



State of Delaware
Delaware State Treasury
on behalf of the Deferred Compensation Council
Enters Into Contract With
ParenteBeard
Delaware State Treasury Contract Number RFP13-CPA-01

For a professional services engagement of

ParenteBeard LLC

This Contract, entered into by and between ParenteBeard LLC (hereinafter called "Contractor") and the State of Delaware ("State") through the Delaware State Treasury (the "Treasury") on behalf of the Deferred Compensation Council (the "DCC"),

Witnesses that:

Whereas, the Treasury desires to engage the Contractor to render certain professional services in accordance with the Request for Proposal (RFP13-CPA-01) and the Contractor's proposal dated June 10, 2013.

NOW THEREFORE, in consideration of the mutual promises set forth herein, the State and Advisor agree as follows:

It is hereby agreed between the parties hereto as follows:

1. Employment of the Contractor. The Treasury agrees to engage the Contractor and the Contractor agrees to perform the services as set forth in the Request for Proposal RFP13-CPA-01 and the Contractor's Engagement Letter dated July 10, 2013 (the "Engagement Letter"). These services shall be referred to as the "engagement."

Should conditions not now anticipated preclude the Contractor from completing the engagement and issuing a report as contemplated by the preceding paragraph, the Contractor will advise the Treasury promptly, but no later than five (5) business days and take such further action as the Treasury and the Contractor deem appropriate.

2. Deliverables.

Deliverable #1. The Contractor will be required to submit a recommendation to the Treasury specifying whether GASB or FASB standards apply to the engagement, which shall include citations in support of the recommended standards. The Treasury shall make a final decision on (i) the standards that will be applied to the engagement and (ii) the financial statement format with draft footnote disclosure. The draft financial statements and related note disclosures are not expected to have financial estimates or numbers, and are solely for the purpose of ensuring sufficient information for the Treasury's plan monitoring and administration.

Deliverable #2. The Contractor shall provide a detailed engagement plan that includes a draft of the financial statement format and related note disclosures format must be submitted to Treasury staff for review and approval before the compilation work can begin. These draft formats are not expected to have financial estimates or numbers, and are solely for the purpose of ensuring sufficient information is available and audited for the Treasury's ongoing plan monitoring and management of the State's plans.

Deliverable #3. Once Deliverable #1 & #2 are reviewed and approved by the Treasury, the Contractor will ensure any updates to the engagement planned along with change orders, if required, are submitted to the Treasury for approval. The Contractor will be required to produce the requisite financial statements for the period under compilation on a schedule to be determined jointly and approved by the Treasury.

3. Compensation. Compensation is enumerated in the Contractor's Engagement Letter. The Contractor is to receive a fee in accordance with the Schedule attached hereto as Appendix A. Pursuant to Appendix A, fees shall be billed 30, 60 and 90 percent of completion. The Contractor will not request additional payments directly from the engagement entity or enter into negotiations for additional services, consulting or otherwise, without prior consent from the Treasury.

Billings are based on the hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the Contractor's Engagement Letter.

The invoice for each engagement must include the following: (1) name of engagement entity/engagement; (2) amount and percentage of completion or final invoice; and (3) a breakdown of staff and hours for each as represented in the Engagement Letter, including the corresponding hourly rate and the amounts, descriptions, and dates of all out-of-pocket

expenses for which reimbursement is requested. Ten percent of the contract amount will be retained until the final work product has been reviewed and accepted by the Treasury.

Contractor agrees to bill the Treasury only for actual work performed and out-of-pocket expenses incurred during its performance of the engagement. Contractor must submit all invoices in electronic format for the Treasury approval to Mike.Green@state.de.us and Daniel.Kimmel@state.de.us. No paper invoices will be accepted. When applicable, the Treasury will forward the approved invoice for payment.

Any additional work outside the contract or for additional fees related to the contract is not permitted without the Treasury's prior knowledge and approval.

Engagement Data. All information, data, reports, and records, as are necessary for carrying out the work, shall be furnished to the Contractor and the Treasury shall use its good faith efforts to cooperate with the Contractor in every way possible in performing the work. The Treasury will provide the Contractor with a vendor contact list of 403(b) providers and will authorize the Contractor to communicate directly with the vendors in regards to engagement data. The services of the Contractor are to commence at signing of this Contract and, unless otherwise granted in writing will follow the fee schedule in Appendix A of this Contract. Michael Green, Financial Investment Program Manager, is appointed as your Treasury Liaison for this Contract and can be reached at 302-672-6704, or mike.green@state.de.us. The Treasury Liaison requires a minimum of 10 business days for each review and to return any comments to the Contractor. Reports must be formatted in accordance with a template approved by the Treasury and submitted electronically.

4. Personnel.

a. All of the services required under this Contract shall be performed by the Contractor or under its supervision, and all personnel engaged in the work shall be fully qualified and shall be authorized under State and local law to perform such services.

b. No work or services shall be subcontracted or performed by a third party service provider to complete the engagement.

c. The Contractor represents that it has, or will secure at its own expense, all personnel required in performing the services under this Contract.

d. The Contractor states that the organization is an equal opportunity employer. No person or group shall be excluded from participation, denied any benefits, or subjected to discrimination on the basis of race, color, national origin, or disabilities.

e. The Contractor is an independent contractor and the Contractor shall not be deemed an employee or agent of the State.

5. Use of Work Product. All reports developed under this Contract are the sole and exclusive property of the State, and the State has the exclusive right to their use.

6. Assurances. The Contractor hereby assures and certifies that it will comply with the pertinent laws, regulations, policies, guidelines, and requirements of the jurisdiction in which the Contract is performed. Also, the Contractor assures and certifies with respect to the Contract that:

- a. The Contractor is legally authorized to enter into this Contract.
- b. The Contractor shall establish safeguards to prohibit employees from using their positions for a purpose that is, or gives the appearance of being, motivated by a desire for unlawful gain for themselves or others, particularly those with whom they have family, business, or other ties.
- c. The Contractor is independent and will notify the Treasury of any independence or potential independence issues immediately.
- d. The Contractor is currently licensed to practice in the State or has reciprocity, and has provided the Treasury with a copy of the Contractor's State Business License issued by the Division of Revenue and the proper licensure for the Contractor.
- e. The Contractor will maintain its requirements under the professional standards.
- f. The Contractor will notify the Treasury within 7 business days if it is subject to an investigation or charges under the American Institute of CPAs or respective State Board of Accountancy relevant to this or similar government engagements.
- g. The Contractor is, and will remain for the duration of this Contract, in good financial standing with the State.

7. Assignability. Neither party shall assign or otherwise transfer any interest in this Contract without the prior written consent of the other.

8. Compliance with State IT Standards. The Contractor shall be responsible for the professional quality, technical accuracy, timely completion, and coordination of all services furnished by the Contractor, its subcontractors and its principals, officers, employees and agents under the Contract. In performing the specified services, the Contractor shall follow practices consistent with generally accepted professional and technical standards. At the written request of the State, the Contractor will review the standards promulgated by the Department of Technology and Information ("DTI") published at <http://dti.delaware.gov/>, and as modified from

time to time by DTI during the term of the Contract. Upon such review, the Contractor, in its discretion, may implement one or more standards. The Contractor shall be responsible for ensuring that all services, products and deliverables furnished pursuant to the Contract comply with the standards promulgated by the Department of Technology and Information ("DTI") published at <http://dti.delaware.gov/>, and as modified from time to time by DTI during the term of the Contract. If any service, product or deliverable furnished pursuant to the Contract does not conform with DTI standards, the Contractor shall, at its expense and option either (1) replace it with a conforming equivalent or (2) modify to conform with DTI standards. The Contractor shall be and remain liable in accordance with the terms of the Contract and applicable law for all damages to Delaware caused by the Contractor's failure to ensure compliance with DTI standards.

9. Interest of the Contractor. The Contractor covenants that it presently has no interest and shall not acquire any interest, direct or indirect, which would create a conflict of interest that would materially impact the Contractor's ability to perform the services required to be performed under this Contract. The Contractor further covenants that in the performance of the Contract, no person having any such interest shall be assigned to this engagement.

10. Confidentiality of Data & Information. As enumerated in the Request for Proposal section of this contract.

11. Audits and Inspections. Upon request, during normal business hours and as often as the Treasury may deem necessary, the Contractor shall make available for examination to the Treasury and/or its representatives, its records with respect to all matters covered by this Contract and will permit the Treasury and/or its representatives to audit, examine, and make copies of such records at the requestor's own expense. Contractor shall not provide any such access pursuant to this paragraph to the extent that doing so could, in Contractor's reasonable opinion, violate applicable professional standards, Contractor's independence, and/or the integrity of the engagement.

12. Indemnification. The Contractor shall defend, indemnify, and save harmless the State from and against all liability, damages, costs or expenses, causes of actions, suits, judgments, losses, and claims, including reasonable attorneys' fees, brought against the State arising out of or resulting from the performance of the services by the Contractor under the Contract resulting from this RFP13-CPA-01 to the extent caused by the Contractor's negligence or arising from any breach or default by the Contractor under such Contract. The foregoing obligation of the Contractor to defend, indemnify, and hold harmless the State shall not extend or apply to any claim alleging that the State's financial statements are inaccurate or incomplete or were not prepared in accordance with generally accepted accounting principles. Further, in no event will the Contractor indemnify and hold harmless the State from any claims or liabilities resulting from the acts of the State.

13. Funding Out Clause. If sufficient funds are not appropriated by the Delaware General Assembly or other appropriate federal or State entities to sustain in whole or in part, the Contractor's performance under this Contract, or if such appropriation is reduced such that its amount is insufficient to sustain said performance, this agreement shall be null and void at the insistence of the Treasury. If such termination should occur, the Treasury shall advise the Contractor as soon as practicable and Contractor shall be entitled to receive payment for all services incurred through the date of termination upon proper receipt of an invoice for such services by Contractor to the Treasury.

14. Changes. The Treasury may request a change in the scope of services of the Contractor to be performed under this Contract. Such changes, including any increase or decrease in the amount of the Contractor's compensation, which are mutually agreed upon by and between the Treasury and the Contractor, shall be incorporated in written amendments to the Contract as permitted by law.

15. Termination. The Treasury may terminate this Contract for cause under this Contract, at any time, by giving written notice to the Contractor of such termination. The notice shall state the effective date. Upon such termination, the Contractor will be paid for the hours of work actually completed.

The State may terminate this Contract for convenience. This Contract may be terminated in whole or in part by Delaware for its convenience, but only after Contractor is given not less than 30 calendar days written notice of intent to terminate; and an opportunity for consultation with Delaware prior to termination to cure the circumstances identified in the notice to the Treasury's satisfaction. Upon such termination, and Contractor shall be entitled to receive payment for services incurred through the date of termination upon proper receipt of an invoice for such services by Contractor to the Treasury.

The Contractor shall not be relieved of any liability to the State for damages suffered by it by virtue of any breach of the Contract by the Contractor. The Treasury may withhold any payments to the Contractor for the purpose of set off for such damages. The Treasury may review engagement documentation for work performed up to the date of termination, pursuant to section 12 hereof. In the event of a termination for default or convenience, Contractor shall not have any liability to the Treasury as a result of the Treasury's use of any unfinished, incomplete, or draft work products and materials that are furnished to it, provided that Contractor has notified the Treasury of the incomplete status of such material.

16. Severability. If any portion of this Contract is held to be void, invalid, or otherwise unenforceable, in whole or part, the remaining portions of this Contract shall remain in effect.

17. Entire Agreement. This Contract, any subsequent amendments, and any separate confidentiality agreement the parties may sign, the Purchase Order, the Request for Proposal, and the Contractor's proposal, contain the entire agreement between the parties. In the

event there is a conflict between any of these contract documents, the following order of documents governs so that the former prevails over the latter: Contract, RFP13-CPA-01, any subsequent amendments and any separate confidentiality agreement the parties may sign, the Purchase Order, the Request for Proposal, and the Contractor's proposals and any addendums to the proposals.

18. Governing Law. This Contract shall be governed by the Laws of Delaware. The Contractor agrees that any litigation relating to this Contract shall be filed and litigated in a court in the State.

This Contract will be binding on both parties upon signature of the Contractor and the Treasury and upon receipt by the Contractor of an approved State purchase order. The Treasury reserves the right to audit conformance to the contract terms and may perform this audit with a third party at its discretion.

In Witness Whereof, the State of Delaware through the Delaware State Treasury on behalf of the Deferred Compensation Council and Contractor has executed this contract through their duly authorized representatives.

Delaware Deferred Compensation Council:

Name: Chipman "Chip" Flowers, Jr., Esq.
Title: Delaware State Treasurer

Signature: _____

Original on File

Date: _____

7/11/2013

Contractor:

ParenteBeard

John W. Compton, Jr.

Print Name: _____

John W. Compton, Jr. CPA, CGFM

Title: _____

Partner, PARENTEBEARD LLC

Signature: _____

Original on File

Date: _____

7/10/13