/11	N/A
Bidders Conference *	**09/20/11**	**9:00 a.m.**
Written Questions Submittal Deadline	09/23/11	5:00 p.m.
Question responses due from ARB	10/07/11	5:00 p.m.
Final Date for Proposal Submission/Receipt by ARB	**10/31/11**	**3:00 p.m. PDT**
Complete Evaluation of Proposals	11/29/11	
Posting of Intent to Award Notice(s) (Notice is posted for a minimum of five days)	12/06/11	N/A
Contract forms sent to Successful Proposer	12/27/11	N/A
Signed Contracts returned to ARB for signature	01/10/12	N/A
Contracts Approved & Executed – work begins	01/31/12	N/A
Project Complete	12/31/13	N/A

***Bidders Conference**

ARB staff will conduct an Optional RFP Bidders Conference. The location and call-in details are provided on the following page. Participation in the Bidders Conference is optional, but recommended. During the Conference proposers will have the opportunity to ask questions relating to the RFP. Responses to oral and written questions asked at the Bidders Conference and responses to questions submitted via email, will be issued through a formal RFP Addendum that will be posted online at http://www.bidsync.com/help/bidsync/freebids.html

The Bidder's Conference to discuss the RFP has been scheduled at the following time and location:

DATE:	Tuesday, September 20, 2011
TIME:	9:00 a.m. PDT
LOCATION:	California Environmental Protection Agency (Cal/EPA)
ADDRESS:	Conference Room 550 1001 I Street Sacramento, California 95814 Directions: http://www.calepa.ca.gov/EPABldg/location.htm
ATTEND BY PHONE:	Toll Free 1(877) 779-7420; passcode 55434 International Callers 1(312) 470-0189; passcode 55434

The bidders conference agenda can be found at:
http://www.arb.ca.gov/cc/capandtrade/contracts/rfps_bidders_conference_agenda.pdf

General information on California's cap-and-trade program can be found at:
http://www.arb.ca.gov/cc/capandtrade/capandtrade.htm

If you have a disability and require additional assistance to participate, please contact Sue Bayoneta at 916/ 322-2208 at least five days in advance of the Conference.

If you cannot attend the Bidders Conference, but would like to submit a question, you may email Sue Bayoneta at sbayonet@arb.ca.gov.

Proposed award of agreement is dependent upon ARB internal processing procedures in addition to the required approval by the California Department of General Services (DGS).

Dates listed above are estimates only, and subject to change at ARB's sole discretion. The date work begins will be considered to be different from the actual start date of the contract/agreement. No work shall begin until all required approvals and signatures, including DGS Office of Legal Services, are obtained.

B. Questions Regarding RFP Requirements

All questions or concerns related to the RFP requirements must be directed via email to:

Air Resources Board
Administrative Services Division
Contract Services Section
Attn: Sue Bayoneta
Email: sbayonet@arb.ca.gov

Questions must be received by the date and time indicated in Section II. A, Key Action Dates. Questions posted through BidSync will not be considered. Answers to all questions submitted will be in the form of an addendum posted in the eProcurement system of the State of California at http://www.bidsync.com on or about the date indicated in the Key Action Dates. Please note that no verbal information given will be

binding upon the State unless such information is issued in writing as an official addendum to all parties/participants.

C. General Proposal Requirements

1. Proposals should provide straightforward and concise descriptions of the Proposer's ability to satisfy the requirements of this RFP. The proposal must be complete and accurate. Omissions, inaccuracies or misstatements will be sufficient cause for rejection of a proposal.

2. Proposals must be submitted for the performance of all services described herein. Any deviation from the work specifications (Section I, C, Scope of Work and Section III, Technical Proposal Requirements) will not be considered and will cause a proposal to be rejected.

3. The proposal must contain all of the components, information, and documents as outlined below:

a) Title Page

The purpose of this page is to provide in one location information needed by ARB administrative staff. It must contain the following items:

i) the title of the proposal, which must be the same as the title of the RFP; and
ii) the number of the RFP, 10-109; and
iii) the date of proposal;

b) Cover Letter / Letter of Commitment

This introductory letter must be on the company's letterhead and include the following information and statements:

i) The name and address of your company [NOTE: You may use a Post Office box, but please provide your company's street address for our records]; and
ii) The name, title, and signature of a company official authorized to bind the proposal.

c) Table of Contents

d) Summary

The abstract shall be not longer than one page. Include a brief description of the proposed project briefly summarizing the main point of the various sections of the proposal, including the features and benefits of the proposal.

e) Technical Proposal

The details to be included in the technical part of the Proposal can be found in Section III, A, Proposal Requirements (Technical).

Elements of the technical part of the Proposal shall include: 1) Minimum Qualifications Explanation, 2) Management Plan, 3) Methodology (Approach to Work), 4) Work Plan and Work Schedule, 5) Personnel, and 6) References.

D. Submission of Proposals

1. The original proposal must be marked "ORIGINAL COPY." Submit five (5) copies of the proposal. (There will be six (6) total, one original plus five (5) copies)

   All additional proposal sets may be photocopies of the original package. Due to limited storage space, the proposal package should be prepared in the least expensive method (i.e., cover page with staple in upper left-hand corner, no fancy bindings: spiral binding, 3-hole punch, etc.).

   Also to conserve paper, we require double-sided pages, and please use single or one-and-a-half spacing. Please do not include lengthy, oversized company brochures. Please do not include oversized tabs. Please do not submit an electronic copy of your proposal. Any extra items submitted with the proposal shall be clearly marked and identified as to the name of the Proposer and the RFP number. Any extra items must be submitted in the same number of copies as the proposal.

2. Proposals must be submitted no later than the date indicated in the Key Action Dates, and must be addressed as follows in Item 3.

   Proposals received **after** this date and time will **not** be considered.

3. Packaging/Mailing/Delivery Instructions

   The proposal package/envelope must be plainly marked with the **RFP number** and title, your firm name, address, and must be marked with **"DO NOT OPEN"** (see sample below).

   a) Responses to this RFP shall be submitted to ARB in one (1) sealed package/envelope containing the original and five (5) copies of the Technical Proposal and all other required elements along with the Cost Proposal.

ONE (single) SEALED PACKAGE/ENVELOPE

Proposer Name (Agency, Firm, Individual)
Complete Address
RFP Number 10-109
Financial Services for Auction and Reserve Sale

REQUEST FOR PROPOSAL
DO NOT OPEN

b) Proposals not submitted under sealed cover and marked as indicated may be rejected. If the proposal is made under a fictitious name or business title, the actual legal name of Proposer must be provided. Label (as instructed above), and mail or deliver package to the following location:

MAIL **OR** DELIVER* TO:
Air Resources Board
Contract Services Section
Attn: Sue Bayoneta
1001 I Street, 20th Floor
Sacramento, CA 95814

c) If your proposal is hand delivered, you must contact the analyst (Sue Bayoneta, 916/ 322-2208), to ensure your proposal is received prior to Proposal Submittal Deadline indicated in key action dates**.**

4. Each proposal will be reviewed to determine if it meets the proposal requirements contained in Section III, A., Proposal Requirements (Technical). Failure to meet the requirements for the RFP may be cause for rejection of the proposal.

5. A proposal may be rejected if it is conditional or incomplete, or if it contains any alterations of form or other irregularities of any kind. The State may reject any or all proposals and may waive any immaterial deviation in a proposal. The State's waiver of immaterial defect shall in no way modify the RFP document or excuse the Proposer from full compliance with all requirements if the Proposer is awarded the Agreement.

6. ARB may modify the RFP up to the specified time of the date fixed for submission of proposals by the issuance of an addendum to all parties who received a proposal package.

7. The State reserves the right to reject all proposals.

8. More than one proposal from an individual, firm, partnership, corporation or association under the same or different names, will not be considered. Reasonable grounds for believing that any Proposer has submitted more than one proposal for the work contemplated herein will cause the rejection of all proposals submitted by that Proposer. If there is reason to believe that collusion exists among the Proposers, none of the participants in such collusion will be considered, in this or future procurements.

E. Modification and/or Withdrawal of Proposals

1. A Proposer may modify a proposal after its submission by withdrawing its original proposal and resubmitting a new proposal prior to the proposal submission deadline. Proposer modifications offered in any other manner, oral or written, will not be considered.

2. A Proposer may withdraw its proposal by submitting a written withdrawal request to ARB signed by the Proposer or an agent authorized in accordance with Section III H, titled "Signature." A Proposer may thereafter submit a new proposal prior to the proposal submission deadline. Proposals may not be withdrawn without cause subsequent to proposal submission deadline.

F. Proposer Responsibilities

1. Proposers should carefully examine the entire RFP, with special attention to the tasks and deliverables found in Section I, C., Scope of Work. Proposers shall investigate obstacles that might be encountered. No additions or increases to the agreement amount will be made due to a lack of careful examination of the requirements.

2. Before submitting a response to this solicitation, Proposer(s) should review their response, correct all errors, and confirm compliance with the RFP requirements.

3. Costs incurred for developing proposals and in anticipation of award of the agreement are entirely the responsibility of the Proposer and shall not be charged to ARB.

4. It is the **Proposer's responsibility** to promptly notify ARB contract analyst identified in the solicitation, by phone, e-mail, or visit, if the Proposer believes that the solicitation is unfairly restrictive, contains errors or discrepancies, or is otherwise unclear. Notification **must be done immediately** upon receipt of the solicitation in order that the matter may be fully considered and appropriate action taken by ARB prior to the closing time set to receive solicitation responses. Such notification must be submitted no later than the question and answer period referenced in the Key Action Dates. All such correspondence received after the question and answer deadline will not be considered.

5. Proposer is responsible to review, read, understand, and comply in full with the State's General Terms and Conditions along with the Contractor's Certification Clauses as listed on http://www.dgs.ca.gov/Default.aspx?alias=www.dgs.ca.gov/ols.

6. Each proposal must constitute an irrevocable offer for a period of at least 180 working days after proposal submission.

7. The successful Proposer must provide evidence to show that members of the team possess the specific qualifications, competence, experience, resources, and business integrity necessary to carry out the work under the contract as expected. Examples of evidence include, but are not limited to: résumés, letters of reference, project summaries that highlight the team's specific experience.

Proposer must own a legitimate business and be registered in the State of California as such and to operate said business in the State. All business entities doing business within the State and not operating as a corporation or limited liability/limited partnership must be registered with the appropriate county or city jurisdiction. All businesses will have to be registered with the Secretary of State or appropriate State jurisdiction prior to date of contract award. Evidence of registration be from the Secretary of State's website: http://kepler.sos.ca.gov.

All businesses not registered with the appropriate county or city jurisdiction or with the Secretary of State prior to award date will be deemed non-responsive and ineligible for contract award.

8. Only the selected Proposer must complete and submit to the Air Resources Board the Payee Data Record (Attachment 8, STD 204) to determine if the selected Proposer is subject to state income tax withholding pursuant to California Revenue and Taxation Code Sections 18662. This form can be found on the Internet at www.osp.dgs.ca.gov under the heading FORMS > FORMS MANAGEMENT CENTER. No payment shall be made unless a completed STD 204 has been returned to the Department.

9. Only the selected Proposer must sign and submit to the Air Resources Board, page one (1) of Attachment 7, the Contractor Certification Clauses (CCC-307), or the form can be obtained via the Internet at http://www.dgs.ca.gov/contracts.

G. Signature

1. **All documents requiring signatures contained in the original proposal package must have *original* signatures.**

2. Only an individual who is authorized to bind the proposing firm contractually shall sign the required Cover Letter for the proposal. The signature must indicate the title or position that the individual holds in the firm. An unsigned proposal may be rejected.

H. Disposition of Proposals

Upon proposal opening, all documents submitted in response to this RFP will become the property of the State of California, and will be regarded as public records under the California Public Records Act (Government Code Section 6250 et seq.) and subject to review by the public. The State cannot prevent the disclosure of public documents.

I. Socio-Economic and Preference Programs

1. Disabled Veteran Business Enterprise (DVBE) Incentive – *Optional*
This solicitation does not require a minimum amount of Disabled Veteran Business Enterprises (DVBE) participation. However, you are strongly encouraged to either become certified, if eligible, or to subcontract a portion of the work to a certified DVBE.

If a prime bidder is a certified DVBE or commits to subcontracting with DVBE(s), it may be eligible to receive a bid preference provided that the DVBE provides a commercially useful function as defined in California Code of Regulations, Title 2, Section 1896.61(l). For evaluation purposes only, the State shall apply an incentive to bids that propose California certified DVBE participation as identified on Attachment 2, titled Bidder Declaration GSPD-05-105 and confirmed by the State.

The incentive amount varies in conjunction with the percentage of DVBE participation offered. The minimum requirement is 1% with a maximum of 5% DVBE participation and the incentive will be equal to the participation offered as defined below:

Confirmed DVBE Participation of:	**DVBE Incentive:**
1% to 1.99% inclusive	1%
2% to 2.99% inclusive	2%
3% to 3.99% inclusive	3%
4% to 4.99% inclusive	4%
5% or Over	5%

2. **Small Business or Microbusiness Preference – *Optional***
   If Proposer is claiming the 5% certified Small Business or micro business preference, or is committing to subcontract 25% or more of their net bid price to one of more Certified Small Businesses or microbusinesses, **Attachment 2** (GSPD-05-105 Bidder Declaration) and attach a copy of the certification.

   Additional References: http://www.pd.dgs.ca.gov

   Questions regarding the certification approval process or the Small Business program should be directed to the Department of General Services, Procurement Division at (800) 559-5529 or (916) 375-4940. For the 24-Hour Recording & Mail Request call (916) 322-5060.

   Small business or micro business bidders or proposers using the non-small business preference shall be granted a preference consisting of five percent of the highest responsible bidder's total score.

3. **TACPA / EZA / LAMBRA Preferences – *Optional***
   Please see website at: http://www.pd.dgs.ca.gov/disputes/default.htm for information on applying for one of the preferences.

4. **Darfur Act Certification – *Mandatory***
   Please complete and submit with your proposal Attachment 4.

5. **Preference and Incentive Application – *Optional***
   a. DVBE Incentive Points are factored by multiplying a proposer's DVBE participation commitment percentage (%) by the total possible points that could be awarded (see Table 1 below). This amount is then added to the proposer's total points. In the Table 2 sample below, Proposer B received a 60 point

incentive (.05% commitment x 1200 total points available) which was added to its total points resulting in its proposal ranking as first in line for award. Proposer C's 2% commitment resulted in its receiving 24 incentive points, and making its proposal rank as second in line for award.

b. Small Business Preference is calculated by multiplying 5% of the highest scoring non-small business proposer, and adding those points to small business proposers and non-small businesses subcontracting 25% or more to a small business. In the Table 2 sample below, the calculation is based on Proposer B's 1155 points x .05 resulting in 57.75 additional points added to the certified Small Businesses (A and C).

c. Under the High Score Method, it is possible to displace a high point certified Small Business with the application of the DVBE Incentive.

TABLE 1: HIGH SCORE METHOD SAMPLE

Available points example using sliding scale:

Administrative: 200 points
Technical: 400 points
Cost: 600 points
Total: 1200 points

Possible Maximum 60 points
DVBE incentive calculated as follows:

Confirmed DVBE Participation	Possible Points Calculation:
1% - 1.99% inclusive	1% X 1200 = 12
2% - 2.99% inclusive	2% X 1200 = 24
3% - 3.99% inclusive	3% X 1200 = 36
4% - 4.99% inclusive	4% X 1200 = 48
5% and Higher	5% X 1200 = 60

TABLE 2: HIGH SCORE METHOD SAMPLE RESULTS

Proposer	A	B	C
Responsive/Responsible	Yes	Yes	Yes
Total Points	1050	1155	1125
Eligible Preference	SB	None	SB
SB Preference Points Applied	57.75	0	57.75
Subtotal	1107.75	1155	1182.75
Rank	3	2	1
Confirmed DVBE Participation	No (0%)	Yes (5%)	Yes (2%)
Incentive Points Applied	None	60	24
Adjusted Points	1107.75	1215	1206.75
New Rank	3	1	2

III. PROPOSAL REQUIREMENTS (TECHNICAL)

A. Technical Proposal Requirements

The proposal <u>must</u> contain the following components, information and documents outlined below. The proposal must be submitted in a clear, organized manner that facilitates evaluation. Each requirement's location must be listed in the Proposal's Table of Contents. Also see Section II, D, Submission of Proposal, for general submittal details.

1. Minimum Qualifications

The Proposer must provide a detailed response, outlining information as to how the Proposer meets each of the minimum qualifications.

- The Proposer has at least one (1) year of experience in account application processing, account opening, and record keeping for a program with more than 300 participants.
- The Proposer has a minimum of five (5) years' experience in collateral management, receiving, holding in trust/custody, and returning collateral to clients.
- The Proposer has a lock box for collateral receipt and payments processing.
- The Proposer has experience in a minimum of one (1) project including demonstrated ability to process collateral received in the following forms: cash, bank check, letters of credit, or surety bonds.
- The Proposer has at least one (1) year experience in holding collateral in a secure environment including [alarmed safe with motion detectors, requiring badged access, with manned security personnel].
- The Proposer has a minimum of five (5) years experience in the business of processing financial transactions including ACH & SWIFT payments with the ability to process transactions in multiple foreign currencies.
- The Proposer has at least one (1) year of experience in processing financial transactions related to one or more of the following: climate change, energy efficiency, environmental sustainability initiatives, or State programs.
- The Proposer has at least one (1) year experience working with regulatory or other government agency to design processes or instructions sets (i.e., financial qualification process) to satisfy regulatory program requirements.
- The Proposer has at least one (1) year experience in preparing business continuity plans with test results, not less than 3 years old, for relevant operations.
- The Proposer has experience in a minimum of one (1) project the ability to respond within 24 hours to electronic (e-mail) and telephonic bidder questions regarding financial qualification process, invoicing/settlements, and collateral management.
- The Proposer has experience in a minimum of one (1) project meeting all applicable State of California law, industry standards, and best practices for providing financial related services and management of financial information including, but not limited to, requirements set forth by California Escrow Law[1] and Trust Services as specified by California Department of Financial Institutions.

[1] The Escrow Law as contained in Division 6 of the California Financial Code, commencing with Section 17000. The regulations are contained in Subchapter 9, Title 10 of the California Code of Regulations commencing with Section 1700 (10 C.C.R. § 1700, et seq.). Source: http://www.corp.ca.gov/FSD/escrow/default.asp

ARB requires one single prime contractor. If your agency does not have sufficient expertise in each of these disciplines, ARB will consider having the Proposer serve as the lead with strategic alliance partners (i.e., subcontractors).

2. Management Plan

The Proposer shall provide a project management plan including the management structure and project organization. The Proposer shall designate, by name, the Project Manager to be employed. The selected Proposer shall not cause the substitution of the Project Manager without prior written approval of the State. The project management plan shall include methods to measure project progress against the plan.

3. Methodology (Approach to Work)

The Proposer shall provide a summary to describe the overall approach and methodology to the work demonstrating knowledge of financial services for auction and reserve sales of emissions permits or similar market instruments and describe methods used in past financial qualification processing to ensure they were conducted within the scope of applicable regulations or guidelines. Proposer shall indicate how skills developed in previous related work will be applied to the work described in this RFP.

4. Work Plan and Work Schedule

The Proposer shall develop a Work Plan and Work Schedule for task completion in detail, to clearly indicate exactly how the Proposer will satisfy the requirements of the RFP. The Work Plan and Work Schedule shall identify each major task, necessary subtasks, and milestones by which progress can be measured and payments made. The Work Plan shall specify the estimated hours to accomplish each task and the Work Schedule shall provide estimated dates of completion. The Work Plan and Work Schedule must reflect the total project timeline of up to 24 months. See Section I, C, Scope of Work, for details on the tasks required. A sample work schedule format is provided below:

TASK	RESPONSIBLE PARTY (Prime or Subcontractor)	DATE OF COMPLETION

TASK	RESPONSIBLE PARTY (Prime or Subcontractor)	DATE OF COMPLETION

5. Personnel

The Proposer shall list all financial services personnel who will be working on the project. Include their titles, qualifications, a summary of similar work or studies performed, and a resume for each professional.

6. References

References must be provided using Attachment 3, Proposer References Form. Submission of this attachment is mandatory. Failure to fully complete and return this attachment with your proposal may cause your proposal to be rejected and deemed non-responsive.

Use the list in Attachment 3 to this RFP, for at least three (3) references for previous work experience related to the goals and objectives outlined in the RFP.

7. Subcontracts/Subcontractors

If subcontractors are to be used, the Proposer must include in the Functional Proposal, a description of each person or firm and the work to be done by each subcontractor. All subcontracts must be approved by the State, and no work shall be subcontracted without the prior written approval of the State. The cost of the subcontract work is to be itemized in the Cost Proposal as described below in the section entitled Cost Proposal Requirements, and not in the Functional Proposal.

8. Page Headers and Page Numbering

All pages of the Functional Proposal, including cover pages, Table of Contents, references and resumes, shall have the following header and page numbering format in the upper right-hand corner:

Technical Proposal
RFP No. 10-109
Exhibit A, Attachment 1
Page ## of ##

B. Cost Proposal Requirements

The cost breakdown (Cost Proposal) shall be included in the Technical Proposal. Cost Proposals shall include the following required information: Budget, and Preference Program Documents (See Section II, I., Socio-Economic and Preference Programs), and at a minimum, all information listed in Cost Detail (below). A Contractor Cost Sheet, in Exhibit B, Attachment 1, in the Draft Standard Agreement is provided. In Table 1 of the Contractor Cost Sheet, Proposers must indicate the charge for all tasks, including subcontractors, as described in this RFP.

Proposers shall also include the breakdown of all Subcontractor's Cost Per Task. This information can be presented in the same format as Table 1. In this case the Title should be revised to "Total Subcontractor Cost Offer." Cost information provided for each subcontractor is for informational purposes only. The total amount for each subcontractor must also be reflected in Table 1. Total Cost Offer. The Total Proposed Cost for the entire contract, i.e., the awarded contract amount, must not exceed $500,000. Proposals exceeding this amount will be deemed non-responsive and ineligible for award.

All costs must be provided for each task and deliverable. The proposed costs should be broken down into the outline in the Work Plan and Work Schedule for the purpose of this cost proposal submittal. The Cost Proposal shall itemize all items that will be charged to the State including travel charges that will be involved and included in the bid amount. Costs shall also be outlined by classification, labor rates, hours worked, cost per auction and reserve sale, and one-time costs.

ARB's budget for the proposed contract is limited to $500,000. Any cost proposals exceeding this amount will be disqualified and ineligible for award. Proposers shall submit a cost proposal for all tasks described in Section I C., Scope of Work:

1. Cost Detail

a) **Labor Costs** – List total number of hours and hourly billing rate for specific tasks below.

b) **Itemized Tasks** – Using Exhibit B, Attachment 1 Contractor Cost Sheet, provide one-time costs for specific tasks and cost for administering financial services per auction/reserve sale for specific tasks listed in Section I C., Scope of Work.

1. Task 1 and Task 6 are one-time costs. ARB's approval of the documents prepared to meet the requirements of these tasks indicate completion of each task completed. For these tasks, Proposers must provide an all-inclusive cost for completing each task.

2. All remaining tasks 2 - 5 are recurring costs that are components of administration of financial services for an auction or reserve sale, including updating approved documents as needed, and implementation of processes, controls, instructions, and plans. ARB certification of auction or reserve sale results and ARB acceptance of documentation that all proceeds are distributed and financial assurances payments returned indicates the completion of all task related to the administration of financial services for an auction or reserve sale. For these tasks, Proposers must provide an all-inclusive cost per auction and

reserve sale financial services administered. The total of costs will be the total cost for financial services per auction multiplied by six plus the total cost for financial services per reserve sale multiplied by six.

For all tasks, Proposers shall include items such as subcontractors, labor, travel, reports, and tax if applicable as necessary to perform and complete these tasks.

All tasks shall be payable in arrears for completion of each budgeted task and approval and acceptance of the deliverables.

c) **Subcontracts / Subcontractors** – The breakdown and itemization of subcontract costs shall follow the same format as outlined above in Items a) through d). If subcontractors are to be used, the Proposer must include in the Functional Proposal, a description of each person or firm and the work to be done by each subcontractor. Please see Attachment 2, Bidder Declaration Form to be completed and signed by all Proposers. All subcontracts must be approved by the State, and no work shall be subcontracted without the prior written approval of the State.

2. Page Headers and Page Numbering

All pages of the Cost Proposal; the Bidder Declaration Form GSPD-05-105 (Attachment 2); and, if applicable, any forms pertaining to socio-economic preferences (small business, DVBE), shall have the following header and page numbering format in the upper right-hand corner:

Cost Proposal
RFP No. 10-109
Exhibit B, Attachment 1
Page # of ##

IV. EVALUATION, SELECTION, AND AWARD

A. Administrative Evaluation

Phase 1: ARB will conduct an administrative evaluation in accordance with the RFP requirements to determine a Proposer's responsiveness and responsibility. Each proposal will be checked for completeness and/or absence of all required information and to ensure that the Proposer meets the minimum qualifications in conformance with the submission requirements. During evaluation period, if an item is unclear, or needs further clarification, Proposers may be requested to provide additional documentation.

1. Responsive and Responsible Proposer

Proposals and Proposers must meet all of the minimum qualification requirements stated in the RFP. Each proposal will first be reviewed to ensure the following items: proposal is received by date and time specified; proposal contains all the required documents (see Attachment 1, Required Attachment Checklist); and that the proposal meets the format requirements specified. A responsive proposal from a responsible Proposer is one that meets the definitions as stated below.

a) Definition of Responsive/Compliant Proposal:

A Proposer's solicitation response must be compliant with solicitation requirements without material deviation from the terms and conditions of the proposed contract. This includes but is not limited to, a proposal that complies with all RFP instructions, requirements, and one that submits all required documentation such as but not limited to: drawings, plans, specifications, references as stated in RFP, signed and completed certifications, or other documents requested and/or required within the time and date specified in this RFP.

A proposal that changes the terms and conditions of the RFP or the contract provisions will be considered a counterproposal and will be rejected as non-responsive.

b) Definition of Responsible Bidder / Proposer:

The question of whether a particular Proposer is a responsible Proposer involves an evaluation of the Proposer's experience, facilities, reputation, financial resources, and other factors existing at the time of contract award. If determined to be not a responsible Proposer, your proposal will be rejected.

In determining whether a Proposer is a responsible Proposer, ARB may require Proposer(s) to submit evidence of their qualifications at such times, and under such conditions, as it may require.

B. Evaluation

Phase 2: ARB will also conduct an evaluation of the Functional Proposal by means of an evaluation committee consisting of ARB employees. If deemed necessary, independent academic, technical policy experts or other subject matter individuals may be called upon to advise ARB and assist with technical evaluation of responses to the RFP. These support individuals will not be participating in the scoring process.

1. Rating Criterion Guidelines

The following criteria will be used by reviewers evaluating proposals, which have met all minimum requirements, submitted in response to this RFP.

There will be one final score sheet for each Proposer.

The evaluation team shall determine a consensus score for each item, based on the team's verbal discussion of each proposer's responses. To determine the consensus score, evaluators will meet either in person or by teleconference to discuss in detail the strengths, weaknesses, and ratings of each proposal to determine scores. The evaluation team will carefully review and discuss the completeness of the proposer's response, as well as clarity of documentation presented in the proposals submitted in response to this RFP.

a) Clarity and Organization of Proposal (5 points) [Section III A, Technical Proposal Requirements]

This criterion will assess whether the proposal is presented in a clear, organized manner that facilitates the evaluation process (5 points).

b) Management Plan (10 points) [Section III A.2. Management Plan]

For this criterion, the reviewers will rate the quality of the Management Plan. Proposers should provide a clear management structure and project organization (5 points). Proposers should include methods to measure project progress against the plan to maintain the project schedule (5 points).

c) Technical Approach to the Work (20 points). [Section III A.3. Methodology (Approach to Work)]

For this criterion, the reviewers will rate the quality of the Approach to Work. Proposers should demonstrate knowledge of financial services for auction and reserve sales of emissions permits or similar market instruments and describe methods used in past financial qualification processing to ensure they were conducted within the scope of applicable regulations or guidelines (10 Points). Proposers should identify specific techniques that will be used, and specific administrative and operational management expertise that will be employed (5 Points). Proposers should indicate how skills developed in previous related work will be applied to the work described in this RFP
(5 Points).

d) Work Plan and Work Schedule (25 points) [Section III A.4. Work Plan and Work Schedule]

For this criterion, the reviewers will rate the quality and feasibility of the Work Plan and Work Schedule. Proposers should include a Work Plan and Work Schedule in detail, to clearly indicate exactly how the Proposer will satisfy the requirements of the RFP (10 Points) identifying each major task and necessary subtasks and milestones to complete each task, including estimated hours required to accomplish the task and estimated dates of completion (15 Points). The proposed workplan is considered the heart of the proposal and will receive a high level of scrutiny. This part of the proposal will be compared against the RFP to ensure that the proposal is completely responsive to all written specifications and requirements contained in this RFP.

e) Experience (10 points). [Section III, A. 5, Personnel]

For this criterion, reviewers will rate the Proposer's experience in administering financial services for auction and reserve sale of emissions permits or similar market instruments. Proposers should list all financial services personnel who will be working on the project including qualifications and a summary of similar work or studies performed.
(10 Points)

a. Cost (30 points). This criterion allows staff to evaluate and compare the budgets of each proposal relative to those of its competitors. The budgeted amount is the maximum allowable amount by ARB for this contract (Section III, B, 1.). Any proposals submitted that are over the expected expenditure/budgeted amount will be disqualified.

The technically qualified proposal that has the lowest cost will be given a maximum score of 30 for this criterion.

All other technically qualified proposals will be calculated based on the ratio of the lowest cost proposal to the bidder's cost, multiplied by the maximum number of cost points available (30), as shown in the calculation below: have their cost scored in proportion to the lowest-cost proposal, as shown in the example below:

$$\frac{\text{Lowest Total Cost Bid} \times \text{Total cost points available}}{\text{Bidder Total Cost}}$$

Example: To help illustrate this process, refer to the Cost Evaluation Methodology Example table below for the cost score calculation process. Cost figures in this example explain the cost calculations and have no other significance.

Cost Evaluation Methodology Example

Bidder	Grand Total Cost	Calculation	Cost Points Awarded
A	$350,000	$300,000 X 30 $350,000	26
B	$325,000	$300,000 X 30 $325,000	28

C	$300,000	$300,000 X 30 $300,000	30

Final Scoring Methodology Example

Bidder	Technical Score	Cost Score	Total Points Awarded
A	81	26	107
B	86	28	114
C	92	30	122

In this case, the highest scored proposal from Bidder C would be the intended awardee.

Preferences will be applied as required to eligible proposals. Please see Section I. Socio-Economic and Preference Programs.

The evaluation team will abide by the following Scoring Methodology:

% of Points Awarded	Interpretation	General Basis for Point Assignment
0%	**Inadequate**	Fails to address the requirement(s) being scored or proposer does not describe any experience related to the requirement(s). The omission(s), flaw(s), or defect(s) are significant and unacceptable.
30%	**Barely Adequate**	Minimally addresses the requirement(s) being scored, but one or more major considerations of the requirement(s) are not addressed, or addressed in such a limited way that it results in a low degree of confidence in the proposed solution.
70%	**Adequate**	Proposal response (i.e. content and/or explanation offered) is adequate to meet ARB's needs, requirements or expectations. Any omission(s), flaw(s), or defect(s), are inconsequential and acceptable.
80%	**Good**	Proposal response fully addresses the requirement(s) being scored. Good degree of confidence in the contractor's response or proposed solution. Minimal weaknesses are acceptable.
90%	**Excellen**t	Proposal response fully meets ARB's needs, requirements or expectations with a high degree of confidence in the contractor's response or proposed solution. Proposer offers one or more enhancing feature, method or approach exceeding basic expectations.
100%	**Exceptional**	All requirements are addressed with the highest degree of confidence in the contractor's response or proposed solution. The response exceeds the requirements in providing a superior experience, a creative approach, or an exceptional solution.

The Proposal Evaluation criteria listed specifies the total number of points available for each requirement. Using the Scoring Methodology, the evaluation team will determine the percentage of points to be awarded to each requirement, and multiply that percentage by the total number of points available for that requirement to determine the score. Numbers will be rounded up or down to a full digit (e.g., 4.5 will be rounded up to 5, and 4.4 will be rounded down to 4). NOTE: There will be no individual score sheets and no written notes.

2. Sample Proposal Evaluation Form

Name of Proposer: _____

MINIMUM QUALIFICATIONS	Yes	No
At least one (1) year experience in account application processing, account opening, and record keeping for a program with more than 300 participants.		
Five (5) years' experience in collateral management, receiving, holding in trust/custody, and returning collateral to clients.		
Has a lock box for collateral receipt and payments processing.		
At least one (1) year experience in processing collateral received in the following forms: cash, bank check, letters of credit, or surety bonds.		
At least one (1) year experience holding collateral in a secure environment including [alarmed safe with motion detectors, requiring badged access, with manned security personnel].		
Five (5) years of experience in the business of processing financial transactions including ACH & SWIFT payments with the ability to process transactions in multiple foreign currencies.		
At least one (1) year experience in processing financial transactions related to one or more of the following: climate change, energy efficiency, environmental sustainability initiatives, or State programs.		
At least one (1) year experience working with regulatory or other government agency to design processes or instructions set (i.e., financial qualification process) to satisfy regulatory program requirements.		
At lead one (1) year experience in preparing business continuity plans with test results, not less than 3 years old, for relevant operations.		
Experience in a minimum of one (1) project requiring response within 24 hours to electronic (e-mail) and telephonic bidder questions regarding financial qualification process, invoicing/settlements, and collateral management.		
Experience in a minimum of one (1) project meeting all applicable State of California law, industry standards, and best practices for providing financial related services and management of financial information including, but not limited to, requirements set forth by California Escrow Law[2] and Trust Services as specified by California Department of Financial Institutions.		
If minimum qualifications are NOT met, STOP HERE		

[2] The Escrow Law as contained in Division 6 of the California Financial Code, commencing with Section 17000. The regulations are contained in Subchapter 9, Title 10 of the California Code of Regulations commencing with Section 1700 (10 C.C.R. § 1700, et seq.). Source: http://www.corp.ca.gov/FSD/escrow/default.asp

Scoring Items		
1. CLARITY AND ORGANIZATION OF PROPOSAL	Points Available 5	Points Awarded
The proposal is presented in a clear, organized manner that facilitates the evaluation process (5 points).		
2. MANAGEMENT PLAN	Points Available 10	Points Awarded
Proposer provides a clear management structure and project organization (5 points). Proposer includes methods to measure project progress against the plan to maintain the project schedule (5 points).		
3. TECHNICAL APPROACH TO THE WORK	Points Available 20	Points Awarded
Proposer demonstrates knowledge of administering financial services for auctions or reserve sale of emissions permits or similar market instruments and describes methods used in administering financial services in past auctions or sales to ensure financial qualification processes were conducted within the scope of applicable regulations or guidelines (10 Points). Proposer identifies specific techniques that will be used, and specific administrative and operational management expertise that will be employed (5 Points). Proposer indicates how skills developed in previous related work will be applied to the work described in this RFP (5 Points).		
4. WORK PLAN AND WORK SCHEDULE	Points Available 25	Points Awarded
Proposer includes a Work Plan and Work Schedule in detail, to clearly indicate exactly how the Proposer will satisfy the requirements of the RFP (10 Points). Proposer identified each major task and necessary subtasks and milestones to complete each task, including estimated hours required to accomplish the task and		

estimated dates of completion (15 Points).		
5. EXPERIENCE	Points Available 10	Points Awarded
Proposer demonstrates experience in administering financial services for auction or reserve sale of emissions permits or similar market instruments. Proposer lists all financial services personnel who will be working on the project including qualifications and a summary of similar work or studies performed. (10 points)		
6. COST	Points Available 30	Points Awarded
This criterion allows staff to evaluate and compare the budgets of each proposal relative to those of its competitors. The technically qualified proposal that has the lowest cost will be given a maximum score of 30 for this criterion.		
TOTAL POINTS	Maximum Available 100	SCORE

C. Proposal Rejection

1. Proposals must be submitted for the performance of all the services as described herein. Any deviation from the RFP will not be considered and may cause a proposal to be rejected.

2. Proposals must be complete in all respects as required by the RFP. A proposal may be rejected if it is conditional or incomplete, or if it contains any alterations of form or other irregularities of any kind. The State does not accept alternate contract language from a prospective contractor. A proposal with such language will be considered a counter proposal and will be rejected.

3. ARB reserves the right to reject any or all proposals for any reason. The State may reject any or all proposals and may waive any deviation deemed immaterial in a proposal. The State's waiver of an immaterial deviation shall in no way modify the RFP document or excuse the Proposer from full compliance with all requirements if awarded the agreement. All deviations will be examined to determine whether the deviation is immaterial (e.g., errors in mathematical computation or spelling). **A material deviation will cause rejection of the proposal. A proposal must be rejected if any such defect or irregularity constitutes a material deviation from**

the RFP requirements. If a deviation is deemed immaterial, then the proposal will be processed as if no deviation has occurred.

4. Proposals that contain false or misleading statements, or which provide references, that do not support an attribute or condition claimed by the proposal, may be rejected. If, in the opinion of the State, such information was intended to mislead the State in its evaluation of the proposal, and the attribute, condition, or capability is a requirement of this RFP, it will be the basis for rejection of the proposal.

5. Proposals received past the due date and time specified in Section II, A., "Key Action Dates" will be deemed non-responsive and rejected. Under no circumstances will any proposals be accepted past the date and time stated in Section II, A. All such proposals received past the date and time will not be accepted, and will be returned, unopened.

D. Selection

1. If no proposals are received containing bids offering a price, which in the opinion of the Department is a reasonable price, the Department is not required to award an Agreement (Public Contract Code 10344 (d)).

2. The prospective Contractor is advised that should this RFP result in an award of an Agreement, the Agreement will not be in force and no work shall be performed until the Agreement is fully approved by the State and the Contractor is notified by the Contract Manager to begin work.

3. Contract shall be signed by the selected Proposer and returned within (5) five working days of receipt. If the selected Proposer refuses or fails to execute the contract, the ARB may award the contract to the Proposer with the second highest score.

E. Notice of Proposed Award

Notice of the proposed award shall be posted in a public place in the lobby on the 1st Floor of the Cal/EPA building at 1001 I Street, Sacramento, California, and on http://www.bidsync.com for at least five (5) working days prior to awarding the Agreement.

Proposers have the right to protest the award of the Air Resources Board Agreements subject to the following grounds, processes and procedures.

Proposers may protest the proposed award by filing a notice of protest with the Air Resources Board and the Department of General Services, Office of Legal Services. The Agreement(s) shall not be awarded until either the protest has been withdrawn or the State has decided the matter.

Protest notices should contain full contact information, including a fax number, and must be filed with both offices listed below:

Air Resources Board **Contract Services Section** Attention: Manager 1001 I Street, 20th Floor Sacramento, CA 95814 Phone Number: (916) 322-2208 **Fax Number: (916) 327-2940**	**Department of General Services** **Office of Legal Services** Attention: Protest Coordinator 707 Third Street, 7th Floor, Suite 7-330 West Sacramento, CA 95605 Phone Number: (916) 376-5080 **Fax Number: (916) 376-5088**

Within five (5) calendar days after filing a protest notice, the protesting Proposer shall file with the Department of General Services, Office of Legal Services and the Air Resources Board a detailed written statement specifying the grounds for the protest.

F. Standard Conditions of Service

1. Service shall be available no sooner than the express date set by the Air Resources Board and the Contractor, after all approvals have been obtained and the Agreement is fully executed. Should the Contractor fail to commence work at the agreed upon time, the Air Resources Board, upon five (5) days written notice to the Contractor, reserves the right to terminate the Agreement. In addition, the Contractor shall be liable to the State for the difference between Contractor's Proposal price and the actual cost of performing work by the second responsive and responsible Proposer or by another Contractor.

2. All performance under the Agreement shall be completed on or before the termination date of the Agreement.

3. The State does not accept alternate Agreement language from a prospective contractor. A proposal with such language will be considered a counter proposal and will be rejected. **The State's General Terms and Conditions (GTC) are not negotiable.** These terms and conditions cannot be revised. The General Terms and Conditions GTC-610 may be viewed at the following Internet site: http://www.dgs.ca.gov/Default.aspx?alias=www.dgs.ca.gov/ols.

4. The selected Proposer cannot subcontract out services without prior approval from ARB's contract coordinator as listed in the RFP or Standard Agreement Contract (STD 213).

5. No oral understanding or agreement shall be binding on either party.

ATTACHMENT 1
REQUIRED ATTACHMENT CHECK LIST
For RFP # 10-109

Proposer's Name: _____

A complete proposal package will consist of all the items listed in the RFP, as well as those items identified below. **Be sure that your proposal includes all required documents as stated in this RFP, not just those listed in this checklist.** Please refer to Section IV, A., 1, regarding "Responsive/Compliant Proposal" and "Responsible Bidder/Proposer."

	Attachment	Attachment Name/Description
_____	Attachment 1	Required Attachment Check List (include this list with your proposal package)
_____	Exhibit B Attachment 1	Contractor Cost Sheet Proposers must indicate the charge for all tasks, including subcontractors, as described in this RFP.
_____	Attachment 2	Bidder Declaration GSPD-05-105 (original plus 5 copies)
_____	Attachment 3	Proposer References See Attachment 3 to this RFP for Proposer Reference Form
_____	Attachment 4	Certification of Compliance with the Darfur Contracting Act (Your proposal will be disqualified unless you include this form (See Attachment 4 to the RFP) with either paragraph # 1 or # 2)
_____	Attachment 5	Draft Standard Agreement (does not need to be returned with proposal)
_____	Attachment 6	CA DVBE Bid Incentive Instructions (does not need to be returned with proposal)

Only the successful proposer will need to return the following documents, and only after award. They are included for reference only.

_____	Attachment 7	Contractor Certification Clauses (CCC) Contractor must sign and submit to the awarding agency, page one (1) of this form.
_____	Attachment 8	Payee Data Record (STD 204)

Contractor must complete and submit to the awarding agency to determine if the Contractor is subject to state income tax withholding pursuant to California Revenue and Taxation Code Sections 18662 and 26131. No payment shall be made unless a completed STD 204 has been returned to the awarding agency.

_____	Exhibit E Attachment 1	Conflict of Interest and Confidentiality Statement

ATTACHMENT 2 ~ Bidder Declaration (2 pages)

State of California—Department of General Services, Procurement Division

Solicitation Number 10-109

GSPD-05-105 (REV 8/09)

BIDDER DECLARATION

1. Prime bidder information (**Review attached Bidder Declaration Instructions prior to completion of this form**):

a. Identify current California certification(s) **(MB, SB, NVSA, DVBE):** _____ **or None** _____

b. Will subcontractors be used for this contract? **Yes** ____ **No**____(If yes, indicate the distinct element of work your firm will perform in this contract e.g., list the proposed products produced by your firm, state if your firm owns the transportation vehicles that will deliver the products to the State, identify which solicited services your firm will perform, etc.). Use additional sheets, as necessary.

_____

_____

c. If you are a California certified DVBE: (1) Are you a broker or agent? **Yes** ____ **No**____
(2) If the contract includes equipment rental, does your company own at least 51% of the equipment provided in this contract (quantity and value)? **Yes** _____ **No** ____**N/A** ____

2. If no subcontractors will be used, skip to certification below. Otherwise, list all subcontractors for this contract. (Attach additional pages if necessary):

Subcontractor Name, Contact Person, Phone Number & Fax Number	Subcontractor Address & Email Address	CA Certification (MB, SB, NVSA, DVBE or None)	Work performed or goods provided for this contract	Corresponding % of bid price	Good Standing?	51% Rental?

CERTIFICATION: By signing the bid response, I certify under penalty of perjury that the information provided is true and correct.

BIDDER DECLARATION Instructions

All prime bidders (the firm submitting the bid) must complete the Bidder Declaration.

1.a. Identify all current certifications issued by the State of California. If the prime bidder has no California certification(s), check the line labeled "None" and proceed to Item #2. If the prime bidder possesses one or more of the following certifications, enter the applicable certification(s) on the line:

- Microbusiness (MB)
- Small Business (SB)
- Nonprofit Veteran Service Agency (NVSA)
- Disabled Veteran Business Enterprise (DVBE)

1.b. Mark either "Yes" or "No" to identify whether subcontractors will be used for the contract. If the response is "No", proceed to Item #1.c. If "Yes", enter on the line the distinct element of work contained in the contract to be performed or the goods to be provided by the prime bidder. Do not include goods or services to be provided by subcontractors.

Bidders certified as MB, SB, NVSA, and/or DVBE must provide a commercially useful function as defined in Military and Veterans Code Section 999 for DVBEs and Government Code Section 14837(d)(4)(A) for small/microbusinesses.

Bids must propose that certified bidders provide a commercially useful function for the resulting contract or the bid will be deemed non-responsive and rejected by the State. For questions regarding the solicitation, contact the procurement official identified in the solicitation.

Note: A subcontractor is any person, firm, corporation, or organization contracting to perform part of the prime's contract.

1.c. This item is only to be completed by the businesses certified by California as a DVBE.

(1) Declare whether the prime bidder is a broker or agent by marking either "Yes" or "No." The Military and Veterans Code Section 999.2(b) defines "broker" or "agent" as a certified DVBE contractor or subcontractor that does not have title, possession, control, and risk of loss of materials, supplies, services, or equipment provided to an awarding department, unless one or more of the disabled veteran owners has at least 51-percent ownership of the quantity and value of the materials, supplies, services, and of each piece of equipment provided under the contract.

(2) If bidding rental equipment, mark either "Yes" or "No" to identify if the prime bidder owns at least 51% of the equipment provided (quantity and value). If not bidding rental equipment, mark "N/A" for "not applicable."

2. If no subcontractors are proposed, do not complete the table. Read the certification at the bottom of the form and complete "Page ___ of ___" on the form.

If subcontractors will be used, complete the table listing all subcontractors. If necessary, attach additional pages and complete the "Page ___ of ___" accordingly.

2. *(continued)* Column Labels

Subcontractor Name, Contact Person, Phone Number & Fax Number—List each element for all subcontractors.

Subcontractor Address & Email Address—Enter the address and if available, an Email address.

CA Certification (MB, SB, NVSA, DVBE or None)—If the subcontractor possesses a current State of California certification(s), verify on the OSDC website (www.eprocure.pd.dgs.ca.gov).

Work performed or goods provided for this contract—Identify the distinct element of work contained in the contract to be performed or the goods to be provided by each subcontractor. Certified subcontractors must provide a commercially useful function for the contract. (See paragraph 1.b above for code citations regarding the definition of commercially useful function.) If a certified subcontractor is further subcontracting a greater portion of the work or goods provided for the resulting contract than would be expected by normal industry practices, attach a separate sheet of paper explaining the situation.

Corresponding % of bid price—Enter the corresponding percentage of the total bid price for the goods and/or services to be provided by each subcontractor. Do not enter a dollar amount.

Good Standing?—Provide a response for each subcontractor listed. Enter either "Yes" or "No" to indicate that the prime bidder has verified that the subcontractor(s) is in good standing for all of the following:

- Possesses valid license(s) for any license(s) or permits required by the solicitation or by law
- If a corporation, the company is qualified to do business in California and designated by the State of California Secretary of State to be in good standing.
- Possesses valid State of California certification(s) if claiming MB, SB, NVSA, and/or DVBE status

51% Rental?—This pertains to the applicability of rental equipment. Based on the following parameters, enter either "N/A" (not applicable), "Yes" or "No" for each subcontractor listed.

Enter "N/A" if the:

- Subcontractor is NOT a DVBE (regardless of whether or not rental equipment is provided by the subcontractor) or
- Subcontractor is NOT providing rental equipment (regardless of whether or not subcontractor is a DVBE)

Enter "Yes" if the subcontractor is a California certified DVBE providing rental equipment and the subcontractor owns at least 51% of the rental equipment (quantity and value) it will be providing for the contract.

Enter "No" if the subcontractor is a California certified DVBE providing rental equipment but the subcontractor does NOT own at least 51% of the rental equipment (quantity and value) it will be providing.

Read the certification at the bottom of the page and complete the "Page ___ of ___" accordingly.

ATTACHMENT 3
PROPOSER REFERENCES FORM

Submission of this attachment is *mandatory*. Failure to complete and return this attachment with your proposal may cause your proposal to be rejected and deemed non-responsive.

Complete the below table listing information for three references illustrating previous work experience related to the goals and objectives outlined in the RFP.

REFERENCE 1			
Name of Firm			
Street Address	City	State	Zip Code
Contact Person		Telephone Number	
Dates of Service		Value or Cost of Service	
Brief Description of Service Provided			

REFERENCE 2			
Name of Firm			
Street Address	City	State	Zip Code
Contact Person		Telephone Number	
Dates of Service		Value or Cost of Service	
Brief Description of Service Provided			

REFERENCE 3			
Name of Firm			
Street Address	City	State	Zip Code
Contact Person		Telephone Number	
Dates of Service		Value or Cost of Service	
Brief Description of Service Provided			

ATTACHMENT 4
DARFUR CONTRACTING ACT CERTIFICATION

Public Contract Code Sections 10475 -10481 applies to any company that currently or within the previous three years has had business activities or other operations outside of the United States. For such a company to bid on or submit a proposal for a State of California contract, the company must certify that it is either a) not a scrutinized company; or b) a scrutinized company that has been granted permission by the Department of General Services to submit a proposal.

If your company has not, within the previous three years, had any business activities or other operations outside of the United States, you do **not** need to complete this form.

OPTION #1 - CERTIFICATION

If your company, within the previous three years, has had business activities or other operations outside of the United States, in order to be eligible to submit a bid or proposal, please insert your company name and Federal ID Number and complete the certification below.

I, the official named below, CERTIFY UNDER PENALTY OF PERJURY that a) the prospective proposer/bidder named below is **not** a scrutinized company per Public Contract Code 10476; and b) I am duly authorized to legally bind the prospective proposer/bidder named below. This certification is made under the laws of the State of California.

Company/Vendor Name (Printed)	*Federal ID Number*
By (Authorized Signature)	
Printed Name and Title of Person Signing	
Date Executed	*Executed in the County and State of*

OPTION #2 – WRITTEN PERMISSION FROM DGS

Pursuant to Public Contract Code section 10477(b), the Director of the Department of General Services may permit a scrutinized company, on a case-by-case basis, to bid on or submit a proposal for a contract with a state agency for goods or services, if it is in the best interests of the state. If you are a scrutinized company that has obtained written permission from the DGS to submit a bid or proposal, complete the information below.

We are a scrutinized company as defined in Public Contract Code section 10476, but we have received written permission from the Department of General Services to submit a bid or proposal pursuant to Public Contract Code section 10477(b). A copy of the written permission from DGS is included with our bid or proposal.

Company/Vendor Name (Printed)	*Federal ID Number*
Initials of Submitter	
Printed Name and Title of Person Initialing	

ATTACHMENT 5
Draft Standard Agreement (Std 213)

STATE OF CALIFORNIA
STANDARD AGREEMENT
STD 213 (Rev 06/03)

AGREEMENT NUMBER
10-109
REGISTRATION NUMBER

1. This Agreement is entered into between the State Agency and the Contractor named below:

STATE AGENCY'S NAME
Air Resources Board (ARB)

CONTRACTOR'S NAME
(Contractor)

2. The term of this Agreement is: June 30, 2011 or upon DGS approval through 24 months

3. The maximum amount of this Agreement is: **$**

4. The parties agree to comply with the terms and conditions of the following exhibits which are by this reference made a part of the Agreement.

Exhibit A – Scope of Work	X pages
Exhibit A, Attachment I, Proposal	X pages
Exhibit B – Budget Detail and Payment Provisions	X pages
Exhibit B, Attachment I, Proposer's Cost Sheet	X pages
Exhibit C* – General Terms and Conditions (GTC-610)	On-line
Exhibit D – Special Terms and Conditions	X pages
Exhibit E – Additional Provisions	X pages
Exhibit E, Attachment 1, Conflict of Interest and Confidentiality Statement	X pages

Items shown with an Asterisk (*), are hereby incorporated by reference and made part of this agreement as if attached hereto. These documents can be viewed at www.ols.dgs.ca.gov/Standard+Language

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

CONTRACTOR		***California Department of General Services Use Only***
CONTRACTOR'S NAME *(if other than an individual, state whether a corporation, partnership, etc.)*		
BY *(Authorized Signature)*	DATE SIGNED*(Do not type)*	
PRINTED NAME AND TITLE OF PERSON SIGNING		
ADDRESS		
STATE OF CALIFORNIA		
AGENCY NAME **Air Resources Board**		
BY *(Authorized Signature)*	DATE SIGNED*(Do not type)*	
PRINTED NAME AND TITLE OF PERSON SIGNING		☐ Exempt per:
ADDRESS 1001 I Street, 20th Floor, Sacramento, CA 95814		

EXHIBIT A
SCOPE OF WORK

Contractor agrees to provide to the Air Resources Board (ARB) with financial and transaction services to implement the California cap-and-trade program, through such services described herein.

Contractor shall provide services in accordance with this Scope of Work and in accordance with Contractor's Proposal marked, "Exhibit A, Attachment I," which is attached hereto and made a part of this Agreement.

The objective of this service is to administer financial and transaction services to support up to six (6) quarterly GHG allowance auctions and up to six (6) "reserve sales" to implement the California cap-and-trade program. ARB is anticipating the first California allowance auction will take place in late 2012. The auctions will continue based on the calendar quarter for the remainder of the program.

There are anticipated to be more than 300 quarterly GHG allowance auction participants (bidders) and more than 300 quarterly reserve sales participants. The scope, tasks, and processing of services for GHG allowance auction and bidder information is anticipated to be in close alignment with the processing of reserve sale participant information. Consignments processing is anticipated during auction processes, however not during reserve sales. All other exceptions are anticipated to be minimal and must be reviewed and approved by ARB. The required services are described in detail in the sub-sections 1 – 6. The Contractor must:

1. Auction/Reserve Sale Preparation Services. Prepare auction and reserve sale processes.
2. Pre-Auction/Reserve Sale Services. Financial Qualification Application Processing: Conduct the financial qualification process for approved auction or reserve sale participants, including assessing validity of collateral.
   - Conduct administration and acceptance of financial guarantee instruments for potential participants in the auction and reserve sales.
3. Post Auction/Reserve Sale Services. Financial Settlement: Invoice purchasers of reserve sale GHG allowances per instructions from ARB or an entity designated by ARB to serve as reserve sale operator.
   - Conduct financial settlement for quarterly auctions and reserve sales, including coordinating with designated auction and reserve sale operator.
   - Provide payment or financial settlement confirmation to ARB and an entity designated by ARB to serve as auction and reserve sale operator to enable transfer of GHG allowance ownership and updating of market tracking operation records.
4. Post Auction/Reserve Sale Services. Processing Distribution of Proceeds: Process post-auction/reserve sale payments for awarded GHG allowances, per instructions from ARB and an entity designated by ARB to serve as auction and reserve sale operator.
   - Process auction and reserve sale proceeds.
5. Post Auction/Reserve Sale Services. Return Financial Assurance Payments: Process return financial guarantee deposits to successful and unsuccessful bidders as instructed by the ARB or an entity designated by ARB to serve as auction and reserve sale operator.
   - Manage financial records associated with the quarterly auctions and reserve sales in a highly secure and confidential manner.
6. Prepare a System Security Plan. Prepare a System Security Plan describing the security approach for all proposed services and ensure compliance with the security processes, practices and requirements in the State of California.

Documents completed by the Contractor for the administration of financial services for auction and reserve sale including preparation of auction and reserve sale processes and the System Security Plan will be owned by the ARB.

The Contractor and Contractor's agents, representatives, and subcontractors must remain free of conflicts of interest between the services required under this Agreement and services provided by the Contractor to other clients or the Contractor's other business operations (see Exhibit E, Additional Provisions and Attachment 7, Contractor Certification Clauses).

The work of this contract is expected to require up to 24 months in anticipation of transitioning services over to an RAO in the future.

For this Scope of Work, the Contractor's responsibilities are divided into 1) auction/reserve sale preparation services, 2) pre-auction/reserve sale services, and 3) post auction/reserve sale services.

The Scope of Work is detailed below:

1. Auction/Reserve Sale Preparation Services

The Contractor will work with ARB and an entity designated by ARB to serve as auction and reserve sale operator to design and develop auction/reserve sale processes, controls, and instructions for auction/reserve sale participants. The Contractor will work with ARB and an entity designated by ARB to serve as auction and reserve sale operator to develop financial qualification procedures, instructions, and contact information and training materials for potential bidders and purchasers. Additionally, the Contractor must work with ARB and an entity designated by ARB to serve as auction and reserve sale operator to design and develop financial settlement procedures, instructions, reconciliation reports, forms, contact information, and training materials.

The Contractor must be able to describe how financial and transaction services will work with other cap-and-trade services and develop a procedure to ensure confidentiality of data and that data security meets all of the State of California's data security requirements.

The Contractor must provide to ARB for approval, 120 days prior to the start of each auction, the insurance certificate, latest audited financial statements, and latest business continuity plan with test results for all relevant data management/processing systems, document retention infrastructure, and manual processes utilized in the provision of proposed services.

ARB will present the instructions for submitting cash developed by ARB or its auction and reserve sale services contractor to the Contractor. The Contractor must review the instructions for submitting cash to ARB and communicate any comments or issues raised in this review process to ARB and its designee responsible for auction and reserve sale services within a maximum of 20 days of receipt of the instructions for submitting cash to ARB.

As one purpose of this RFP is for California to work with the service providers to ensure the services provided also support the common goals of the other WCI Partner jurisdictions in developing a regional program, the Contractor must also describe how administration of financial services for auction and reserve sale would be designed with the capacity for growth to accommodate potential linkage with cap-and-trade programs in other WCI Partner jurisdictions.

The Contractor must describe how financials services for auction and reserve sale will work with other cap-and-trade services (i.e. Auction and Reserve Sale Operator).

2. Pre-Auction/Reserve Sale Services- Financial Qualification Application Processing

ARB will designate an entity to serve as auction and reserve sale operator and oversee the pre-auction/reserve sale, auction/reserve sale, and post auction/reserve sale activities. ARB or an entity designated by ARB to serve as auction and reserve sale operator will be responsible for coordinating the participant application process. The Contractor will work in coordination with ARB and an entity designated by ARB to serve as auction and reserve sale administrator to develop and conduct the financial qualification application process of approved market participants. Financial qualification applications will be required for both the quarterly auctions of allowances made available by ARB, and the quarterly reserve sales. The Contractor will work with ARB to finalize the list of acceptable mechanisms for payment guarantees. The current draft of the regulation indicates that bid guarantees must be in one or a combination of the following forms:

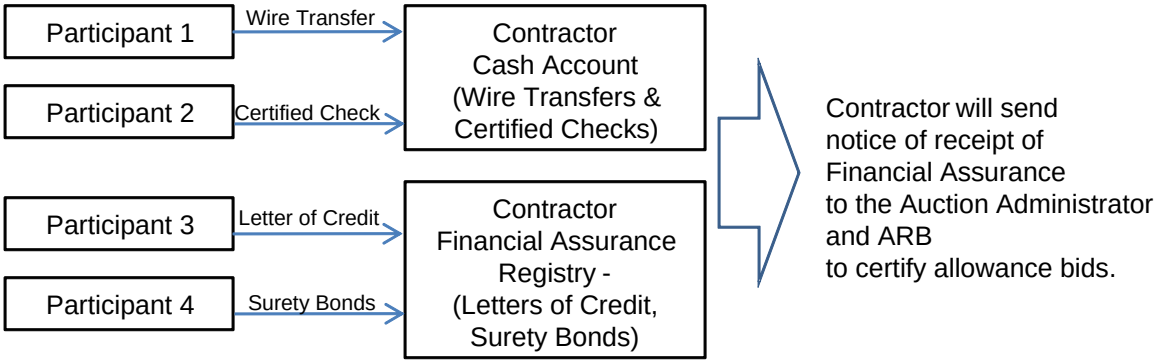
- A bond issued by a financial institution with a United States banking license.
- Cash in the form of a wire transfer or certified funds, such as a bank check or cashier's check.
- An irrevocable letter of credit issued by a financial institution with a United States banking license.
- If California participates in a joint auction with one or more Canadian Provinces, then bonds or irrevocable letters of credit issued by a financial institution with a Canadian banking license will be acceptable.

The Contractor must provide a plan outlining how they will meet all applicable State of California and federal law, industry standards, and best practices for insurance/liability limits and certification to replace bid guarantees or deposit transactions that are lost or stolen and assessing the validity of collateral provided as part of the financial qualification process.

The Contractor must allow for the receipt of assurance payments in U.S. Dollars and the foreign currency of jurisdictions planned to be linked to the cap-and-trade program such as the Canadian dollar as this may be required to accommodate fellow WCI Partner jurisdictions or voluntary participants from other jurisdictions.

The Contractor must achieve 100% accuracy of collateral received no later than twelve (12) business days prior to the start of the auction/reserve sale. Once the bidder has qualified, the Contractor must notify ARB and the entity designated by ARB to serve as auction and reserve sale administrator no later than twelve (12) business days prior to the start of the auction/reserve sale in order to enter the appropriate information into the auction platform, and notify qualified participants of their eligibility to participate in the auction/reserve sale. It is expected that the Contractor must process up to 2,000 applications per auction or up to 1,000 account holders for the reserve sale.

Processing Pre-Auction Financial Assurance Transactions



If there are consigned allowances for sale in an auction, the Contractor will be provided with the contact information and payment instructions for each consignee by ARB or an entity designated by ARB to serve as auction and reserve sale operator.

3. Post Auction/Reserve Sale Services - Financial Settlement

After each quarterly auction and reserve sale, the Contractor will be responsible for processing payments from successful participants, distributing auction proceeds to both ARB and allowance Consignees, and returning financial assurance deposits to both successful and unsuccessful participants. For successful participants who posted financial assurance in a cash equivalent, such as a wire transfer or a bank/certified check, the Contractor's services will allow for these funds to be applied towards the invoice for purchase of allowances.

Coordination with ARB and Designated Auction and Reserve Sale Administrator:

After an auction or reserve sale is completed, the Contractor will be provided with a list of successful bidders (including the quantity and price of allowances purchased) by ARB or an entity designated by ARB to serve as auction and reserve sale operator. The auction and reserve sale operator will be responsible for reporting to ARB the results of the auction (awards and prices) and, after ARB approval, will communicate awards and financial settlement instructions to the Contractor.

Once ARB reviews and approves the auction results, the auction clearing price will be released. The auction and reserve sale operator will be required to administer the settlements immediately (within 2 business days) after release of the auction clearing price. The auction process will provide for a list of all bidders with the total cost of the awarded GHG allowances, if any. This amount represents the amount to be paid or drawn from the bidder's financial security. As part of the financial settlements administration, ARB or its designee will provide auction/reserve sale settlement instructions to include:

- Auction/reserve sale results – successful bidder information, GHG allowances awarded, price of GHG allowances awarded;
- Financial settlement instructions for successful bidders (e.g., draw on financial guarantee, cash settlement);
- List of unsuccessful bidders; and
- Financial security instructions for successful and unsuccessful bidders (e.g., hold, return)

ARB or its designated auction and reserve sale operator will provide the option to settle its award transaction(s) with cash via a wire transfer in US dollars (USD) rather than a draw against established financial security. ARB or its designated auction and reserve sale operator will develop instructions for submitting cash to the Contractor by wire transfer and these instructions will be communicated to all potential bidders no later than ten (10) business days before the auction date.

The Contractor will work with ARB and its designated auction and reserve sale operator to develop detailed procedures and communication protocols to fully support financial settlements via financial security instrument or wire transfer. In addition, the Contractor will develop detailed ARB approved procedures, instructions, and requirements for the return of financial security instruments in close coordination with the auction and reserve sale operator.

Financial settlement procedures, or any other procedures or instructions, must not include any fees paid to the Financial Services for Auction and Reserve Contractor by the auction or reserve sale participants.

After each auction is completed, the Contractor will create and distribute invoices for all successful bidders. The Contractor will receive and process invoice payments from auction participants. The Contractor will provide ARB and an entity designated by ARB to serve as auction operator with the list of successful bidders who have satisfied their payment obligations by the specified payment due date. The Contractor must achieve 100% accuracy of final auction awards and funds received within ten (10) business days after the auction date.

After each reserve sale is completed, the Contractor will create and distribute invoices to the account holders awarded GHG allowances from the reserve sale. The Contractor will also receive and process these invoice payments from reserve sale participants. The Contractor will provide ARB and as the designated auction and reserve sale operator with the list of account holders who have satisfied their payment obligations by the specified payment due date. The Contractor must achieve 100% accuracy of final reserve sale awards and funds received within ten (10) business days after the reserve sale date.

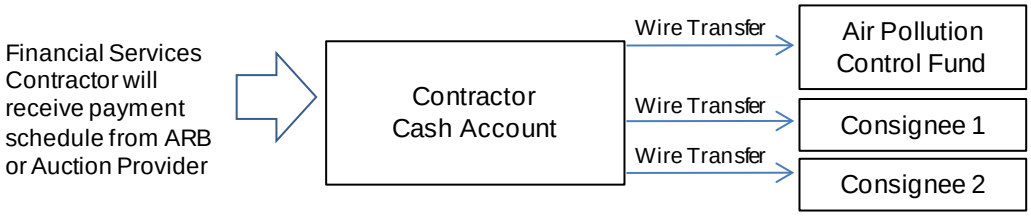
Some forms of financial assurance are considered cash equivalents and will be acceptable for settling the invoice for the purchase of allowances. Therefore, the Contractor must include in their services the ability to apply cash equivalent financial assurance payments to such invoices. In cases where a cash equivalent assurance payment is applied to an invoice, the Contractor will, as applicable, invoice the relevant participant for any balance due or refund overpayment to the participant. The Contractor must achieve a minimum of 99% accuracy in creating bidder invoices and must achieve 100% reconciliation accuracy of final auction/reserve awards and funds received within ten (10) business days after each auction/reserve sale date. Additionally, the Contractor must provide an electronic reconciliation report to ARB and an entity designated by ARB to serve as auction/reserve sale operator no later than ten (10) business days after the completion of the each auction or reserve sale.

Processing Auction Payments

4. Post Auction/Reserve Sale Services -- Processing Distribution of Proceeds

The Contractor will be provided with instructions for the distribution of auction/reserve sale proceeds by ARB or an entity designated by ARB to serve as an auction and reserve sale operator. ARB's auction mechanism allows for allowance holders to place their allowances on consignment with ARB to be included in the next quarterly auction. As such, the auction proceeds for any given auction may not be 100% payable to ARB, but could also include funds due to consignees. The instructions for distributing funds will include payment amounts and payment instructions for ARB and all consignees whose allowances were sold as part of the auction. The Contractor's service will include the ability to remit auction proceeds to potentially hundreds of payees for any given auction. The Contractor must achieve 100% reconciliation accuracy of funds transferred to ARB and consignees within ten (10) business days after the auction date and provide an electronic report to ARB and any entity designated by ARB to serve as auction and reserve sale operator.

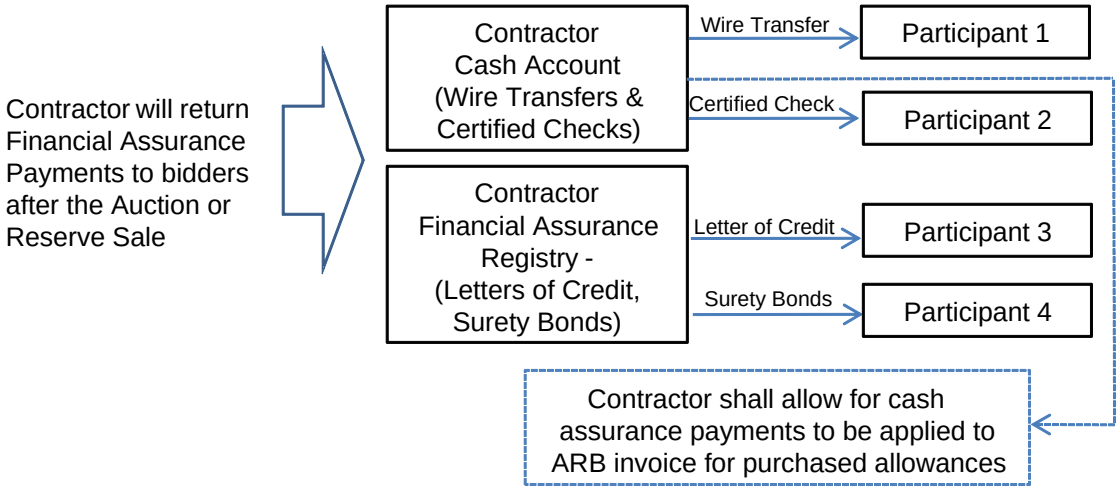
Processing Post-Auction Distribution of Proceeds



5. Post Auction/Reserve Sale Services -- Return Financial Assurance Payments

After each auction/reserve sale is completed and the proceeds have been distributed, the Contractor will return financial assurance payments to their respective bidders/reserve sale participants. Some acceptable forms of financial assurance may not be considered acceptable forms of payment for ARB's final invoice to successful participants (i.e., letters of credit or surety bonds), and will be returned, by Contractor, to participants.

Processing Post-Auction Financial Assurance Transactions



Note: The examples above have generally described the obligations of the Contractor in the context of Allowance Auctions. The Contractor will work with ARB to determine if any of these procedures require modification for quarterly reserve sales, and if so, develop specific procedures and services for these sales.

6. Prepare a System Security Plan

The Contactor must comply with the security processes, practices and requirements specified in the following sections of the State of California's State Administrative Manual (SAM Chapter 5300 - Information Security (Office of Information Security)). http://sam.dgs.ca.gov/TOC/5300/default.htm

- SAM Chapter 5305 Risk Management
- SAM Chapter 5320 Asset protection
- SAM Chapter 5330 Physical & Environmental Security
- SAM Chapter 5335.1 Information Integrity & Data Security
- SAM Chapter 5340 Access Control
- SAM Chapter 5350 Incident Management
- SAM Chapter 5355 Disaster Recovery Management

In addition the Contractor should consider security requirements documented in the following standards:

- National Institute of Standards and Technology (NIST) and Federal Information Processing Standards (FIPS);
- North American Electric Reliability Corporation (NERC) Critical Infrastructure Protection (CIP) Standards;
- ISO/IEC 27002.2005(e) Code of Practice for Information Security;
- ISO TR 13569:2005 Financial Services industry information security program standards; and
- FDIC Memo FIL-131-97 Security Risks Associated with the Internet.

The Contractor must prepare a system security plan describing the security approach for all proposed services. The system security plan must be submitted by March 1, 2012. The system security plan shall address, at a minimum, the following areas:

- General Information about System Environment, Interconnections/Information Sharing, Applicable Laws or Regulations, Information Sensitivity, Responsible Parties, General System Description;
- Security Controls pertaining to Risk Assessment and Management, User Rules or Behavior, Implementation Phase, Operation and Maintenance Phase;
- Operational Controls pertaining to Personnel Security, Physical and Environmental Protection, Input/ Output Controls, Contingency Plans, Maintenance, Integrity, Documentation, Training, Incident Response;
- Technical Controls pertaining to User Identification and Authentication, Logical Access Controls, Audit Trails; and
- Security Vulnerability Assessments and Penetration Testing.

The Contractor must describe their approach for developing the plan, the methodology and standards used, and the content of the plan.

Protecting Information Assets: Protecting information assets is driven by a variety of considerations including legal, operational, financial and other business requirements. They are classified according to the risks associated with the data being stored or processed. Data with the highest risk needs the greatest amount of protection to prevent compromise; data at lower risk can be given proportionately less protection. Describe your data classification approach to apply the appropriate levels of resources to the protection of the assets based upon need. Describe how the approach will comply with the State's State Administrative Manual (SAM Chapter 5300 - Information Security (Office of Information Security)) http://sam.dgs.ca.gov/TOC/5300/default.htm.

Information Security Risk Assessments: Information security risk assessments are an on-going process of discovering, correcting, and preventing security problems. The risk assessment is an integral part of a risk management process designed to provide appropriate levels of security for information systems. Information security risk assessments are part of sound security practices and a risk analysis process is required by the State's State Administrative Manual (SAM Chapter 5300 - Information Security (Office of Information Security). Describe your approach for conducting the risk analysis, the methodology used, and the information the risk assessment will provide to the organization.

Computer Networks and Data Security: Efforts by organizations to prioritize their security initiatives and strategy to align with business initiatives and goals can be achieved by adhering to security principles and leading industry security practices. One such principle is Defense-in-Depth, which is a model for protecting computer networks and data with a series of defensive mechanisms, such that if one mechanism fails, another will already be in place to thwart an attack. Defense-in-Depth involves using not only multiple layers of security, but also complementary technologies at each layer. For instance, network administrators may deploy firewalls, intrusion detection and prevention tools, virus scanners, and content filtering at the perimeter to protect against external attacks, and in the internal network to protect against internal attacks. Describe your strategy for computer network and data security and how the strategy minimizes the probability that the efforts of malicious activity will succeed.

Identity Management and Infrastructure: Describe how your security solution will lay the foundation for an identity management infrastructure that integrates seamlessly with the State of California's Identity infrastructure including provisioning users with role-based access controls, single sign-on, and Federated Identity Management capabilities that will accommodate systems targeted for this environment. Include information on how the solution will be compatible with the State of California's vision for Identity Management and Federated Identity Management as defined in the California Enterprise Architecture Program (CEAP). http://www.cio.ca.gov/Government/Initiatives/EA.html.

Authentication and Authorization Services: Describe how authentication and authorization services will follow industry standards, such as the National Institute of Standards and Technology (NIST) 800-63 and NIST 800-95 guides that accommodate different levels of authentication assurance and different user privileges.

Describe how end users and administrators are authenticated to the IT infrastructure and Software products. Include information on how the IT Infrastructure and Software applications will manage the assignment of access rights for all levels of users, all modules, and all entities using the application.

Describe how the IT Infrastructure and Software applications will enable the enforcement of access policies such as strong password and password policy management such as integration with authentication systems such as Lightweight Directory Access Protocol/Active Directory (LDAP/AD) and an Identity Management solution.

Electronic Auditing: Describe the electronic audit trails for system administration and user activities.

Encryption Protocols: Describe the encryption protocols to be applied that permit secure sharing of private, confidential, and sensitive data.

Information Security Incidents Reporting: Vendors who have custody over State of California information assets must promptly investigate incidents involving loss, damage, misuse of these information assets, or improper dissemination of this information. Describe how you will detect and report information security incidents consistent with the security reporting requirements in SAM Section 5350.

Disaster Recovery and Business Continuity Management Program: Vendors who have custody over State of California information assets must establish a Business Continuity Management Program that provides processes supported by executive management and resources to ensure the appropriate steps are taken to identify the impact of potential losses, maintain viable recovery strategies and plans, and ensure the vendor has the ability to continue its essential functions during a business disruption or major catastrophic event. Describe the program controls you have in place that would protect State of California information assets and limit the consequences of a potential loss of essential functions incident, and provide for the availability of information assets for the continued business needs for the proposed services.

The project representatives during the term of this agreement will be:

State Agency: Air Resources Board	Contractor:
Section/Unit:	Section/Unit:
Name:	Name:
Phone:	Phone:
Fax:	Fax:
Email:	Email:

Direct all administrative inquiries to:

State Agency: Air Resources Board	Contractor:
Section/Unit: Contract Services Section	Section/Unit:
Attention: Sue Bayoneta	Attention:
Phone: 916 / 322-2208	Phone:
Fax: 916 / 327-2940	Fax:
Email: sbayonet@arb.ca.gov	Email:

EXHIBIT B
BUDGET DETAIL AND PAYMENT PROVISIONS

1. Invoicing and Payment

A. For services satisfactorily rendered, and upon receipt and approval of the invoice for completed task, the State agrees to compensate the Contractor in accordance with the rates specified herein, which is attached hereto and made a part of this Agreement.

1. Task 1 and Task 6 are one-time costs. ARB's approval of the documents prepared to meet the requirements of these tasks indicate completion of each task. For these tasks, the Contractor must provide an all-inclusive cost for completing each task. Tasks shall be payable in arrears when ARB approves all deliverables for the task.

2. All remaining tasks 2 - 5 are recurring costs that are components of administration of financial services for an auction or reserve sale, including updating approved documents as needed, and implementation of processes, controls, instructions, and plans. ARB certification of auction or reserve sale results and ARB acceptance of documentation that all proceeds are distributed and financial assurances payments returned indicates the completion of all task related to the administration of financial services for an auction or reserve sale. For these tasks, the Contractor must provide an all-inclusive cost per auction and reserve sale financial services administered. The total of costs will be the total cost for financial services per auction multiplied by six plus the total cost for financial services per reserve sale multiplied by six. Tasks shall be payable in arrears.

3. For all tasks, the Proposer shall include items such as subcontractors, labor, travel, reports, material, and tax if applicable as necessary to perform and complete these tasks.

4. All tasks shall be payable in arrears for completion of each budgeted task and approval and acceptance of the deliverables.

B. Invoices shall include the Agreement Number and shall be submitted in duplicate (1 original and 1 copy) and no more frequently than quarterly in arrears.

Each item in the invoice must correspond to one of the numbered items in the Exhibit B, Attachment 1, Contractor Cost Sheet. Invoices shall be submitted to following address:

Air Resources Board
Attn: Accounting Section
P.O. Box 1436
Sacramento, CA 95812-1436

The Contractor shall not be paid for the payment period completed unless the invoice and a progress report satisfying the requirements in Item 2 below have been submitted to the Contract Manager are deemed by ARB staff to reflect reasonable work done in accordance with the contract.

2. **Budget Contingency Clause**

A. It is mutually agreed that if the Budget Act of the current year and/or any subsequent years covered under this Agreement does not appropriate sufficient funds for the program, this Agreement shall be of no further force and effect. In this event, the State shall have no liability to pay any funds whatsoever to Contractor or to furnish any other considerations under this Agreement and Contractor shall not be obligated to perform any provisions of this Agreement.

B. If funding for any fiscal year is reduced or deleted by the Budget Act for purposes of this program, the State shall have the option to either cancel this Agreement with no liability occurring to the State, or offer an agreement amendment to Contractor to reflect the reduced amount.

3. **Prompt Payment Clause**

Payment will be made in accordance with, and within the time specified in, Government Code Chapter 4.5, commencing with Section 927.

EXHIBIT B
ATTACHMENT 1 (MANDATORY SUBMITTAL)
CONTRACTOR COST SHEET

Table 1
Total Cost Offer
(including all subcontractor costs if applicable)

One-Time Costs for Auction and Reserve Sale Financial Services			
Description of Services			**Total Cost for Each Task**
Task 1 – Prepare Auction/Reserve Sale Processes			
Task 6 – Prepare System Security Plan			
Total Costs			**$**

Financial Services for Auction Cost			
Description of Services	**Cost for each Auction**		**Total Recurring Cost**
Task 2 – Financial Qualification Application Processing		X 6 Auctions	
Task 3 – Conduct Financial Settlement		X 6 Auctions	
Task 4 – Processing Distribution of Proceeds		X 6 Auctions	
Task 5 – Return Financial Assurance Payments		X 6 Auctions	
Total Costs		X 6 Auctions	**$**

Financial Services for Reserve Sale Costs			
Description of Services	**Cost for each Reserve Sale**		**Total Recurring Cost**
Task 2 – Financial Qualification Application Processing		X 6 Reserve Sales	
Task 3 – Conduct Financial Settlement		X 6 Reserve Sales	
Task 4 – Processing Distribution of Proceeds		X 6 Reserve Sales	
Task 5 – Return Financial Assurance Payments		X 6 Reserve Sales	
Total Costs			**$**

TOTAL COST OFFER	**$**

NOTE: All costs must include labor, travel, subcontractors, materials, reports, and tax if applicable, for each task listed above.

EXHIBIT C
GENERAL TERMS AND CONDITIONS (GTC-610)

PLEASE NOTE: This page will not be included with the final contract. The General Terms and Conditions will be included in the contract by reference to Internet site www.ols.dgs.ca.gov

EXHIBIT D
SPECIAL TERMS AND CONDITIONS

1. Excise Tax

The State of California is exempt from federal excise taxes, and no payment will be made for any taxes levied on employees' wages. The State will pay for any applicable State of California or local sales or use taxes on the services rendered or equipment or parts supplied pursuant to this Agreement. California may pay any applicable sales and use tax imposed by another state.

2. Settlement of Disputes

A. In the event of a dispute, Contractor shall file a "Notice of Dispute" with ARB within ten (10) days of discovery of the problem. Within ten (10) days, the ARB shall meet with the Contractor and Project Representative for purposes of resolving the dispute.

B. Any dispute concerning a question of fact arising under the terms of this Agreement which is not disposed of within a reasonable period of time by Contractor and State employees normally responsible for the administration of this Agreement shall be brought to the attention of the Executive Officer or designated representative of each organization for resolution. The decision of the State Executive Officer or designated representative shall be final.

C. In the event of a dispute, the language contained within this Agreement shall prevail over any other language including that of the proposal.

D. The existence of a dispute not fully resolved shall not delay Contractor to continue with the responsibilities under this Agreement which is not affected by the dispute.

3. Potential Subcontractors

Nothing contained in this Agreement or otherwise, shall create any contractual relation between the State and any subcontractors, and no subcontract shall relieve the Contractor of his responsibilities and obligations hereunder. The Contractor agrees to be as fully responsible to the State for the acts and omissions of its subcontractors and of persons either directly or indirectly employed by any of them as it is for the acts and omissions of persons directly employed by the Contractor. The Contractor's obligation to pay its subcontractors is an independent obligation from the State's obligation to make payments to the Contractor. As a result, the State shall have no obligation to pay or to enforce the payment of any moneys to any subcontractor.

Contractor shall not subcontract any services under this Agreement without prior approval of the State.

4. Stop Work Order

State reserves the right to issue an order to stop work in the event that a dispute should arise, or in the event that State gives Contractor a notice that the Agreement will be terminated. The stop-work order will be in effect until the dispute has been resolved or the Agreement has been terminated.

5. Termination

A. In addition to the rights under Exhibit C of the Standard Agreement, State reserves the right to terminate this Agreement at its sole discretion at any time upon thirty (30) days prior written notice to Contractor.

B. In the case of early termination, Contractor shall submit an invoice in **duplicate (one original and one duplicate**) and a report in **duplicate** covering services to termination date, following the invoice and progress report requirements of this Agreement. A copy and description of any data collected up to termination date shall also be provided to State.

C. Upon receipt of the invoice, progress report, and data, a final payment will be made to Contractor. This payment shall be for all State-approved costs that in the opinion of State are justified, and shall include labor, and materials purchased or utilized (including all non-cancellable commitments) to termination date, and pro rata indirect costs as specified in the proposal budget.

6. Amendments

ARB if appropriate reserves the right to amend this agreement for additional time and/or additional funding.

7. Commercial General Liability Insurance

Contractor shall maintain commercial general liability with limits of not less than $1,000,000 per occurrence and $2,000,000 general aggregate for bodily injury and property damage liability combined. The policy shall include coverage for liabilities arising out of premises, operations, independent contractors, products, completed operations, personal & advertising injury, and liability assumed under an insured contract. This insurance shall apply separately to each insured against whom claim is made or suit is brought subject to the contractor's limit of liability.

The policy must include the State of California, its officers, agents, employees and servants as additional insured, but only insofar as the operations under the contract are concerned.

8. Workers' Compensation/Employer's Liability Insurance

Contractor shall maintain statutory workers' compensation and employer's liability coverage for all its employees who will be engaged in the performance of the contract, including

special coverage extensions where applicable. Employer's liability limits of $1,000,000 shall be required. A certificate of insurance shall be provided for this insurance.

9. Force Majeure

Except for defaults of subcontractors, neither party shall be responsible for delays or failures in performance resulting from acts beyond the control of the offending party. Such acts shall include but shall not be limited to acts of God, fire, flood, earthquake, other natural disaster, nuclear accident, strike, lockout, riot, freight embargo, public regulated utility, or governmental statutes or regulations superimposed after the fact. If a delay or failure in performance by the Contractor arises out of a default of its subcontractor, and if such default of its subcontractor, arises out of causes beyond the control of both the Contractor and subcontractor, and without the fault or negligence of either of them, the Contractor shall not be liable for damages of such delay or failure, unless the supplies or services to be furnished by the subcontractor were obtainable from other sources in sufficient time to permit the Contractor to meet the required performance schedule.

EXHIBIT E
ADDITIONAL PROVISIONS

1. DVBE Audit

Contractor agrees that the State or its delegate will have the right to review, obtain, and copy all records pertaining to Contractor's compliance with the Disabled Veteran Business Enterprise (DVBE) requirements as contained in Public Contract Code sections 10115 et. seq. Contractor agrees to provide State or its delegate with any relevant information requested and shall permit State or its delegate access to its premises, upon reasonable notice, during normal business hours for the purposes of interviewing employees and inspecting and copying such books, records, accounts, and other material that may be relevant to a matter under investigation for the purpose of determining compliance with the DVBE requirements. Contractor further agrees to maintain such records for a period of three years after final payment under this Agreement.

2. Computer Software

Contractor certifies that it has appropriate systems and controls in place to ensure that State funds will not be used in the performance of this contract for the acquisition, operation or maintenance of computer software in violation of copyright laws.

3. Priority Hiring Considerations

Contractor shall give priority consideration in filling vacancies in positions funded by this Agreement to qualified recipients of aid under Welfare and Institutions Code Section 11200.

4. Forced, Convict, and Indentured Labor

No foreign-made equipment, materials, or supplies furnished to State pursuant to this Agreement may be produced in whole or in part by forced labor, convict labor, or indentured labor. By submitting a proposal to State, Contractor agrees to comply with this provision of the Agreement.

5. Sole Proprietor

If signing this Agreement as a sole proprietor, Contractor certifies they are not an alien that is ineligible for state and local benefits, as defined in Subtitle B of the Personal Responsibility and Work Opportunity Act (8 USC 1601, et. seq.).

6. Copyrightable Materials

A. ARB reserves the right to any copyrightable materials developed under this Agreement. Upon acceptance of the copyrightable materials developed under this Agreement, and payment of the sums then due under the terms of the Agreement, ARB shall have the sole and exclusive right, title, and interest (including trade secret and copyright interests) in the copyrightable materials. Contractor and his or her subcontractors hereby assign(s) all rights, title, and interest (including trade secret and

copyright interest) in any copyrightable materials developed under this Agreement to ARB.

B. ARB, at its discretion, may grant a nonexclusive and paid-up license to Contractor and his or her subcontractors to use said copyrightable materials. Contractor and his or her subcontractors agree to cooperate with and assist ARB to apply for and to execute any applications and/or assignments reasonably necessary to obtain any patent, copyright, trademark, or other statutory protection for all copyrightable materials.

C. Contractor and his or her subcontractors shall not disclose any copyrightable materials, any of the deliverables thereof, or any portion thereof, to any other organization or person without the written consent of ARB.

D Contractor and his or her subcontractors shall not use the copyrightable materials, any of the deliverables thereof, or any portion thereof, in any other work performed by this Agreement subject to any license granted without the written consent of ARB.

E. Contractor's obligations under this provision shall survive the expiration or termination of this Agreement.

7. Recycling

A. Contractor agrees to use janitorial supplies (if necessary and when required) containing recycled paper products only.

B. Contractor agrees to use recycled paper only, unless the proposed printing job cannot be done on recycled paper.

C. Contractor agrees to use recycled solvents.

8. Confidentiality

It is expressly understood and agreed that information Contractor receives from State or from a third party in performing its obligations under this Agreement may be deemed confidential by State. Therefore, Contractor must:

A. Observe complete confidentiality with respect to such information, including without limitation, agreeing not to disclose or otherwise permit access to such information by any person or entity in any manner whatsoever unless such disclosure is required by law or legal process.

B. Take reasonable efforts to ensure that Contractor's employees, agents, representatives, and independent contractors are informed of the confidential nature of such information and ensure by agreement or otherwise that they are prohibited from copying or revealing, for any purpose whatsoever, the contents of such information or any part thereof, or from taking any action otherwise prohibited under this section.

C. Not use such information or any part thereof in the performance of services to others or for the benefit of others in any form whatsoever whether gratuitously or for valuable consideration, except as permitted under this Agreement.

D. Notify State promptly and in writing of the circumstances surrounding any possession, use or knowledge of such information or any part thereof by any person other than those authorized by this paragraph.

E. Ensure that Contractor's employees, agents, representatives and subcontractors sign and submit to the ARB Project Manager a Conflict of Interest and Confidentiality Statement (see Exhibit E, Attachment 1).

F. Adhere to all required ARB confidentiality and disclosure policies. All staff resources submitted by the Contractor are required to provide all requested background information.

G. Treat all information, deliverables, and work products as confidential. All information, deliverables, and work products cannot be disclosed in any form to any third party without ARB's written consent except when required by law or legal process. Contractor is authorized to maintain a copy of all information necessary to comply with its contractual obligations and applicable professional standards.

H. Not use, without ARB written approval, any ARB materials for any purpose other than performing the contracted services.

I. Not remove any ARB equipment and/or data on any activities outside ARB's secured environment without advance written approval from the ARB Project Manager.

J. At the conclusion of the engagement or upon termination of this contract, the Contractor shall surrender all transportable recorded media.

K. Upon confirmation of loss or theft, report any lost or stolen hardware and/or transportable-recorded media to ARB.

L. Provide ARB all pass phrases/passwords used for private keys to encrypt data used, produced or acquired in the course of performing duties under this Contract.

9. Conflict of Interest

A. The Contractor must ensure that no conflicts of interests exist between the services required under this Agreement and services provided by the Contractor to other clients or the Contractor's other business operations.

B. The Contractor must not have any financial interests in the outcome of any services it provides as a service provider under this contract except for fees for service under this contract.

C. The Contractor must have in place formal policies and procedures to identify and mitigate conflicts of interest, and ensure that the Contractor's organization, management

and employees avoid financial interests and activities that potentially create conflicts of interest.

D. The Contractor must not be subject to any of the provisions of the California Air Resources Board Mandatory Greenhouse Gas Emissions Reporting Regulation ("MRR") or California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms Regulation ("cap-and-trade regulation"), and Contractor must not have any financial interest in an entity subject to any of the provisions of the MRR or cap-and-trade regulation, including but not limited to covered entities and entities registered with ARB to create a compliance or holding accounts under the cap-and-trade regulation.

E. The Contractor must ensure that its employees and subcontractors meet and comply with the requirements described in 9.A through 9.D above.

F. Notwithstanding the foregoing, ARB reserves the right to determine, at its sole discretion, whether information received from any source indicates the existence of an actual or potential conflict of interest. If the State determines that a conflict of interest exists, or that there is an unavoidable appearance of a conflict of interest, that cannot be resolved to the satisfaction of ARB, such determination shall be grounds for termination of the Agreement immediately.

EXHIBIT E
ATTACHMENT 1

CONFLICT OF INTEREST AND CONFIDENTIALITY STATEMENT

I certify that I have no personal or financial interest and no present or past employment or investment activity which would be incompatible with my participation in any activity related to the requirements described in RFP No. 10-109 (the "Project").

I certify that I am not employed by an entity that is subject to any of the provisions of the California Air Resources Board Mandatory Greenhouse Gas Emissions Reporting Regulation ("MRR") or California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms Regulation ("cap-and-trade regulation"), and I do not have any financial interest in an entity that is subject to any of the provisions of the MRR or cap-and-trade regulations, including but not limited to covered entities and entities registered with ARB to create a compliance or holding account under the cap-and-trade regulations. I certify that I do not have any personal or financial interest in compliance instruments issued or accepted by ARB pursuant to the cap-and-trade regulations.

I certify that if I acquire a financial interest in an entity that is subject to any of the provisions of the MRR or cap-and-trade regulations or in compliance instruments issued or accepted by ARB pursuant to the cap-and-trade regulations I will immediately disclose this acquisition to ARB.

I certify that I will not accept any gift, benefit, gratuity or consideration, or begin a personal or financial interest in a party who is bidding/proposing, or associated with a bidder/proposer, on the Project.

I certify that I will keep confidential and secure and will not copy, give, or otherwise disclose to any other person or entity who has not signed a copy of this conflict of interest and confidentiality statement, all information concerning the Project which I learn or acquire in the course of performing duties under the Project, and I will follow any instructions provided by the ARB Project Manager relating to the confidentiality of Project information. I understand that the information that must be kept confidential ("confidential information") includes, but is not limited to:

a. All data, analyses, specifications, requirements, concepts and discussions received from ARB in the course of performing requirements under the Project.

b. Any personally identifying information, proprietary process or sensitive, non-public market data.

c. Any third-party confidential information included with, or incorporated in, information provided by ARB, or otherwise obtained in the course of performing requirements under the Project.

d. Communications with ARB staff, related to any of the requirements under the Project, including oral discussions, telephone conversations, emails, attachments, letters and faxes.

e. All notes, data, analyses, compilations or reports prepared by Receiving Party that contain or are based upon confidential information.

I certify that I will not use confidential information, or any part thereof, in the performance of services or for the benefit of any person or entity, in any form, whether gratuitously or for valuable consideration, except as provided under the Project, without the prior written consent of ARB. I understand that I am authorized to disclose information pursuant to law or legal process.

I certify that if I leave this Project before it ends, or at the termination of the Project, I will return all confidential information and copies thereof in my possession or control to ARB, and I will not disclose such information or otherwise make it available, in any form or manner, to any other person or entity.

I certify that I have read and understand this Conflict of Interest and Confidentiality Statement, including the requirements set forth therein related to conflict of interest, confidentiality and limitations on the use of confidential information.

I certify that I understand that any unauthorized disclosure of confidential information I make may be a basis for civil or criminal penalties and/or disciplinary action and I will advise the ARB Project Manager immediately in the event that I either learn or have reason to believe that any person who has access to Project confidential information has or intends to disclose that information in violation of this agreement.

Date: _____
Signature: _____
Printed Name: _____
Title _____
Organization _____
Telephone No.: _____
Fax No.: _____
Email Address: _____

ATTACHMENT 6
CALIFORNIA DISABLED VETERAN BUSINESS ENTERPRISE (DVBE) BID INCENTIVE INSTRUCTIONS

(09/03//09)

Please read the instructions carefully before you begin.

AUTHORITY. The Disabled Veteran Business Enterprise (DVBE) Participation Goal Program for State contracts is established in Public Contract Code (PCC), §10115 et seq., Military and Veterans Code (MVC), §999 et seq., and California Code of Regulations (CCR), Title 2, §1896.60 et seq. **Recent legislation has modified the program significantly in that a bidder may no longer demonstrate compliance with program requirements by performing a "good faith effort" (GFE).**

This solicitation does not include a minimum DVBE participation percentage or goal.

DVBE BID INCENTIVE. A DVBE incentive will be given to bidders who provide DVBE participation. For evaluation purposes only, the State shall apply a DVBE Bid incentive to bids that propose California certified DVBE participation as identified on the Bidder Declaration, GSPD-05-105, (located elsewhere within the solicitation document) and confirmed by the State. The DVBE incentive amount for awards based on low price will vary in conjunction with the percentage of DVBE participation. Unless a table that replaces the one below has been expressly established elsewhere within the solicitation, the following percentages will apply for awards based on low price.

Confirmed DVBE Participation of:	DVBE Incentive:
5% or Over	5%
4% to 4.99% inclusive	4%
3% to 3.99% inclusive	3%
2% to 2.99% inclusive	2%
1% to 1.99% inclusive	1%

As applicable: (1) Awards based on low price - the net bid price of responsive bids will be reduced (for evaluation purposes only) by the amount of DVBE incentive as applied to the lowest responsive net bid price. If the #1 ranked responsive, responsible bid is a California certified small business, the only bidders eligible for the incentive will be California certified small businesses. The incentive adjustment for awards based on low price cannot exceed 5% or $100,000, whichever is less, of the #1 ranked net bid price. When used in combination with a preference adjustment, the cumulative adjustment amount cannot exceed $100,000.

(2) Awards based on highest score - the solicitation shall include an individual requirement that identifies incentive points for DVBE participation.

INTRODUCTION. Bidders must document DVBE participation commitment by completing and submitting a Bidder Declaration, GSPD-05-105, (located elsewhere within the solicitation document). Bids or proposals (hereafter called "bids") that **fail to submit the required form to confirm the level of DVBE participation will not be eligible to receive the DVBE incentive.**

Information submitted by the intended awardee to claim the DVBE incentive(s) will be verified by the State. If evidence of an alleged violation is found during the verification process, the State shall initiate an investigation, in accordance with the requirements of the PCC §10115, et seq., and MVC §999 et seq., and follow the investigatory procedures required by the 2 CCR §1896.80. Contractors found to be in violation of certain provisions may be subject to loss of certification, penalties and/or contract termination.

Only State of California, Office of Small Business and DVBE Services (OSDS), certified DVBEs (hereafter called "DVBE") who perform a commercially useful function relevant to this solicitation, may be used to qualify for a DVBE incentive(s). The criteria and definition for performing a commercially useful function are contained herein on the page entitled **Resources & Information**. Bidders are to verify each DVBE subcontractor's certification with OSDS to ensure DVBE eligibility.

At the State's option prior to award of the contract, a written confirmation from each DVBE subcontractor identified on the Bidder Declaration must be provided. As directed by the State, the written confirmation must be signed by the bidder and/or the DVBE subcontractor(s). The written confirmation may request information that includes but is not limited to the DVBE scope of work, work to be performed by the DVBE, term of intended subcontract with the DVBE, anticipated dates the DVBE will perform required work, rate and conditions of payment, and total amount to be paid to the DVBE. If further verification is necessary, the State will obtain additional information to verify compliance with the above requirements.

THE DVBE BUSINESS UTILIZATION PLAN (BUP): DVBE BUPs are a company's commitment to expend a minimum of 3% of its total statewide contract dollars with DVBEs -- this percentage is based on all of its contracts held in California, not just those with the State. A DVBE BUP does not qualify a firm for a DVBE incentive. Bidders with a BUP, must submit a Bidders Declaration (GSPD-05-105) to confirm the DVBE participation for an element of work on this solicitation in order to claim a DVBE incentive(s).

THE FOLLOWING MAY BE USED TO LOCATE DVBE SUPPLIERS:

Awarding Department: Contact the department's contracting official named in this solicitation for any DVBE suppliers who may have identified themselves as potential subcontractors, and to obtain suggestions for search criteria to possibly identify DVBE suppliers for the solicitation. You may also contact the department's SB/DVBE Advocate for assistance.

Other State and Federal Agencies, and Local Organizations:

STATE: Access the list of all certified DVBEs by using the Department of General Services, Procurement Division (DGS-PD), online certified firm database at www.eprocure.dgs.ca.gov
To begin your search, click on "SB/DVBE Search." Search by "Keywords" or "United Nations Standard Products and Services Codes (UNSPSC) that apply to the elements of work you want to subcontract to a

DVBE. Check for subcontractor ads that may be placed on the California State Contracts Register (CSCR) for this solicitation prior to the closing date. You may access the CSCR at: www.eprocure.dgs.ca.gov. For questions regarding the online certified firm database and the CSCR, please call the OSDS at (916) 375-4940 or send an email to: OSDCHelp@dgs.ca.gov.

FEDERAL: Search the U.S. Small Business Administration's (SBA) Central Contractor Registration (CCR) on-line database at www.ccr.gov/ to identify potential DVBEs and click on the "Dynamic Small Business Search" button. Search options and information are provided on the CCR Dynamic Small Business Search site. First time users should click on the "help" button for detailed instructions. Remember to verify each firm's status as a California certified DVBE.

LOCAL: Contact local DVBE organization to identify DVBEs. For a list of local organizations, go to www.pd.dgs.ca.gov/smbus and select**:** DVBE Local Contacts (New 02/09) (pdf).

RESOURCES AND INFORMATION

For questions regarding bid documentation requirements, **contact the contracting official at the awarding department for this solicitation.** For a directory of SB/DVBE Advocates for each department go to: http://www.pd.dgs.ca.gov/smbus/advocate.htm.

The Department of General Services, Procurement Division (DGS-PD) publishes a list of trade and focus publications to assist bidders in locating DVBEs for a fee. To obtain this list, please go to www.pd.dgs.ca.gov/smbus and select:

- DVBE Trade Paper Listing (New 02/09) (pdf)
- DVBE Focus Paper Listing (New 02/09) (pdf)

U.S. Small Business Administration (SBA): Use the Central Contractor Registration (CCR) on-line database. *Internet contact only* –Database: www.ccr.gov/.	**FOR:** Service-Disabled Veteran-owned businesses in California (Remember to verify each DVBE's California certification.)
Local Organizations: Go to www.pd.dgs.ca.gov/smbus and select: DVBE Local Contacts (New 02/09) (pdf)	**FOR:** List of potential DVBE subcontractors
DGS-PD **EProcurement** Website: www.eprocure.dgs.ca.gov Phone: (916)375-2000 Email: eprocure@dgs.ca.gov	**FOR:** • SB/DVBE Search • CSCR Ads • Click on Training tab to Access eProcurement Training Modules including: Small Business (SB)/DVBE Search
DGS-PD **Office of Small Business and DVBE Services (OSDS)** 707 Third Street, Room 1-400, West Sacramento, CA 95605 Website: www.pd.dgs.ca.gov/smbus OSDS Receptionist, 8 am-5 pm: (916) 375-4940 PD Receptionist, 8 am-5 pm: (800) 559-5529 Fax: (916) 375-4950 Email: osdchelp@dgs.ca.gov	**FOR:** • Directory of California-Certified DVBEs • Certification Applications • Certification Information • Certification Status, Concerns • General DVBE Program Info. • DVBE Business Utilization Plan • Small Business/DVBE Advocates

Commercially Useful Function Definition

California Code of Regulations, Title 2, § 1896.61(l):
The term "DVBE contractor, subcontractor or supplier" means any person or entity that satisfies the ownership (or management) and control requirements of §1896.61(f); is certified in accordance with §1896.70; and provides services or goods that contribute to the fulfillment of the contract requirements by performing a commercially useful function.

As defined in MVC §999, a person or an entity is deemed to perform a "commercially useful function" if a person or entity does **all** of the following:

- Is responsible for the execution of a distinct element of the work of the contract.
- Carries out the obligation by actually performing, managing, or supervising the work involved.
- Performs work that is normal for its business services and functions.
- Is not further subcontracting a portion of the work that is greater than that expected to be subcontracted by normal industry practices.

A contractor, subcontractor, or supplier will not be considered to perform a commercially useful function if the contractor's, subcontractor's, or supplier's role is limited to that of an extra participant in a transaction, contract, or project through which funds are passed in order to obtain the appearance of disabled veteran business enterprise participation.

ATTACHMENT 7
Contractor Certification Clauses

CCC-307

CERTIFICATION

I, the official named below, CERTIFY UNDER PENALTY OF PERJURY that I am duly authorized to legally bind the prospective Contractor to the clause(s) listed below. This certification is made under the laws of the State of California.

Contractor/Bidder Firm Name (Printed)	*Federal ID Number*
By (Authorized Signature)	
Printed Name and Title of Person Signing	
Date Executed	*Executed in the County of*

1. STATEMENT OF COMPLIANCE: Contractor has, unless exempted, complied with the nondiscrimination program requirements. (Gov. Code §12990 (a-f) and CCR, Title 2, Section 8103) (Not applicable to public entities.)

2. DRUG-FREE WORKPLACE REQUIREMENTS: Contractor will comply with the requirements of the Drug-Free Workplace Act of 1990 and will provide a drug-free workplace by taking the following actions:

a. Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations.

b. Establish a Drug-Free Awareness Program to inform employees about:

1) the dangers of drug abuse in the workplace;
2) the person's or organization's policy of maintaining a drug-free workplace;
3) any available counseling, rehabilitation and employee assistance programs; and,
4) penalties that may be imposed upon employees for drug abuse violations.

c. Every employee who works on the proposed Agreement will:

1) receive a copy of the company's drug-free workplace policy statement; and,

2) agree to abide by the terms of the company's statement as a condition of employment on the Agreement.

Failure to comply with these requirements may result in suspension of payments under the Agreement or termination of the Agreement or both and Contractor may be ineligible for award of any future State agreements if the department determines that any of the following has occurred: the Contractor has made false certification, or violated the certification by failing to carry out the requirements as noted above. (Gov. Code §8350 et seq.)

3. NATIONAL LABOR RELATIONS BOARD CERTIFICATION: Contractor certifies that no more than one (1) final unappealable finding of contempt of court by a Federal court has been issued against Contractor within the immediately preceding two-year period because of Contractor's failure to comply with an order of a Federal court, which orders Contractor to comply with an order of the National Labor Relations Board. (Pub. Contract Code §10296) (Not applicable to public entities.)

4. CONTRACTS FOR LEGAL SERVICES $50,000 OR MORE- PRO BONO REQUIREMENT: Contractor hereby certifies that contractor will comply with the requirements of Section 6072 of the Business and Professions Code, effective January 1, 2003.

Contractor agrees to make a good faith effort to provide a minimum number of hours of pro bono legal services during each year of the contract equal to the lesser of 30 multiplied by the number of full time attorneys in the firm’s offices in the State, with the number of hours prorated on an actual day basis for any contract period of less than a full year or 10% of its contract with the State.

Failure to make a good faith effort may be cause for non-renewal of a state contract for legal services, and may be taken into account when determining the award of future contracts with the State for legal services.

5. EXPATRIATE CORPORATIONS: Contractor hereby declares that it is not an expatriate corporation or subsidiary of an expatriate corporation within the meaning of Public Contract Code Section 10286 and 10286.1, and is eligible to contract with the State of California.

6. SWEATFREE CODE OF CONDUCT:

a. All Contractors contracting for the procurement or laundering of apparel, garments or corresponding accessories, or the procurement of equipment, materials, or supplies, other than procurement related to a public works contract, declare under penalty of perjury that no apparel, garments or corresponding accessories, equipment, materials, or supplies furnished to the state pursuant to the contract have been laundered or produced in whole or in part by sweatshop labor, forced labor, convict labor, indentured labor under penal sanction, abusive forms of child labor or exploitation of children in sweatshop labor, or with the benefit of sweatshop labor, forced labor, convict labor, indentured labor under penal sanction, abusive forms of child labor or exploitation of children in sweatshop labor. The contractor further declares under penalty of perjury that they adhere to the Sweatfree Code of Conduct as set forth on the California Department of Industrial Relations website located at www.dir.ca.gov, and Public Contract Code Section 6108.

b. The contractor agrees to cooperate fully in providing reasonable access to the contractor's records, documents, agents or employees, or premises if reasonably required by authorized officials of the contracting agency, the Department of Industrial Relations, or the Department of Justice to determine the contractor's compliance with the requirements under paragraph (a).

7. DOMESTIC PARTNERS: For contracts over $100,000 executed or amended after January 1, 2007, the contractor certifies that contractor is in compliance with Public Contract Code section 10295.3.

DOING BUSINESS WITH THE STATE OF CALIFORNIA

The following laws apply to persons or entities doing business with the State of California.

1. CONFLICT OF INTEREST: Contractor needs to be aware of the following provisions regarding current or former state employees. If Contractor has any questions on the status of any person rendering services or involved with the Agreement, the awarding agency must be contacted immediately for clarification.

Current State Employees (Pub. Contract Code §10410):

1). No officer or employee shall engage in any employment, activity or enterprise from which the officer or employee receives compensation or has a financial interest and which is sponsored or funded by any state agency, unless the employment, activity or enterprise is required as a condition of regular state employment.

2). No officer or employee shall contract on his or her own behalf as an independent contractor with any state agency to provide goods or services.

Former State Employees (Pub. Contract Code §10411):

1). For the two-year period from the date he or she left state employment, no former state officer or employee may enter into a contract in which he or she engaged in any of the negotiations, transactions, planning, arrangements or any part of the decision-making process relevant to the contract while employed in any capacity by any state agency.

2). For the twelve-month period from the date he or she left state employment, no former state officer or employee may enter into a contract with any state agency if he or she was employed by that state agency in a policy-making position in the same general subject area as the proposed contract within the 12-month period prior to his or her leaving state service.

If Contractor violates any provisions of above paragraphs, such action by Contractor shall render this Agreement void. (Pub. Contract Code §10420)

Members of boards and commissions are exempt from this section if they do not receive payment other than payment of each meeting of the board or commission, payment for preparatory time and payment for per diem. (Pub. Contract Code §10430 (e))

2. LABOR CODE/WORKERS' COMPENSATION: Contractor needs to be aware of the provisions which require every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions, and Contractor affirms to comply with such provisions before commencing the performance of the work of this Agreement. (Labor Code Section 3700)

3. AMERICANS WITH DISABILITIES ACT: Contractor assures the State that it complies with the Americans with Disabilities Act (ADA) of 1990, which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA. (42 U.S.C. 12101 et seq.)

4. CONTRACTOR NAME CHANGE: An amendment is required to change the Contractor's name as listed on this Agreement. Upon receipt of legal documentation of the name change the State will process the amendment. Payment of invoices presented with a new name cannot be paid prior to approval of said amendment.

5. CORPORATE QUALIFICATIONS TO DO BUSINESS IN CALIFORNIA:

a. When agreements are to be performed in the state by corporations, the contracting agencies will be verifying that the contractor is currently qualified to do business in California in order to ensure that all obligations due to the state are fulfilled.

b. "Doing business" is defined in R&TC Section 23101 as actively engaging in any transaction for the purpose of financial or pecuniary gain or profit. Although there are some statutory exceptions to taxation, rarely will a corporate contractor performing within the state not be subject to the franchise tax.

c. Both domestic and foreign corporations (those incorporated outside of California) must be in good standing in order to be qualified to do business in California. Agencies will determine whether a corporation is in good standing by calling the Office of the Secretary of State.

6. RESOLUTION: A county, city, district, or other local public body must provide the State with a copy of a resolution, order, motion, or ordinance of the local governing body which by law has authority to enter into an agreement, authorizing execution of the agreement.

7. AIR OR WATER POLLUTION VIOLATION: Under the State laws, the Contractor shall not be: (1) in violation of any order or resolution not subject to review promulgated by the State Air Resources Board or an air pollution control district; (2) subject to cease and desist order not subject to review issued pursuant to Section 13301 of the Water Code for violation of waste discharge requirements or discharge prohibitions; or (3) finally determined to be in violation of provisions of federal law relating to air or water pollution.

8. PAYEE DATA RECORD FORM STD. 204: This form must be completed by all contractors that are not another state agency or other governmental entity.

http://www.ols.dgs.ca.gov/Standard+Language/default.htm

Attachment 8
Payee Data Record (STD 204)

STATE OF CALIFORNIA-DEPARTMENT OF FINANCE

PAYEE DATA RECORD

(Required when receiving payment from the State of California in lieu of IRS W-9)
STD. 204 (Rev. 6-2003)

1

INSTRUCTIONS: Complete all information on this form. Sign, date, and return to the State agency (department/office) address shown at the bottom of this page. Prompt return of this **fully completed** form will prevent delays when processing payments. Information provided in this form will be used by State agencies to prepare Information Returns (1099). See reverse side for more information and Privacy Statement.

NOTE: Governmental entities, federal, State, and local (including school districts), are not required to submit this form.

2

PAYEE'S LEGAL BUSINESS NAME (Type or Print)	
SOLE PROPRIETOR – ENTER NAME AS SHOWN ON SSN (Last, First, M.I.)	**E-MAIL ADDRESS**
MAILING ADDRESS	**BUSINESS ADDRESS**
CITY, STATE, ZIP CODE	**CITY, STATE, ZIP CODE**

3

PAYEE ENTITY TYPE

CHECK ONE BOX ONLY

ENTER FEDERAL EMPLOYER IDENTIFICATION NUMBER (FEIN): ___ – _____

☐ **PARTNERSHIP**

☐ **ESTATE OR TRUST**

CORPORATION:
- ☐ **MEDICAL** (e.g., dentistry, psychotherapy, chiropractic, etc.)
- ☐ **LEGAL** (e.g., attorney services)
- ☐ **EXEMPT** (nonprofit)
- ☐ **ALL OTHERS**

☐ **INDIVIDUAL OR SOLE PROPRIETOR ENTER SOCIAL SECURITY NUMBER:** ___ – __ – ____

(SSN required by authority of California Revenue and Tax Code Section 18646)

NOTE: Payment will not be processed without an accompanying taxpayer I.D. number.

4

PAYEE RESIDENCY STATUS

☐ California resident - Qualified to do business in California or maintains a permanent place of business in California.

☐ California nonresident (see reverse side) - Payments to nonresidents for services may be subject to State income tax withholding.
- ☐ No services performed in California.
- ☐ Copy of Franchise Tax Board waiver of State withholding attached.

5

I hereby certify under penalty of perjury that the information provided on this document is true and correct. Should my residency status change, I will promptly notify the State agency below.

AUTHORIZED PAYEE REPRESENTATIVE'S NAME (Type or Print)		**TITLE**
SIGNATURE	**DATE**	**TELEPHONE** ( )

6

Please return completed form to:

Department/Office: _____

Unit/Section: _____

Mailing Address: _____

City/State/Zip: _____

Telephone: (___) _____ **Fax:** (___) _____

E-mail Address: _____

Attachment 8 (page 2)

STATE OF CALIFORNIA-DEPARTMENT OF FINANCE

PAYEE DATA RECORD

STD. 204 (Rev. 6-2003)(REVERSE)(CA ST PKS, EXCEL 9/22/2004)

1	**Requirement to Complete Payee Data Record, STD. 204** A completed Payee Data Record, STD. 204, is required for payments to all non-governmental entities and will be kept on file at each State agency. Since each State agency with which you do business must have a separate STD. 204 on file, it is possible for a payee to receive this form from various State agencies. Payees who do not wish to complete the STD. 204 may elect to not do business with the State. If the payee does not complete the STD. 204 and the required payee data is not otherwise provided, payment may be reduced for federal backup withholding and nonresident State income tax withholding. Amounts reported on Information Returns (1099) are in accordance with the Internal Revenue Code and the California Revenue and Taxation Code
2	Enter the payee's legal business name. Sole proprietorships must also include the owner's full name. An individual must list his/her full name. The mailing address should be the address at which the payee chooses to receive correspondence. Do not enter payment address or lock box information here.
3	Check the box that corresponds to the payee business type. Check only one box. Corporations must check the box that identifies the type of corporation. The State of California requires that all parties entering into business transactions that may lead to payment(s) from the State provide their Taxpayer Identification Number (TIN). The TIN is required by the California Revenue and Taxation Code Section 18646 to facilitate tax compliance enforcement activities and the preparation of Form 1099 and other information returns as required by the Internal Revenue Code Section 6109(a). The TIN for individuals and sole proprietorships is the Social Security Number (SSN). Only partnerships, estates, trusts, and corporations will enter their Federal Employer Identification Number (FEIN).
4	**Are you a California resident or nonresident?** A corporation will be defined as a "resident" if it has a permanent place of business in California or is qualified through the Secretary of State to do business in California. A partnership is considered a resident partnership if it has a permanent place of business in California. An estate is a resident if the decedent was a California resident at time of death. A trust is a resident if at least one trustee is a California resident. For individuals and sole proprietors, the term "resident" includes every individual who is in California for other than a temporary or transitory purpose and any individual domiciled in California who is absent for a temporary or transitory purpose. Generally, an individual who comes to California for a purpose that will extend over a long or indefinite period will be considered a resident. However, an individual who comes to perform a particular contract of short duration will be considered a nonresident. Payments to all nonresidents may be subject to withholding. Nonresident payees performing services in California or receiving rent, lease, or royalty payments from property (real or personal) located in California will have 7% of their total payments withheld for State income taxes. However, no withholding is required if total payments to the payee are $1,500 or less for the calendar year. For information on Nonresident Withholding, contact the Franchise Tax Board at the numbers listed below: Withholding Services and Compliance Section: 1-888-792-4900 E-mail address: wscs.gen@ftb.ca.gov For hearing impaired with TDD, call: 1-800-822-6268 Website: www.ftb.ca.gov
5	Provide the name, title, signature, and telephone number of the individual completing this form. Provide the date the form was completed.
6	This section must be completed by the State agency requesting the STD. 204.
	Privacy Statement Section 7(b) of the Privacy Act of 1974 (Public Law 93-579) requires that any federal, State, or local governmental agency, which requests an individual to disclose their social security account number, shall inform that individual whether that disclosure is mandatory or voluntary, by which statutory or other authority such number is solicited, and what uses will be made of it. It is mandatory to furnish the information requested. Federal law requires that payment for which the requested information is not provided is subject to federal backup withholding and State law imposes noncompliance penalties of up to $20,000. You have the right to access records containing your personal information, such as your SSN. To exercise that right, please contact the business services unit or the accounts payable unit of the State agency(ies) with which you transact that business. All questions should be referred to the requesting State agency listed on the bottom front of this form.