

STATE OF TEXAS §  
COUNTY OF TRAVIS §

<b>Division/Org Code:</b>	110/701	<b>Program Name:</b>	Texas Permanent School Fund
<b>Speed Chart:</b>	4A026	<b>Legal/Funding Authority:</b>	Texas Constitution Article VII
<b>Payee Name:</b>	Blackrock Financial Management, Inc.	<b>Contract #:</b>	3182
<b>Payee ID ISAS</b>	113-3806691	<b>PO #:</b>	33104

## TEXAS EDUCATION AGENCY STANDARD CONTRACT

### ARTICLE I. PARTIES TO CONTRACT

This agreement is entered into by and between the Texas Education Agency ("TEA"), a Texas State Agency, and Blackrock Financial Management, Inc. (through its business unit, "BlackRock Solutions"), 55 East 52<sup>nd</sup> Street New York, NY 10055 ("Contractor" or "BlackRock"), and has an effective date of June \_\_, 2014 (the "Effective Date").

### ARTICLE II. PERIOD OF CONTRACT

TEA shall pay Contractor for the reasonable and approved costs incurred by Contractor in connection with the Contract Project during the period beginning on the Effective Date and ending August 31, 2019, unless extended or terminated as otherwise provided for in this contract. Upon written mutual agreement of both parties, this contract may be extended for one (1) additional 36 month term to commence on the first day after the original contract period under the same or different terms subject to appropriation of funds by the Texas Legislature for this project, if applicable.

### ARTICLE III. PURPOSES OF CONTRACT

Contractor shall perform all of the functions and duties set described herein and in the appendices to this Contract, which are attached hereto and incorporated by reference.

### ARTICLE IV. PAYMENT UNDER CONTRACT

Subject to the availability to TEA of funds for the purpose(s) of this contract, TEA shall pay to Contractor by State of Texas warrant(s) an estimated amount not to exceed \$13,000,000 for the performance, satisfactory to the TEA, of Contractor's functions and duties under the original term of this Contract ("Original Term Fee Limit"). Payment to Contractor by TEA will be made only in accordance with the relevant appendices to this Contract, which are attached hereto and incorporated herein by reference. TEA shall provide Contractor with written notice in the event that the Fees payable to Contractor hereunder reach 80% of the Original Term Fee Limit. Following the provision of such notice, and only to the extent necessary to be able to satisfy its remaining payment obligations under Appendix 1 Section E of this Contract, TEA shall deploy reasonable efforts to secure the requisite funding and/or approval to increase the Original Term Fee Limit, and TEA shall provide Contractor with written confirmation of such increase. In the event that TEA is unable to increase the Original Term Fee Limit, Contractor shall have the right to terminate the Agreement in its sole discretion once the Original Term Fee Limit is reached by providing thirty (30) Business Days' prior written notice to TEA. If Contractor agrees to continue providing the Services after the Original Term Fee Limit is reached, and TEA subsequently secures approval to raise the Original Term Fee Limit, then TEA shall be liable for Fees that accrued during such period of time that Contractor continued to provide the Services.

### ARTICLE V. GENERAL AND SPECIAL PROVISIONS OF CONTRACT

Attached hereto and incorporated herein by reference are the General Provisions and the Special Provisions indicated below with an "X" beside each:

- ☒ Special Provisions A, Program Specific
- ☒ Special Provisions B, Historically Underutilized Business Subcontracting Plan

Pursuant to Section 2252.901 of the Texas Government Code, Contractor certifies that it is not a former employee of TEA or that Contractor has not been an employee of TEA for twelve (12) months prior to the beginning date of this contract.

Contractor must make full disclosure of intent by Contractor's BlackRock Solutions business to employ, or engage as an independent contractor, any individual who is known to BlackRock to be a current employee of TEA (or who known to BlackRock as someone who has ended his or her employment with TEA within the preceding twelve month period) and who will serve in a role within Contractor's BlackRock Solutions business that is specifically dedicated to supporting Contractor's provision of services to TEA pursuant to the Contract.

Contractor shall be an independent contractor for matters relating to this Contract. Contractor and its employees are not employees of TEA for any purpose and shall not be entitled to participate in any plan, arrangement, or distribution by TEA pertaining to or in connection with any pension, bonus, or other benefit extended to TEA employees.

ARTICLE VI. ENTIRE CONTRACT

This contract together with the documents including but not limited to Appendices, Attachments, Exhibits, Proposal Responses, mentioned herein and incorporated by reference, contains the entire agreement between the parties relating to the rights granted and the obligations assumed in it. Any oral representations or modifications concerning this contract shall be of no force or effect unless contained in a subsequent amendment executed by both parties.

AGREED and accepted on behalf of Contractor effective beginning on the date of the Contract as specified above and as indicated by signature below of a person authorized to bind Contractor.

Typed name: SUDHIR NAIR

Sudhir Nair  
Authorized Signature

Typed title: MANAGING DIRECTOR

**This section reserved for TEA use.**

I, an authorized official of the Texas Education Agency, hereby certify that this contract is in compliance with the authorizing program statute and applicable regulations and authorize the services to be performed as written above.

AGREED and accepted on behalf of Agency this 21<sup>st</sup> day of June 2014 (month/year) by a person authorized to bind Agency.

Return three (3) copies with original signature to:

Catherine A. Civileto  
Deputy Executive Administrator  
Texas Permanent School Fund

Texas Education Agency  
400 West 15<sup>th</sup> Street, Suite 1100  
Austin, Texas 78701

Shirley Beaulieu  
Shirley Beaulieu, Associate Commissioner of  
Finance and CFO

## APPENDIX 1

- A. The definition of terms in the General Provisions are incorporated herein.
- B. RFO Response Affirmations. Subject to the qualifications below, BlackRock affirms that to the best of its knowledge:
1. Documents C, D, F, questions 6-24 and 392-409 and appendices 2 and 3 in Document G, and Document L (including the BlackRock Addendum attached thereto) in the response that BlackRock submitted to TEA in response to Request for Offer 701-13-016 entitled "Order Management System for the Texas Permanent School Fund" (the "BlackRock Response") were accurate on the date of submittal (April 16, 2013) and remain accurate in all material respects as of the date of this Contract;
  2. the services that BlackRock has agreed to provide under this Contract are set forth in Schedule A in the Aladdin Services Agreement and Schedule A is materially consistent with Document E of the BlackRock Response, and vice versa, in all relevant respects; and
  3. Document K of the BlackRock Response (the BlackRock Historically Underutilized Businesses Subcontracting Plan) is accurate as of the date of this Contract.

The foregoing affirmations are subject to, and qualified in their entirety by (i) BlackRock's reasonable interpretation of the questions and descriptions of the functional requirements set forth in, and within the framework of, the Request for Offer 701-3-016 entitled "Order Management System for the Texas Permanent School Fund"; (ii) the understanding that certain functional requirements may be supported by BlackRock through a combination of technology and business work flows utilized by TEA; (iii) changes in the ordinary course with respect to numerical figures and personnel involving BlackRock; (iv) any contrary or updated information that BlackRock provided in writing to TEA; and (v) the terms of this Contract, which terms prevail to the extent they conflict with the BlackRock Response.

- C. If there is a conflict or ambiguity between or among the terms of the documents that constitute this Contract, and if that conflict or ambiguity cannot be resolved by construing the terms so as to harmonize all their terms, then the conflict or ambiguity shall be resolved with the following Contract documents prevailing in the following order of priority:
- Special Provisions;
  - General Provisions of the Standard Contract; and
  - The Standard Contract, inclusive of all appendices;
- D. Description of Services/Activities:

Implementation of BlackRock's proprietary Aladdin® trading, portfolio management and risk reporting system for use by the Texas Permanent School Fund (the "Fund").

Contractor is providing a hosted service solution for the Fund's needs for order management electronic solutions.

The scope is more fully described in the Contractor's Aladdin® Services Agreement Section 1 (a) – (i).

E. Fee Proposal:

1. **General:**

- a. All fees shall be payable in accordance with the Texas Prompt Pay Act- Texas Government Code Section 2251.
- b. Aladdin Service Fees, Portfolio Fees, User Fees, and Derivative Line Item Fees shall be payable quarterly in arrears.
- c. Implementation Fees shall be payable monthly in arrears as set forth in Section 2 below.
- d. Other Fees and Third Party Data Fees shall be payable as agreed between the parties from time to time.
- e. All fees are payable in US Dollars.

2. **Implementation Fees:**

- a. Implementation Fees shall be payable at a rate of US\$160,000 per month and shall accrue from the Effective Date through the Aladdin Services Commencement Date.
- b. In the event that Client desires to add Non-Processing Assets onto Aladdin as set forth in Schedule B, Part 3.2 of the Aladdin Services Agreement, the parties will discuss the applicable timeline and implementation fees (if any) payable in connection with on-boarding of the Non-Processing Assets.

### 3. Aladdin Services Fees:

- a. Beginning as of the Aladdin Services Commencement Date, the Aladdin Service Fees shall accrue and be payable based on the total assets covered by Aladdin. These Fees are computed on a month-end basis (based on aggregate amount of total assets displayed in Aladdin's risk reports on the last Business Day of each month) and aggregated and payable at the following rates:
  - i. A base fee of US\$1,575,000 per year for the first US\$16.5 billion of Processing Assets; and
  - ii. 0.85 basis points per year on Processing Assets in excess of US\$16.5 billion.
  - iii. The base Aladdin Service Fees will be US\$393,750 per quarter (US\$1,575,000 per year).
- b. In the event that Client desires to add Non-Processing Assets onto Aladdin as set forth in Schedule B, Part 3.2 of the Aladdin Services Agreement, then beginning as of the Non-Processing Assets Services Commencement Date, the Aladdin Service Fees shall be calculated and payable at the following rates:
  - i. A base fee of US\$1,700,000 per year for the first US\$16.5 billion of Processing Assets and the first US\$7.5 billion of Non-Processing Assets;
  - ii. 0.85 basis points per year on Processing Assets in excess of US\$16.5 billion; and
  - iii. 0.20 basis points per year on Non-Processing Assets in excess of US\$7.5 billion.
  - iv. The base Aladdin Service Fees will then be US\$425,000 per quarter (US\$1,700,000 per year).
- c. "Assets covered on Aladdin" or "total assets" shall in both cases refer to the sum of the absolute market values of all Positions in all Portfolios covered by Aladdin.
- d. "Processing Assets" means those Client assets whose trades are captured and processed on Aladdin. Processing Assets are computed based on the sum of the absolute market value of all such Positions displayed in all Portfolios covered by Aladdin.
- e. "Non-Processing Assets" means those Client assets whose trades are not captured on Aladdin, but for which Client provides BlackRock with a holdings file for inclusion in the monthly Green Package reports. Non-Processing Assets are computed based on the sum of the absolute market value of all such Positions displayed in Aladdin's risk reports.
- f. BlackRock will work with Client to implement reporting for BlackRock-managed funds in Aladdin and BlackRock agrees that AUM and Portfolio counts in such BlackRock-managed funds will not be counted for purposes of calculating fees hereunder.

### 4. Portfolio Fees:

- a. For Portfolios covered by the Aladdin System in excess of 16, Client shall pay a fee of US\$5,000 per year for each such Portfolio. The number of Client's Portfolios will be measured at the end of each month and Client will be charged a monthly fee of US\$416.67 (i.e., one month's fee pro-rated based on annual fee of US\$5,000) for each Portfolio in excess of the threshold included above.
  - i. In the event that Client desires to add Non-Processing Assets onto Aladdin as set forth in Schedule B, Part 3.2 of the Aladdin Services Agreement, then beginning as of the Non-Processing Assets Services Commencement Date, the number of Portfolios included in the threshold above shall be increased from 16 to 33, and for Portfolios covered by Aladdin in excess of 33, Client shall pay a fee of US\$5,000 per year for each such Portfolio.

### 5. User Fees:

- a. For Users in excess of 30, Client shall pay an annual fee of US\$20,000 each.
- b. For AnSer Users in excess of 5, Client shall pay an annual fee of US\$20,000 each. All AnSer Users must be Users for whom User Fees are also paid as described in subsection (a) above.
- c. The number of Users will be measured at the end of each month and Client will be charged the applicable monthly fee (e.g., US\$1,666.67 for each additional User, which is equal to one month's fee pro-rated based on annual fee of US\$20,000) for each User in excess of the thresholds included above.

### 6. Derivative Line Items:

- a. For OTC derivative and cleared derivative line items covered by Aladdin in excess of 25, Client shall pay a fee of US\$600 per year for each such derivative line item. The number of such derivative line items in Client's portfolios will be measured at the end of each month and Client will be charged a monthly fee of US\$50 (i.e., one month's fee pro-rated based on annual fee of US\$600) for each such derivative line item in excess of the threshold included above. If the same derivative is held by Client in multiple portfolios, it will only be counted once towards the threshold and any applicable fees. With respect to cleared derivatives, arrangements at futures commission merchants may count as additional line items. For the avoidance of doubt, 'cleared derivatives' for the purposes of this Section 6(a) does not include exchange-traded futures.
  - i. In the event that Client desires to add Non-Processing Assets onto Aladdin as set forth in Schedule B, Part 3.2 of the Aladdin Services Agreement, then beginning as of the Non-Processing Assets Services Commencement Date, the number of derivative line items included in the threshold above shall be increased from 25 to 50, and for derivative line items covered by Aladdin in excess of 50, Client shall pay a fee of US\$600 per year for each such derivative line item.

**7. Other Fees and Third Party Data Fees:**

- a. Client shall pay Third Party Data Fees as provided in Schedule E and as specified by the applicable Third Party Data Provider from time to time, or as otherwise agreed between the parties or between Client and any applicable Third Party Data Provider.
- b. Should Client and BlackRock agree to undertake any project outside the scope of the Services (such as consulting services), the fees therefore and the manner and timing of payment shall be as the parties agree in writing.

**8. Fee Adjustments**

- a. For the renewal term, BlackRock shall have the right to increase the Fees set forth above by an amount corresponding to the cumulative change in the Consumer Price Index (as reported by the United States Department of Labor, hereafter, the "CPI") over the course of the initial term.
- b. If the composition of Client's portfolios substantially changes after the Effective Date, the parties agree to jointly determine in good faith whether an increase in the amount of the Fees, and/or any changes to the Services, is required.

## GENERAL PROVISIONS

A. As used in these General Provisions:

- *Contract* means TEA's Standard Contract, and all of TEA's attachments, appendices, schedules (including but not limited to the General Provisions, the Special Provisions, and the Aladdin Services Agreement), amendments and extensions of or to the Standard Contract;
- *Agency or TEA* means the Texas Education Agency;
- *Contractor* means the party or parties to this Contract other than TEA, including its or their officers, directors, employees, agents, representatives, consultants and subcontractors, and subcontractors' officers, directors, employees, agents, representatives and consultants;
- *Project Administrator* means the respective person(s) representing TEA or Contractor, as indicated by the Contract, for the purposes of administering the Contract Project;
- *Contract Project* means the purpose intended to be achieved through the Contract;
- *Amendment* means a Contract that is revised in any respect, and includes both the original Contract, and any subsequent amendments or extensions thereto.

B. **Contingency:** The Contract(s), including any amendments, extensions or subsequent contracts are executed by TEA contingent upon the availability of appropriated funds by legislative act. Notwithstanding any other provision in this Contract or any other document, this Contract is void upon the insufficiency (in TEA's discretion) or unavailability of appropriated funds. In addition, this Contract may be terminated by TEA at any time for any reason upon notice to Contractor. Expenditures and/or activities for which Contractor may claim reimbursement shall not be accrued or claimed subsequent to receipt of such notice from TEA.

C. **Indemnification:** Contractor shall indemnify, hold harmless the State of Texas, its officers, agents and employees, and the Texas Education Agency, its officers, and employees and contractors, from and against all claims, actions, suits, demands, proceedings, costs, arising out of, connected with, or resulting from any acts or omissions of contractor or any agent, employee, subcontractor, or supplier of contractor in the execution or performance of this contract. Contractor shall coordinate its defense with the Texas Attorney General as requested by TEA.

This paragraph is not intended to and shall not be construed to require contractor to indemnify or hold harmless the State or TEA for any claims or liabilities resulting from the negligent acts or omissions of TEA or its employees.

D. **Subcontracting:** Contractor shall not assign, transfer or subcontract any of its rights or responsibilities under this Contract without prior formal written amendment to this Contract properly executed by both TEA and Contractor. Any changes to the HUB Subcontracting Plan (HSP) must be approved by the Agency HUB Coordinator before staffing changes are initiated.

E. **Encumbrances/Obligations:** All encumbrances, accounts payable, and expenditures shall occur on or between the beginning and ending dates of this Contract. All goods must have been received and all services rendered during the Contract period in order for Contractor to recover funds due. In no manner shall encumbrances be considered or reflected as accounts payable or as expenditures.

F. **Contractor's Proposal:** Contractor's proposal that was furnished to TEA in response to a request for proposal is incorporated in this Contract by reference. The provisions of this Contract shall prevail, however, in all cases of conflict arising from the terms of Contractor's proposal whether such proposal is a written part of this Contract or is attached as a separate document.

G. **Requirements, Terms, Conditions, and Assurances:** The terms, conditions, and assurances, which are stated in the Request for Proposal, in response to which Contractor submitted a proposal, are incorporated herein by reference for all purposes, although the current General Provisions shall prevail in the event of conflict.

H. **Records Retention:** Contractor shall maintain its records and accounts in a manner which shall assure a full accounting for all funds received and expended by Contractor in connection with the Contract. These records and accounts shall be retained by Contractor and made available for programmatic or financial audit by TEA and by others authorized by law or regulation to make such an audit for a period of not less than five (5) years from the date of completion of the Contract Project or the date of the receipt by TEA of Contractor's final claim for payment or final expenditure report in connection with this Contract, whichever is later. If an audit has been announced, the records shall be retained until such audit has been completed.

I. **Audit:** Pursuant to Section 2154.001 of the Texas Government Code, Contractor understands and agrees that (1) the state auditor may conduct an audit or investigation of any entity receiving funds from the state directly under the Contract or indirectly through a subcontract under the Contract; (2) acceptance of funds directly under the Contract or indirectly through a subcontract under the Contract acts as acceptance of the authority of the state auditor, under the

direction of the legislative audit committee, to conduct an audit or investigation in connection with those funds; and (3) under the direction of the legislative audit committee, an entity that is the subject of an audit or investigation by the state auditor must provide the state auditor with access to any information the state auditor considers relevant to the investigation or audit.

Contractor further agrees that acceptance of funds under this contract acts as acceptance for TEA to conduct an audit or investigation in connection with those funds. Contractor, subcontractors, and any entities receiving funds through this contract shall cooperate fully with TEA in the conduct of the audit or investigations, including providing all records pertaining to this contract that are requested.

- J. **Sanctions for Failure to Perform or for Noncompliance:** If Contractor, in TEA's sole determination, fails or refuses for any reason to comply with or perform any of its obligations under this Contract, TEA may impose such sanctions as it may deem appropriate. This includes but is not limited to the withholding of payments to Contractor until Contractor complies; the cancellation, termination, or suspension of this Contract in whole or in part; and the seeking of other remedies as may be provided by this Contract or by law. Any cancellation, termination, or suspension of this Contract, if imposed, shall become effective at the close of business on the day of Contractor's receipt of written notice thereof from TEA.
- K. **Contract Cancellation, etc.:** If this Contract is cancelled, terminated, or suspended by TEA prior to its expiration date, the reasonable monetary value of services properly performed by Contractor pursuant to this Contract prior to such cancellation, termination or suspension shall be determined by TEA and paid to Contractor as soon as reasonably possible.
- L. **Refunds Due to TEA:** If TEA determines that TEA is due a refund of money paid to Contractor pursuant to this Contract, Contractor shall pay the money due to TEA within 30 days of Contractor's receipt of written notice that such money is due to TEA. If Contractor fails to make timely payment, TEA may obtain such money from Contractor by any means permitted by law, including but not limited to offset, counterclaim, cancellation, termination, suspension, total withholding, and/or disapproval of all or any subsequent applications for said funds.
- M. **State of Texas Laws:** In the conduct of the Contract Project, Contractor shall be subject to laws or rules of the State of Texas pertaining to and or governing this Contract and the Contract Project. This Contract constitutes the entire agreement between TEA and Contractor for the accomplishment of the Contract Project. This Contract shall be interpreted according to the laws of the State of Texas except as may be otherwise provided for in this Contract.
- N. **Signature Authority; Final Expression; Superseding Document:** Contractor certifies that the person signing this Contract has been properly delegated this authority. The Contract represents the final and complete expression of the terms of agreement between the parties. The Contract supersedes any previous understandings or negotiations between the parties. Any representations, oral statements, promises or warranties that differ from the Contract shall have no force or effect. The Contract may be modified, amended or extended only by formal written amendment properly executed by both TEA and Contractor.
- O. **Antitrust:** By signing this Contract, Contractor, represents and warrants that neither Contractor nor any firm, corporation, partnership, or institution represented by Contractor, or anyone acting for such firm, corporation or institution has, (1) violated the antitrust laws of the State of Texas under Tex. Bus. & Com. Code, Chapter 15, or the federal antitrust laws; or (2) communicated directly or indirectly the Proposal to any competitor or any other person engaged in such line of business during the procurement process for this Contract.
- P. **Family Code Applicability:** By signing this Contract, Contractor, if other than a state agency, certifies that under Section 231.006, Family Code, that Contractor is not ineligible to receive payment under this Contract and acknowledges that this Contract may be terminated and payment may be withheld if this certification is inaccurate. TEA reserves the right to terminate this Contract if Contractor is found to be ineligible to receive payment. If Contractor is found to be ineligible to receive payment and the Contract is terminated, Contractor is liable to TEA for attorney's fees, the costs necessary to complete the Contract, including the cost of advertising and awarding a second contract, and any other damages or relief provided by law or equity.
- Q. **Dispute Resolution:** The dispute resolution process provided for in Chapter 2260 of the Texas Government Code must be used by TEA and Contractor to attempt to resolve all disputes arising under this Contract. The parties may agree to mediation of their dispute at any time. The Agency's participation in mediation or any other dispute resolution process shall not waive any of the agency's contractual or legal rights and remedies, including but not limited to sovereign immunity.
- R. **Interpretation:** In the case of conflicts arising in the interpretation of wording and/or meaning of various sections, parts, Appendices, General Provisions, Special Provisions, Exhibits, and Attachments or other documents, the TEA

Contract and its General Provisions, Appendices and Special Provisions shall take precedence over all other documents which are a part of this contract.

- S. **Compliance with Laws:** Contractor shall comply with all federal, state, and local laws, statutes, ordinances, rules and regulations, and the orders and decrees of any court or administrative bodies or tribunals in any matter affecting Contractor's performance.
- T. **Public Information:** The TEA is subject to the provisions of the Texas Public Information Act. If a request for disclosure of this Contract or any information related to the goods or services provided under the Contract or information provided to the TEA under this Contract constituting a record under the Act is received by the TEA, the information must qualify for an exception provided by the Texas Public Information Act in order to be withheld from public disclosure. Contractor authorizes the TEA to submit any information contained in the Contract, provided under the Contract, or otherwise requested to be disclosed, including information Contractor has labeled as confidential proprietary information, to the Office of the Attorney General for a determination as to whether any such information may be exempt from public disclosure under the Act. If the TEA does not have a good faith belief that information may be subject to an exception to disclosure, the TEA is not obligating itself by this Contract to submit the information to the Attorney General. It shall be the responsibility of the Contractor to make any legal argument to the Attorney General or appropriate court of law regarding the exception of the information in question from disclosure. The Contractor waives any claim against and releases from liability the TEA, its officers, employees, agents, and attorneys with respect to disclosure of information provided under or in this Contract or otherwise created, assembled, maintained, or held by the Contractor and determined by the Attorney General or a court of law to be subject to disclosure under the Texas Public Information Act.
- U. **Gratuities:** By signing this Contract, Contractor represents and warrants that the Contractor has not given, offered to give, nor intends to give at any time hereafter any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant in connection with the submitted response.
- V. **Venue and Jurisdiction:** Subject to and without waiving any of the Agency's rights, including sovereign immunity, this Contract is governed by and construed under and in accordance with the laws of the State of Texas. Venue for any suit concerning this solicitation and any resulting contract or purchase order shall be in a court of competent jurisdiction in Travis County, Texas.
- W. **Protests:** Any actual or prospective bidder, offeror, or contractor who is aggrieved in connection with the solicitation, evaluation, or award of this or any other contract by the Texas Education Agency may submit a formal protest to the Director of the Agency's Contracts and Purchasing Division. This protest procedure shall be the exclusive method by which anyone may make a challenge to any aspect of the Agency's contracting process. The Agency will not be required to consider the merits of any protest unless the written protest is submitted within ten (10) working days after such aggrieved person knows, or reasonably should have known, of the occurrence of the action which is protested. The protest document must meet with all requirements in applicable law and Agency's rules (Title 19 of the Texas Administrative Code, at § 30.2002) <http://ritter.tea.state.tx.us/rules/tac/index.html>.  
  
If the protest procedure results in a final determination by the Agency that a violation of law has occurred in its contracting process in a case in which a contract has been awarded, then the Agency may declare the contract void at inception. In that event, the party who had been awarded the contract shall have no rights under the contract and no remedies under the law against the Agency.
- X. **Liability for and Payment of Taxes:** Contractor represents and warrants that it shall pay all taxes or similar amounts resulting from this Contract, including, but not limited to, any federal, State, or local income, sales or excise taxes of Contractor or its employees. TEA shall not be liable for any taxes resulting from this Contract.
- Y. **Severability:** In the event that any provision of this Contract is later determined to be invalid, void, or unenforceable, the invalid provision will be deemed severable and stricken from the contract as if it had never been incorporated herein. The remaining terms, provisions, covenants, and conditions of this Contract shall remain in full force and effect, and shall in no way be affected, impaired, or invalidated.
- Z. **Assignment of Contract:** This Contract may not be assigned, sold, or transferred without express written consent of TEA. An attempted assignment without notice to TEA will constitute a material breach of contract.
- AA. **Buy Texas:** When applicable under this Contract, in accordance with Texas Government Code Section 2155.4441, Contractor shall purchase products and materials produced in the State of Texas when available at a price and time comparable to products and materials produced outside the state.
- BB. **Excluded Parties List System:** The Texas Education Agency and the contractor must adhere to the directions provided in the President's Executive Order (EO) 13224, Blocking Property and Prohibiting Transactions With



Persons Who Commit, Threaten to Commit, or Support Terrorism, which may be viewed at <http://www.whitehouse.gov/news/orders>. That Executive Order prohibits any transaction or dealing by United States persons, including but not limited to the making or receiving of any contribution of funds, goods, or services to or for the benefit of those persons listed in the General Services Administration's Excluded Parties List System (EPLS) which may be viewed on the System for Award Management (SAM) site at <http://www.Sam.gov>.

- CC. **Suspension and Debarment:** Contractor certifies that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any federal, state or local government entity and that Contractor is in compliance with the State of Texas statutes and rules relating to procurement. If Contractor is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this contract.
- DD. **Collusion:** Contractor certifies and represents that Contractor has not colluded with, nor received any assistance from, any person who was paid by TEA to prepare specifications or a solicitation on which a respondent's bid or proposal is based and will not allow any person who prepared the respective specifications or solicitation to participate financially in any contract award.
- EE. **Proprietary or Confidential Information:** Contractor will not disclose any information to which it is privy under this Contract without the prior consent of the agency. Contractor will indemnify and hold harmless the State of Texas, its officers and employees, and TEA, its officers and employees for any claims or damages that arise from the disclosure by Contractor or its contractors of information held by the State of Texas.]
- FF. **Independent Contractor:** Contractor shall serve as an independent contractor in providing services under this Contract. Contractor's employees are not and shall not be construed as employees or agents of the State of Texas.
- GG. **Vendor Performance:** All state agencies must report unsatisfactory vendor performance on purchases over \$25,000. Agencies report satisfactory and exceptional vendor performance to assist in determining best value. In accordance with Texas Government Code, §2155.074 and §2155.75, vendor performance may be used as a factor in future contract awards.

Contractor performance information is located on the CPA web site at:  
[http://www.window.state.tx.us/procurement/prog/contractor\\_performance](http://www.window.state.tx.us/procurement/prog/contractor_performance)

- HH. **Termination:** This contract shall terminate upon full performance of all requirements contained in this contract, unless otherwise extended or renewed as provided in accordance with the contract terms and conditions.
1. **Termination for Convenience:** Either Party may terminate this Contract at any time, in whole or in part, without penalty, by providing fifteen (15) calendar days advance written notice to the other Party. In the event of such a termination, the Contractor shall, unless otherwise mutually agreed upon in writing, cease all work immediately upon the effective date of termination. TEA shall be liable for reimbursing only those expenses incurred by the Contractor that are permitted, properly performed under this Contract and were incurred prior to the effective termination date.
  2. **Termination for Cause/Default:** If the Contractor fails to provide the goods or services contracted for according to the provisions of the Contract, or fails to comply with any of the terms or conditions of the Contract, TEA may, upon written notice of default to the Contractor, immediately terminate all or any part of the Contract. Termination is not an exclusive remedy, but will be in addition to any other rights and remedies provided in equity, by law or under the Contract.
- TEA may exercise any other right, remedy or privilege which may be available to it under applicable law of the state and any other applicable law or may proceed by appropriate court action to enforce the provisions of the Contract, or to recover damages for the breach of any agreement being derived from the Contract. The exercise of any of the foregoing remedies will not constitute a termination of the Contract unless TEA notifies the Contractor in writing prior to the exercise of such remedy.
- The Contractor shall remain liable for all covenants and indemnities under the Contract. The Contractor shall be liable for all costs and expenses, including court costs, incurred by TEA with respect to the enforcement of any of the remedies listed herein.

3. **Termination Due to Changes in Law:** If federal or state laws or regulations or other federal or state requirements are amended or judicially interpreted so that either Party cannot reasonably fulfill this Contract and if the Parties cannot agree to an amendment that would enable substantial continuation of the Contract, the Parties shall be discharged from any further obligations under this Contract.
4. **Rights upon Termination or Expiration of Contract:** In the event that the Contract is terminated for any reason, or upon its expiration, TEA shall retain ownership of all associated work products and documentation obtained from the Contractor under the Contract.
5. **Survival of Terms:** Termination of the Contract for any reason shall not release the Contractor from any liability or obligation set forth in the Contract that is expressly stated to survive any such termination or by its nature would be intended to be applicable following any such termination, including the provisions regarding confidentiality, indemnification, transition, records, audit, property rights, dispute resolution, and invoice and fees verification.
6. **Contract Transition:** In the event a subsequent competitive solicitation is awarded to a New Contractor, the Outgoing Contractor shall hand-over to the New Contractor all "works" including but not limited to the following: data, materials, database access, intellectual property, source code, training materials, access to websites, asset transfer, and maintenance of service commitments. The purpose of transition planning is to ensure a seamless and continuous service when changing from one contract to another. The Outgoing Contractor will begin shipping, transmitting or providing access to all appropriate materials and data to the New Contractor within 10 days of announcement of award at the New Contractor's expense for data processing and production, packing and shipping. The Outgoing Contractor will be responsible for providing the services identified in the Contract until all records have been completely transferred to the New Contractor. The Outgoing Contractor is responsible for performing due diligence to ensure that all the transition activities are identified and completed during the Contract Transition.

The Outgoing Contractor shall submit to TEA requested reports and data. TEA will not release the final invoice until all materials are returned to TEA or their designee. The TEA Project Manager shall approve the Transition Plan prior to its implementation. The Transition Plan must minimize the impacts on continuity of operations and maintain communication with the TEA Project Manager and the New Contractor.

- II. **Amendments:** All amendments to this Contract will be in a manner as prescribed by the Project Administrator of the Agency and will be made on AMENDMENT TO TEXAS EDUCATION AGENCY CONTRACT form supplied by TEA and signed by both parties. An amendment to this Contract will become effective on the date of signature of TEA or the effective date shown on the Amendment document whichever is first.
- JJ. **Insurance:** When applicable, Contractor represents and warrants that it will, within five (5) business days of being requested by TEA, provide TEA with current certificates of insurance for types of insurance coverage that TEA deems relevant to the Contract Project.
- KK. **Force Majeure:** Except as otherwise provided, neither Contractor nor TEA shall be liable to the other for any delay in, or failure of performance, of a requirement contained in this Contract caused by *force majeure*. The existence of such causes of delay or failure shall extend the period of performance until after the causes of delay or failure have been removed provided the non-performing party exercises all reasonable due diligence to perform. *Force majeure* is defined as acts of God, war, fires, explosions, hurricanes, floods, failure of transportation or other causes that are beyond the reasonable control of either party and that by exercise of due foresight such party could not reasonably have been expected to avoid, and which, by the exercise of all reasonable due diligence, such party is unable to overcome. Each party must inform the other in writing with proof of receipt within three (3) business days of the existence of such *force majeure* or otherwise waive this right as a defense.
- LL. **Abandonment or Default:** If the contract defaults on the contract, Texas Education Agency reserves the right to cancel without notice and either re-solicit or re-award the contract to the next best responsive respondent. The defaulting contractor will not be considered in the re-solicitation and may not be considered in future solicitations for the same type of work, unless the specification or scope of work significantly changed. The period of suspension will be determined by the agency based on the seriousness of the default.
- MM. **Payment:** Payment for services described in this Contract is contingent upon satisfactory completion of the services.
  1. Payment for goods or services purchased with State-appropriated funds will be issued by electronic Direct Deposit from the State Treasury. Direct Deposit is the preferred method of payment. Any payment owed by an agency must be transmitted electronically to the vendor no later than 30 days after the later of:
    - a. the day on which the agency received the goods;

- b. the date the performance of the service under the contract is completed; or
- c. the day on which the agency received the complete and correct invoice for goods or services.

Invoices must be submitted to:

[TEAAccountsPayable@tea.state.tx.us](mailto:TEAAccountsPayable@tea.state.tx.us) and to [PSFInvoices@tea.state.tx.us](mailto:PSFInvoices@tea.state.tx.us)

Additional information and a Direct Deposit Authorization application may be found at:  
<https://fm.xcpa.state.tx.us/fm/payment/index.php>.

- 2. Unless otherwise stated, payment under this Contract will be made upon performance of services based upon submission of an expenditure report/invoice, properly prepared and certified, outlining expenditures by cost category. Include the contract number, purchase order number, and the Texas Comptroller of Public Accounts Texas Identification Number (TIN) on all invoices/expenditure reports.
- 3. All goods must have been received and all services rendered by the ending date of this Contract in order for Contractor to include these costs as either expenditures or as accounts payable and, thereby, recover funds due.
- 4. Contractor who is indebted or owes delinquent taxes to the state will have any payments under the contract applied toward the debt or delinquent taxes owed the state until the amount is paid in full, regardless of when the debt or delinquency was incurred. TEA shall determine whether a payment law prohibits the Comptroller from issuing a warrant or initiating an electronic funds transfer to a person before TEA enters into a written contract with that person.

Contractor may verify their account status by accessing the Comptroller's website at:

[https://fm.xcpa.state.tx.us/fm/pubs/purchase/restricted/index.php?section=indebted&page=persons\\_indebted](https://fm.xcpa.state.tx.us/fm/pubs/purchase/restricted/index.php?section=indebted&page=persons_indebted)

**NN. Notices:** All notices, reports, and correspondence required by this Contract shall be in writing and delivered to the following representatives of TEA and contractor or their successors in office:

**TEA**

B. Holland Timmins  
Executive Administrator and CIO  
Permanent School Fund  
Texas Education Agency  
1701 N. Congress Avenue  
Austin, TX 78701

**With a copy to:**

Catherine A. Civiletto  
Deputy Executive Administrator  
Texas Permanent School Fund  
Texas Education Agency  
1701 North Congress Avenue  
Austin, TX 78701

**CONTRACTOR**

Robert L. Goldstein  
Senior Managing Director  
BlackRock Financial Management, Inc.  
55 East 52nd Street  
New York, NY 10055

**With a copy to:**

General Counsel  
BlackRock Financial Management, Inc.  
40 East 52nd Street  
New York, NY 10022

*The Texas Government Code and Family Code sites referenced in this document may be viewed at:*  
<http://www.statutes.legis.state.tx.us/>

*The Texas Administrative Code site referenced in this document may be viewed at:*  
[http://info.sos.state.tx.us/pls/pub/readtac\\$ext.viewtac](http://info.sos.state.tx.us/pls/pub/readtac$ext.viewtac)

## SPECIAL PROVISIONS - A

- A. The definitions of terms in the General Provisions are incorporated herein.
- B. No funds shall be used to pay for food costs (i.e., refreshments, banquets, group meals, etc.) unless requested as a specific line item in the contract fee schedule in Appendix 1 by the Contractor and approved (prior to expenditures occurring) by TEA.
- C. If applicable, Contractor shall make a good faith effort to comply with State of Texas Travel Guidelines. TEA may at its discretion approve requests for reimbursement of travel which exceed the State of Texas Travel Guidelines. Contractor shall maintain receipts in accordance with item L of the General Provisions. Receipts must be made available for programmatic or financial audit by TEA and by others authorized by law or regulation to make such an audit, for a period of not less than five (5) years.
- D. The Parties have agreed to changes in some of the General Provisions of this Contract. Each of these changes as set forth below shall apply to this Contract notwithstanding anything to the contrary in any other provisions in this Contract.
  - 1. Paragraph B **Contingency** The parties have agreed to delete the third and fourth sentences and Section 8 of the Aladdin Services Agreement will govern the parties' rights to terminate the Contract.
  - 2. Paragraph C **Indemnification** is hereby deleted and Section 7 of the Aladdin Services Agreement will govern the parties' indemnity obligations.
  - 3. Paragraph D **Subcontracting** is hereby amended to read as follows: Contractor shall not assign, transfer or subcontract any of its rights or responsibilities under this Contract without prior formal written amendment to this Contract properly executed by both TEA and Contractor. Any changes to the HUB Subcontracting Plan (HSP) must be approved by the Agency HUB Coordinator before staffing changes are initiated. The parties have agreed that Contractor's (1) use of its affiliates and (2) use of third parties in support of non-material portions of the services shall not be deemed to be subcontracting for the purposes of this General Provision D.
  - 4. Paragraph F **Contractor's Proposal** is hereby deleted in its entirety and Appendix 1 of the TEA Standard Contract governs.
  - 5. Paragraph G **Requirements, Terms, Conditions and Assurances** is hereby deleted in its entirety and Appendix 1 of the TEA Standard Contract governs.
  - 6. Paragraph J **Sanctions for Failure to Perform or for Noncompliance** is hereby deleted in its entirety and Section 8(b) of the Aladdin Services Agreement will govern the parties' rights with respect to material breach of the terms of the Contract.
  - 7. Paragraph R **Interpretation** is hereby deleted in its entirety and Appendix 1 Section D of the TEA Standard Contract will govern to resolve conflicts or ambiguities between or among the terms of this Contract.
  - 8. Paragraph X **Liability for and Payment of Taxes** is hereby deleted in its entirety and Section 18 of the Aladdin Services Agreement will govern liability for and payment of taxes.
  - 9. Paragraph Z **Assignment of Contract** is hereby deleted in its entirety and Section 10 of the Aladdin Services Agreement will govern assignment of the Contract.
  - 10. Paragraph EE **Proprietary or Confidential Information** is hereby deleted in its entirety and Section 6 of the Aladdin Services Agreement will govern the treatment of proprietary or confidential information.
  - 11. Paragraph HH **Termination** is hereby deleted in its entirety and Section 8 of the Aladdin Services Agreement will govern the parties' rights and obligations in connection with termination of the Contract.

**SPECIAL PROVISIONS - B**  
**Historically Underutilized Business Subcontracting Plan (HSP)**

- A. Contractor's HSP is attached and incorporated herein.
- B. Any changes to the HUB Subcontracting Plan (HSP) must be approved by the Agency HUB Coordinator before staffing changes are initiated.
- C. Contractor must submit monthly compliance reports (Prime Contractor Progress Assessment Report (PAR) to the TEA HUB Coordinator, verifying their compliance with the HSP, including the use/expenditures they have made to all subcontractors. (The PAR is available at <http://www.tea.state.tx.us/index2.aspx?id=7038> )

## HUB SUBCONTRACTING PLAN (HSP)

In accordance with Texas Government Code § 2161.252, Texas Education Agency (TEA) has determined that subcontracting opportunities are probable under this contract. Therefore, respondents including State of Texas certified Historically Underutilized Businesses (HUBs) must complete and submit a State of Texas HUB Subcontracting Plan (HSP) with their solicitation response.

**Note: Responses that do not include a completed HSP shall be rejected pursuant to TGC § 2161.252 (b)**

The HUB Program promotes equal business opportunities for economically disadvantaged persons to contract with the State of Texas in accordance with the goals specified in the State of Texas Disparity Study. The HUB goals defined in 34 TAC §20.13, are: 11.2 % for Heavy Construction other than building contracts, 21.1 % for all Building Construction, including general contractors and operative builders contracts, 32.7 % for all Special Trade Construction contracts, 23.6% for Professional Services contracts, 24.6% for all Other Service contracts and 21% for Commodities contracts.

### – AGENCY SPECIAL INSTRUCTIONS/ADDITIONAL REQUIREMENTS –

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### SECTION 1–RESPONDENT AND SOLICITATION INFORMATION

Respondent (Company) Name: BlackRock Solutions	State of Texas VID #: Not Applicable
Point of Contact: Ryan Stork	Phone #: 212-810-3267
Is your Company a State of Texas Certified HUB? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Solicitation #: RFO 701-13-016	

### SECTION 2–SUBCONTRACTING OPPORTUNITIES

TEA has identified probable subcontracting opportunities by NIGP Class and Item codes in the table below. However, TEA acknowledges there may be additional subcontracting opportunities. After having divided the contract work into reasonable lots or portions to the extent consistent with prudent industry practices, the respondent must identify what portion(s) of work, including goods or services, will be subcontracted.

*In accordance with 34 TAC§20.12, a "Subcontractor" means a person who contracts with a Offeror to work, to supply commodities or contribute toward completing work for a governmental entity.*

Check the appropriate box regarding the subcontracting opportunity(s):

☐ **Yes**, I will be subcontracting portion(s) of the contract.

(If Yes, in the spaces provided below, list any additional portions of work, not identified by TEA, that you will be subcontracting\*, and go to SECTION 3)

☒ **No**, I will not be subcontracting any portion of the contract, and will be fulfilling the entire contract with my own resources, *with one exception as described below in our response to SECTION 9.* (If No, complete SECTION 9 and 10)

Line Item # –Subcontracting Opportunity Description		Line Item # –Subcontracting Opportunity Description	
1		6	
2		7	
3		8	
4		9	
5		10	
<b>Note:</b> To list additional subcontracting opportunities, a continuation page is available at <a href="http://www.tea.state.tx.us/tea/hub/index.html">http://www.tea.state.tx.us/tea/hub/index.html</a> .			

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### SECTION 3—RESPONDENT SUBCONTRACTING OPPORTUNITIES

Enter the line item number and description for the portion of work listed in SECTION 2 for which you will be subcontracting.

Line Item # \_\_\_\_\_ Description: \_\_\_\_\_

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### SECTION 4—MENTOR-PROTÉGÉ PROGRAM

If respondent is participating as Mentor in a State of Texas Mentor-Protégé Program, submitting their Protégé (must be a State of Texas certified HUB) as a subcontractor to perform the portion of work (subcontracting opportunity) listed in SECTION 3 constitutes a Good Faith Effort towards that specific portion of work.

Will you be subcontracting the portion of work listed in SECTION 3 to your Protégé?

☐ **Yes** (if checked, complete SECTIONS 8 and 10) ☐ **No /Not Applicable** (if checked, go to SECTION 5)

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### SECTION 5 – PROFESSIONAL SERVICES CONTRACT ONLY

**Note:** This section applies to Professional Services Contracts only. All other contracts go to SECTION 6 below.

Does your HSP contain subcontracting of 23.6% or more with HUB(s)?

☐ **Yes** (if checked, complete SECTIONS 8 and 10) ☐ **No /Not Applicable** (if checked, go to SECTION 6)

*In accordance with TGC §2254.002, "Professional Services" means services: (A) within the scope of the practice, as defined by State law of accounting; architecture; landscape architecture; land surveying; medicine; optometry; professional engineering; appraising; or professional nursing; or (B) provided in connection with the professional employment or practice of a person who is licensed or registered as a certified public accountant; an architect; a landscape architect; a land surveyor; a physician, including a surgeon; an optometrist; a professional engineer; a State certified or State licensed appraiser; or a registered nurse.*

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### SECTION 6—NOTIFICATION OF SUBCONTRACTING OPPORTUNITY

Complying with a, b and c of this section constitutes a Good Faith Effort towards the portion of work listed in SECTION 3.

After performing the requirements of this section, complete SECTIONS 7, 8, and 10.

- a. Provide written notification of the subcontracting opportunity listed in SECTION 3 to three (3) or more HUBs. Use the State of Texas' Centralized Master Bidders List (CMBL), found at <http://www2.cpa.state.tx.us/cmb/cmbhub.html> and its HUB Directory, found at <http://www.window.state.tx.us/procurement/cmb/hubonly.html> to identify available HUBs.
- b. Provide written notification of the subcontracting opportunity listed in SECTION 3 to a minority or women trade organization or development center to assist in identifying potential HUBs by disseminating the subcontracting opportunity to their members/participants. A list of trade organizations and development centers may be accessed at <http://www.window.state.tx.us/procurement/prog/hub/mwb-links-1/>
- c. Written notifications should include the scope of services, information regarding the location to review plans and specifications, bonding and insurance requirements, required qualifications and identify a contact person. Unless TEA has specified a different time period, you must allow the HUBs no less than five (5) working days from their receipt of notice to respond and provide notice of your subcontracting opportunity to a minority or women trade organization or development center no less than five (5) working days prior to the submission of your response to TEA.

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### SECTION 7 – HUB OFFERORS CONTACTED FOR SUBCONTRACTING OPPORTUNITY

List **three (3)** State of Texas certified HUBs you notified regarding the portion of work (subcontracting opportunity) listed in SECTION 3. Specify the Vendor ID number, date you provided notice, and if you received a response.

Company Name	VID #	Notice Date	Was Response	
			<input type="checkbox"/> Yes	<input type="checkbox"/> No
			<input type="checkbox"/> Yes	<input type="checkbox"/> No
			<input type="checkbox"/> Yes	<input type="checkbox"/> No

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### SECTION 8 – SUBCONTRACTING SELECTION

List the subcontractor(s) you selected to perform the portion of work (subcontracting opportunity) listed in SECTION 3. Also, specify the percentage of work to be subcontracted, the approximate dollar value of the work to be subcontracted, and indicate if the company is a Texas Certified HUB.

Company Name	VID #	Expected % of Contract	Approximate Dollar Amount	Texas Certified HUB?	
				<input type="checkbox"/> Yes	<input type="checkbox"/> No
				<input type="checkbox"/> Yes	<input type="checkbox"/> No
				<input type="checkbox"/> Yes	<input type="checkbox"/> No

If the subcontractor(s) you selected is a non HUB, provide written justification of your selection process below:

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### SECTION 9 – SELF-PERFORMANCE JUSTIFICATION

**Note: If you responded No to SECTION 2, you must complete SECTIONS 9 and 10.**

Provide justification, in the space provided below, on how you intend to complete the entire contract using your own employees, materials, supplies and equipment. Attach any supporting documentation.



BlackRock Solutions (BRS) is responsible for providing Aladdin to clients utilizing its own staff. BRS does not employ consultants or other third party vendors to provide Aladdin implementation, support or technology maintenance services. As such, BRS does not believe there is an opportunity to utilize a HUB for the proposed services.

Please note, BRS does utilize one subcontracting relationship to provide Aladdin. This is a pre-existing relationship with a subsidiary of a Fortune 500 company that provides off hours support for production of reports during overnight US hours, and we do not anticipate that there would be an opportunity to use a HUB for these types of services.

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## **SECTION 10 – AFFIRMATION**

As evidenced by my signature below, I affirm that I am an authorized representative of the respondent, listed in SECTION 1, and that the information and supporting documentation submitted with the HSP are true and correct. Respondent understands and agrees that, if awarded any portion of the solicitation:

The respondent must submit monthly compliance reports (Prime Contractor Progress Assessment Report (PAR) to the TEA HUB Coordinator, verifying their compliance with the HSP, including the use/expenditures they have made to subcontractors. (The PAR is available at <http://www.tea.state.tx.us/index2.aspx?id=7038>)

The respondent must seek approval from TEA prior to making any modifications to their HSP. If HSP is modified without TEA's prior approval, respondent may be subject to debarment pursuant to TGC §2161.253(d).

The respondent must, upon request, allow TEA to perform onsite reviews of the company's headquarters and/or worksite where services are to be performed and must provide documents regarding staff and other resources.

  
\_\_\_\_\_  
Signature

Ryan Stork \_\_\_\_\_ Offeror Authorized  
Printed Name

Managing Director \_\_\_\_\_

April 16, 2013 \_\_\_\_\_ Title Date