

**ILLINOIS STATE BOARD OF INVESTMENT**  
**Request for Competitive Proposal: Deferred Compensation Plan Investment Consultant**

**I. OVERVIEW.**

The Illinois State Board of Investment (“ISBI”) hereby issues a request for competitive proposals (“RFP”) from qualified general investment consultants (“Respondent(s)”) to provide non-discretionary consulting services on behalf of the State of Illinois Deferred Compensation Plan.

All forms needed for submitting a response to this RFP are available on ISBI’s website at: <https://www.isbinvestment.com/rfp/>. **Respondents to this RFP are responsible for monitoring ISBI’s website for information pertaining to the RFP while the RFP is outstanding.**

Pursuant to the Illinois Pension Code (40 ILCS 5/22A), ISBI is a non-appropriated, statutorily created public pension fund responsible for managing and investing the pension assets of the Illinois General Assembly Retirement System, the Judges’ Retirement System of Illinois, and the State Employees’ Retirement System of Illinois. ISBI oversees the State of Illinois Deferred Compensation Plan (“Plan”) pursuant to 40 ILCS 5/24. The relevant Plan demographic and investment option data is listed below as of June 30, 2023:

**Plan Demographics**

Total Plan Assets:	\$5.19 Billion
Total Number of Participants:	66,345
Average Participant Balance:	\$77,562
Annual Net Cash Flows:	\$(198) Million
Total Loan Assets:	\$42.1 Million

**Service Provider(s)**

Separate Account Custodian:	Northern Trust
Recordkeeper:	Empower

**Investment Line-Up**

Asset Class	Investment Manager	Market Value
Large-Cap Core Equity Index	BlackRock Equity Index F (CF)	\$901.1 Million
Small/Mid-Cap Core Equity Index	BlackRock Russell 2500 Index F (CF)	\$468.8 Million
Non-U.S. All-Cap Core Equity Index	BlackRock MSCI ACWI Ex US IM Index F (CF)	\$106.3 Million
Core Fixed Income Index	BlackRock US Debt Index F (CF)	\$123.2 Million
Stable Value	Invesco Stable Return Fund	\$756.9 Million
Target Date Fund Series	Vanguard Target Retirement Funds	\$2.8 Billion

**II. RFP TIMELINE.**

- |  |                                 |
|--|---------------------------------|
| A. Date of Issue:                        | October 23, 2023                |
| B. Deadline to Submit Written Questions: | November 10, 2023, 3:00PM CST   |
| C. Q & A Document Posted:                | November 22, 2023               |
| D. Final Filing Date:                    | December 8, 2023, 3:00PM CST    |
| E. Potential Interviews:                 | TBD                             |
| F. Finalist(s) Notified By:              | First or Second Quarter of 2024 |

**III. ISBI QUIET PERIOD.**

**During the proposal period, no Respondent or any person acting on behalf of a Respondent may contact the ISBI Board of Trustees (“Board”), any individual member of the Board (“Board Member”), or any ISBI staff member, other than the Search Contacts specified below.** No Respondent may, at any time, attempt to influence the evaluation other than by a properly submitted response to this RFP or to a formal request for information or presentation.

Current ISBI service providers who are responding to this RFP are expected to limit their contact for business transactions to ISBI employees with whom they ordinarily interact and to avoid direct contact with Board Members or other staff during the proposal period. These communications with ISBI employees shall not involve any discussions about the ongoing RFP.

Violation of these rules constitutes grounds to reject the proposal of any offender.

**IV. PROPOSAL SUBMISSION.**

ISBI’s Staff shall oversee the RFP process. If a Respondent is interested in submitting a proposal, the Respondent must submit an electronic copy of the complete proposal by **Friday, December 8, 2023, 3:00 P.M. CST** to:

**SEARCH CONTACT:**

Daniel Sekera, Investment Officer II  
[dsekera@isbinvestment.com](mailto:dsekera@isbinvestment.com)  
And  
Illinois State Board of Investment  
[ISBI.Backstop@isbinvestment.com](mailto:ISBI.Backstop@isbinvestment.com)

***Emailed responses should include the following subject line: “ISBI—DC Consultant RFP Response.”***

Procedural and substantive questions concerning the RFP must be submitted in writing via e-mail to the Search Contact by **Friday, November 10, 2023, 3:00 P.M. CST**. Responses to questions properly submitted will be consolidated in a single Q & A document and posted on ISBI’s website on or about Wednesday, November 22, 2023. The Q & A document will not identify the source of the query.

**PLEASE NOTE: Respondents WILL NOT receive individualized responses from the Search Contact in response to questions submitted by a Respondent. Respondents must review the Q & A document posted on ISBI's website to receive answers to all questions submitted.**

If ISBI Staff (“Staff”) has a question(s) regarding how to interpret a Respondent’s proposal, Staff is authorized to request additional information from that Respondent.

All interested Respondents must submit their responses in accordance with the proposal submission instructions below. ISBI reserves the right to reject any or all proposals submitted. **All material submitted in response to the RFP will become the property of ISBI and is subject to the requirements stated in Appendix 1.** ISBI is not responsible for any costs incurred by the Respondents in responding to this RFP. Neither this RFP nor any response to this RFP should be construed as a legal offer.

**ANY PROPOSAL RECEIVED AFTER THE DECEMBER 8, 2023 DUE DATE AND TIME WILL NOT BE CONSIDERED.**

**PROPOSALS MUST CONTAIN THE FOLLOWING DOCUMENTS:**

- A. Transmittal Letter. A transmittal letter must be submitted on the Respondent’s official business letterhead. The letter must identify all documents provided collectively as a response to the RFP and must be signed by an individual authorized to bind the Respondent contractually. **An unsigned proposal shall be rejected.** The letter must also contain the following:
  - Statement that the proposal is being made without fraud or collusion; that the Respondent has not offered or received any finder’s fees, inducements or any other form of remuneration, monetary or non-monetary, from any individual or entity relating to the RFP, the Respondent’s proposal or ISBI’s resulting selection.
  - Statement that discloses any current business relationship or any current negotiations for prospective business with ISBI or any Board Members or Staff.
- B. Minimum Qualifications Certification. The Respondent must complete the certification and provide all supporting documentation.
- C. Questionnaire. The Respondent must address the questionnaire items in the RFP in the order in which they appear in the RFP. Further, each question number and question in the RFP shall be repeated in its entirety before stating the answer. Please do not respond to ANY question with, “See response to (question number).” Instead, provide complete responses that fully and adequately communicate the response to each question. Please note that certain questions require supporting documentation. This additional documentation should be submitted as attachments to the questionnaire. Failure to provide the required documentation may result in disqualification.
- D. Exhibit A. The Respondent MUST complete Exhibit A and provide all supporting documentation.
- E. Exhibit B. The Respondent MUST complete Exhibit B. The representations and

certifications will be incorporated into any investment contract.

F. Exhibit C. The Respondent MUST complete Exhibit C.

***For additional information related to the RFP process and regulations, please refer to Appendix 1, attached and incorporated herein.***

## **V. SCOPE OF SERVICES.**

ISBI, on behalf of the Plan, seeks a consultant with substantial government defined contribution plan experience to provide comprehensive investment consulting services for ISBI's portfolio. The Respondent selected will report directly to ISBI's Executive Director / Chief Investment Officer, work closely with Staff, and will report regularly to the Board and committees.

ISBI expects any Respondent retained under this RFP to provide the following services, at a minimum:

### **A. Strategic General Consulting.**

1. Prepare and submit reports that review the Plan's objectives, which include, though are not limited to, investment performance, investment selection, investment policy maintenance, Plan participation, evaluation of all asset classes, and any aspect related to or associated with the management and oversight of the Plan.
2. Proactively submit recommendations for amendments and/or modifications to the Plan's investment line-up with justification for such recommendations as warranted by changes in the marketplace, evolution in the defined contribution plan industry, and industry best practices.
3. Maintain a broad database of investment options that includes, at minimum, the following information on each option: investment style, philosophy, fee schedule, portfolio characteristics, firm characteristics, performance, and client base. The information should be available for a wide range of investment options including domestic/international equity, domestic/international fixed income, and alternative asset classes.
4. Review Plan documents and provide recommendations for modifications whenever necessary.
5. Review service provider contracts and provide input when appropriate.
6. Review ad hoc materials such as participant communications, direction letters, etc. and provide recommendations wherever necessary.
7. Provide guidance on proxy voting best practices.
8. Attend the Board, committee, and other meetings to (i) present research, analysis, written reports and recommendations or (ii) respond to questions relating to the Plan and/or defined contribution plan industry.
9. Attend meetings with Staff to provide advice and counsel on matters related to the Plan, as needed.
10. Coordinate and communicate with ISBI and investment options/custodian banks/recordkeeper utilized by the Plan on an ongoing basis.
11. Whenever relevant, research and make recommendations to ISBI regarding securities lending and transition management.
12. Support Staff, Board Members, and the committees through written and/or oral presentations/testimonies with government agencies, legislative committees, and auditors, as needed.

13. Provide accessibility to all functional areas of investment consulting to Board Members and Staff on an ongoing basis.

B. Investment Lineup.

1. Continually review the Plan's investment policy and investment option line-up. Evaluate the success, or lack thereof, of investment policies, strategies, and specific investment options, and proactively advise ISBI of such conclusions. Evaluate the Plan relative to changes in the capital markets and the structure of similar defined contribution plans.
2. Advise ISBI regarding industry best practices related to defined contribution plan management.
3. As scheduled, perform analysis to determine appropriateness of the Plan's default investment alternative ("DIA") with respect to the participant demographic.
4. Be proactive in providing guidance to Staff regarding alternative ways to optimize the investment line-up and risk management framework.
5. Promptly and proactively advise ISBI of any actual or potential need and/or opportunity to improve the investment options offered by the Plan. This may include research and/or recommendations on evolving trends in the defined contribution plan landscape such as Retirement Income solutions, alternative asset classes, etc.

C. Manager Search and Selection.

1. Provide access to a developed investment option/custodial bank/recordkeeper database that is open to all institutional-quality investment options/custodial banks/recordkeepers.
2. Develop a proactive, structured search process, subject to the Plan's procurement policy, to analyze the full universe of available investment options/custodial banks/recordkeepers and efficiently identify those most appropriate for the Plan.
3. Conduct due diligence on prospective investments and discuss/review with Staff the qualifications of potential investment options/custodial banks/recordkeepers.
4. Possess a deep understanding of a wide range of investment options within various investment strategies and styles across all asset classes.
5. Provide appropriate research and analytics to evaluate investment options/custodial banks/recordkeeper candidates and produce both quantitative and qualitative bases for the selection of semi-finalist candidates.
6. Interview potential investment options/custodial banks/recordkeepers and review with Staff the results of such interviews.
7. Present written recommendations to Staff, the Board, and the committees, which will include: (i) the results of consultant's due diligence, (ii) strategic considerations, (iii) a detailed review of deal terms, and (iv) a description of how the investment option would fit within the Plan.
8. Organize final presentations by the investment options/custodial banks/recordkeepers and assist ISBI in the final selection of an investment option/custodial bank/recordkeeper.
9. Work with Staff in the negotiation of contract terms and conditions.
10. Provide access to research resources within the consultant's organization.

D. Performance Measurement, Analysis, and Reporting.

1. Prepare quarterly reports which include an analysis and summary of the most recent

- events in the financial markets.
2. Prepare monthly and quarterly evaluation reports on the performance of the Plan's investment options including a comparison with the performance and risk metrics of other managers and appropriate peer universes.
  3. Provide ISBI with quarterly and annual performance analysis, including statistical and risk analysis, at both the total Plan level as well as at the investment option level.
  4. Provide ISBI with quarterly and annual performance reports of theoretical portfolios (i.e., market indices, benchmarks, and composite fund portfolios).
  5. Promptly and proactively advise ISBI of any need, or potential need, to terminate, change, or replace any of the investment options offered by the Plan.
  6. Provide Staff with special analytical and custom reporting requests, as needed.

E. Research and Analysis.

1. Prepare comprehensive analysis and advice on specific defined contribution plan issues as requested by ISBI.
2. Maintain a general research group within the organization that Staff can access to assist in larger scale research projects.
3. Present economic forecasts to ISBI.
4. Provide comments and analysis on proposed federal and state legislation affecting the Plan.

F. Other.

1. Provide educational workshops to Board Members and Staff on specific issues designated by ISBI and/or recommended by the consultant.
2. Meet with Staff quarterly to review the portfolio, update Staff regarding the current market/new issues, and provide advice regarding improvements to the Plan or ISBI's administration of the same.

G. Evaluation of Hardware and Software.

1. Evaluate and make recommendations for ISBI's purchase of software to aid in internal analysis of investment options, Plan performance, structure, and risk.

**VI. POST PERFORMANCE REVIEW.**

Any Respondent retained by ISBI will undergo quarterly performance reviews, at Staff's discretion, wherein the Respondent's compliance with agreement objectives and deliverables will be assessed. Evidence of material non-compliance will be reviewed by ISBI's Staff, as well as Board Members, if necessary.

## VII. *MINIMUM QUALIFICATION REQUIREMENTS AND CERTIFICATION.*

**Respondents must satisfy each of the following minimum qualifications for this RFP in order to be given further consideration by the Board. Failure to satisfy each of the requirements will result in the immediate rejection of the proposal. Failure to provide complete information will result in the rejection of the proposal.**

**Please answer “YES” or “NO” where indicated. If evidence is requested, please provide complete documentation.**

1. Respondent is an investment adviser registered with the Securities and Exchange Commission under the federal Investment Advisers Act of 1940. (Yes/No):\_\_\_\_\_   
If yes, please provide Form ADV I and II.
2. Respondent and its proposed team have all authorizations, permits, licenses, and certifications required by federal and state laws and regulations to perform the services specified in this RFP at the time Respondent submits a response to the RFP. (Yes/No):\_\_\_\_\_
3. If retained for consulting services, Respondent agrees to serve as a fiduciary as defined by the Illinois Pension Code. (Yes/No):\_\_\_\_\_
4. Respondent has reviewed the Plan’s Investment Policy and Diversity Policy, found on ISBP’s website , and agrees that, if retained, Respondent can provide investment consulting services in furtherance of these policies. (Yes/No):\_\_\_\_\_
5. Respondent has both (i) reviewed the Board’s Vendor Disclosure Policy (attached as ***Exhibit A***) **and** (ii) provided all disclosures required under the Policy. If Respondent has no disclosures to report, Respondent has indicated that fact in the firm’s response. (Yes/No):\_\_\_\_\_
6. Respondent has (i) reviewed the representations and certifications, outlined in ***Exhibit B***, **and** (ii) agrees that, if retained to provide consulting services, such representations and certifications will be incorporated into the investment consulting contract. (Yes/No):\_\_\_\_\_
7. Respondent has (i) reviewed the Annual Consultant Disclosures (attached as ***Exhibit C***), **and** (ii) agrees that, if retained to provide consulting services, it will complete such disclosures upon retention and annually thereafter, upon request of Staff.

8. Respondent agrees to provide the services as detailed in the Scope of Services section of this RFP and any other requirements as stated in this RFP. (Yes/No):\_\_\_\_\_
  
9. If retained, Respondent will, in conjunction with Staff, submit periodic written reports, on at least a quarterly basis, for the Board’s review at its regularly scheduled meetings. (All returns on investment shall be reported as both gross and net returns after payment of all fees, commissions, and any other compensation, in addition to any other reporting requested). (Yes/No):\_\_\_\_\_
  
10. Respondent maintains sufficient procedures and capabilities necessary to ensure the timely and accurate backup and full recovery for all computers and other data storage systems related to an ISBI account(s). (Yes/No):\_\_\_\_\_
 

If yes, please provide a complete description of these procedures and capabilities.
  
11. As of September 30, 2023, the Respondent has provided, for at least five (5) years, investing consulting services comparable to the duties contained in this RFP to at least three defined contribution plans, each of which has at least \$500 million in current total assets. (Yes/No):\_\_\_\_\_
 

If yes, please provide evidence.
  
12. The primary/lead contact for the Board’s account has a minimum of ten (10) total years of experience in the public/private defined contribution plan space, as of September 30, 2023. (Yes/No):\_\_\_\_\_
 

If yes, please provide evidence.

IF RESPONDENT PROVIDED A “NO” RESPONSE TO ANY OF THE MINIMUM QUALIFICATIONS ABOVE, RESPONDENT SHOULD NOT SUBMIT A PROPOSAL TO ISBI.

PLEASE CERTIFY THE RESPONDENT’S SATISFACTION OF THE MINIMUM QUALIFICATIONS BY PROVIDING THE RESPONDENT’S AUTHORIZED SIGNATURE BELOW.

*Authorized Signer Name:* \_\_\_\_\_

*Title:* \_\_\_\_\_

*Respondent Firm:* \_\_\_\_\_

*Signature:* \_\_\_\_\_

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



## VIII. QUESTIONNAIRE.

### Organizational Background

1. Identify the location of the main office and, if different, the office from which services would be provided to ISBI. Does your firm have an office located in Chicago, Illinois? Provide the contact information for your firm.
2. Provide a brief history of your firm and its operations, including the year formed, ownership structure, and any ownership changes that occurred during the past five (5) years. Does your firm anticipate future significant changes in its organization? Please provide an organization chart of your firm.
3. Please provide a list of owners of the firm (from largest to smallest with respect to ownership) and ownership percentages. Please include individuals and all other entities.
4. List your firm's lines of business and the approximate contributions of each business to your firm's total revenue. If your firm is an affiliate or subsidiary of an organization, what percentage of the parent firm's total revenue does the subsidiary or affiliate generate?
5. Please provide details on the financial condition of your firm, including levels of debt and payoff plans for any debt. What is the minimum asset level required for your firm to remain profitable?
6. Please provide a brief description of your firm's plans for growth, such as asset growth, personnel growth, succession planning, and additional firm services, over the next three (3) to five (5) years.
7. What is the total number of employees in the firm? Of that number, how many are Investment Advisory Representatives ("IAR")?
8. Does your firm have a business continuation and disaster recovery plan? Please describe the key features of the plan, including frequency of testing and latest test results. Please describe your firm's approach to cybersecurity.
9. Describe the levels of coverage for errors and omissions insurance and any other fiduciary or professional liability insurance the firm carries. List the insurance carriers supplying the coverage and supply certificates evidencing the coverage.
10. Please provide a brief description of any past or pending regulatory action, litigation, or other legal proceedings involving the firm or any registered employees and/or principals as defendants in the last five (5) years.
11. What are the firms' total assets under management/advisement?
12. Complete the charts below. Client types include, but are not limited to, corporate plans, public plans, and investment management firms. Please distinguish between defined benefit clients and defined contribution clients. What is the average client to consultant ratio? What is the maximum number of clients assigned to a consultant?

Full Retainer clients:

Client Type	Number of Clients	Consulting AUM

Project-only clients from the last three (3) years:

Client Type	Number of Clients	Project Description	Consulting AUM

13. Provide a listing of full-retainer clients lost or gained during the past three (3) years, including consulting AUM.
14. Please disclose any policies regarding compensation paid in the form of hard or soft dollars.
15. Provide a listing of all public defined contribution fund clients, including the size of the fund and the length of service provided to them by your firm.
16. What percentage of your plan clients utilize money managers, investment funds, brokerage services, or other service providers from whom your firm receives fees?
17. Please describe your firm's experience helping clients through various events such as a re-enrollment of the entire plan, Department of Labor audits, Internal Revenue Service audits, voluntary compliance actions, partial plan termination determinations, plan mergers, plan terminations, or corrective contributions.
18. Please list the federal, state, and other regulatory agencies with which your firm is licensed or registered, and the type of license held.

**Consultant Team Information**

19. Please provide contact information for each consultant that will be assigned to ISBI in the following grid:

Name	Address	Business Phone	Business Fax	E-mail Address

20. Please attach biographies of the primary and backup consultants who will be assigned to this engagement, including (i) the role of each consultant for this assignment, (ii) the year each consultant joined your firm, (iii) a description of his or her position and current responsibilities, (iv) areas of expertise and experience, (v) education and professional designations and memberships, (vi) relevant publications and presentations, and (vii) the number and names of clients these consultants currently serve.
21. Which of these consultants will attend ISBI's Board and committee meetings? What measures will your firm employ to ensure that either the primary or the backup consultant is readily available to answer questions from Staff?
22. Describe how you leverage other teams or professionals within the organization to assist with specific questions/projects regarding investment research, regulatory information, etc.

## Investment Option/Portfolio Evaluations

23. Provide your firm's opinion of the overall Plan's investment option line-up.
24. What changes and/or enhancements would your firm suggest for the Plan?
25. What is the firm's view on active versus passive investment options in defined contribution Plans?
26. Describe your firm's approach to defined contribution plan investment consulting.
27. Discuss the steps your firm would take to analyze ISBI's current investment options.
28. What experience do you have with the Plan's current service providers, including its investment options, custodial bank, and recordkeeper?
29. What plan design initiatives have you led with your clients in the past 24 months?
30. Please include your firm's research on Retirement Income in defined contribution plans, and an example of analysis used to identify appropriate solutions.
31. Please demonstrate how your team confirms the appropriateness of a plans' DIA with regard to its participant base. Include examples of glidepath analysis for target date funds or other means used.
32. Describe your firm's philosophy with respect to investment option/custodial bank/recordkeeper evaluations (e.g., formal review, ad hoc, frequency, etc.) and the use of a "watch list."
33. At what point would the firm recommend terminating a passive investment option? At what point would the firm recommend terminating an active investment option? Is an investment option termination recommended and implemented for all clients?
34. How does your firm define risk? Briefly describe the risks to which a defined contribution plan is exposed. How does your firm monitor risk? List the measurements used by your firm when it evaluates risk.

## Research/Searches

35. Describe the structure and organization of your firm's research department, including the number and experience of its analysts. Describe how your firm's research forms the basis of its investment consulting advice and how the advice is implemented across client accounts.
36. Describe in detail your firm's investment option/custodial bank/recordkeeper database and search process, including:
  - Third party or proprietary databases and their advantages;
  - Frequency of review of investment options/custodial banks/recordkeepers, number of such entities in the database, and circumstances for the addition/deletion of such entities from the database;
  - Method for gathering, verifying, and updating data (e.g., surveys/meetings);
  - Search process, finalist candidate evaluation and final selection criteria; and
  - Use of an approved investment option/custodial bank/recordkeeper list, including updating frequency and client implementation.
37. Have your firm's most recent investment option searches resulted in the same investment option being selected for multiple clients? Provide the results (table format) for the three (3)

most recent investment option searches for U.S. equities, non-U.S. equities, and fixed income investment options. At a minimum, identify the finalist candidates and indicate which firm was selected. Identify by name the clients for which these searches were completed.

38. Does your firm provide online services? If so, please describe any reports or other information that would be available to ISBI online.

### **Participant Services**

39. Please describe how you can support ISBI and the plan recordkeeper in communications with participants.
40. Please provide two specific examples of ways in which your firm has made a positive impact on retirement plans you support over the past 24 months (e.g., increased plan participation, increased deferrals, enhanced services, lowered fees, etc.).

### **Performance Measurement and Portfolio Analytics**

41. Please provide a sample of your firm's quarterly performance reports for the total fund, major asset classes, and individual investment options. The sample should be for one of your firm's clients that is structured similarly to ISBI. Can these reports be customized to accommodate the Plan's information needs? Are there charges for these additional information requests? Within what time frame can these requested changes be implemented?
42. What are the anticipated availability dates for each report in terms of the number of calendar days after data is finalized?
43. Please describe the plan data submission/collection process. Does your firm collect holdings data? Performance data? From investment options, clients' custodians, or clients?
44. Describe your firm's performance attribution capabilities, including returns-based and holdings-based capabilities; further including a breakdown of domestic, international, and fixed income performance attribution capabilities. Does your firm's quarterly reporting package contain attribution analysis at the total fund, asset class, and investment option level?
45. Describe how your firm collects and analyzes participant trends, salaries, age, account balances, loan balances, etc.
46. Please describe the analytical tools and databases that are used by your firm's staff and any of those that are available for ISBI to utilize.

### **Diversity, Inclusion, and Emerging Manager Programs**

As defined by the Illinois Pension Code (the "Code"), the definition of an "emerging investment manager" is "a qualified investment adviser that manages an investment portfolio of at least \$10M but less than \$10B and is a 'a minority-owned business', 'woman-owned business', or 'business owned by a person with a disability' as those terms are defined in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act."

47. Does your firm have a database of emerging investment options? What is your firm's view on the inclusion of emerging investment options within an investment program generally, and specifically within a deferred compensation plan?

48. What experience does your firm have with evaluating and working with emerging investment options? Please be specific with regards to asset classes and specific emerging investment options that your firm has worked with.
49. Is your firm a certified Minority, Woman, or Person with A Disability Owned Business Enterprise (MWDBE)? If yes, please provide certification.
50. If your firm is a member or supporter of minority, woman, or persons with disabilities professionals' organizations, please list the organization(s), your firm's level of involvement and a contact person (along with contact information) for the respective organization(s).
51. What percentage of the consulting staff assigned to ISBI would qualify as a minority, woman, or person with a disability?
52. What initiatives has the firm taken to promote diversity in the workplace? Does the firm have a diversity and/or inclusion policy in place? How important is diversity and what value does it bring? Please provide any additional information on the firm's MWDBE utilization, community engagement, volunteerism, corporate philanthropy, or other initiatives. Highlight activities or programs that the company administers to alleviate community issues and enhance its commitment to corporate responsibility.

#### **Miscellaneous**

53. What are your firm's consulting specialties and strengths? What differentiates your firm from its competitors? What are your firm's limitations? Why should ISBI hire your firm rather than its competitor(s)? Please list your firm's top five (5) competitors.
54. Briefly describe how a new client would transition to your firm. Does your firm backlog transaction and/or investment performance data? Please list any problems your firm has encountered in transitioning a new client from their previous consultant.

#### **Fees**

55. How would your firm propose structuring the fees in a relationship with the Plan? What would your firm expect its total annual fee to be? Please prepare a fee proposal as an attachment to the response to this RFP, which includes an all-inclusive flat fee for each year of the contract. Fees should include your firm's travel expenses and services. Please indicate in the response if a government rate is offered and whether fees are negotiable. In assessing fees, assume a five (5) year contract.
56. Please describe your firm's philosophy on structuring fees for any out-of-scope services.

#### **References**

Provide a list of the three (3) largest defined contribution plan clients to which your firm provides full-retainer investment consulting services, one of which must be a government defined contribution plan, as well as one (1) large defined contribution plan client that terminated the relationship with your firm. The list should include the following for each client: name, contact, telephone number, asset values, number of years the client has retained your firm and the product(s) or service(s) the client uses. ISBI may contact any of these clients for reference purposes. Please include at least one reference of a client your firm recently engaged who we can contact regarding the onboarding and transition process.

## Exhibit A

The Illinois State Board of Investment (“ISBI”) acts as fiduciary for the General Assembly Retirement System, Judges’ Retirement System and State Employees’ Retirement System of Illinois. As fiduciaries, the Board of Trustees (the “Board”) of ISBI is responsible for managing, investing, reinvesting, preserving, and protecting fund assets.

It is the policy objective of the ISBI to prevent actual, potential, or perceived conflicts of interest with its current and prospective vendors on behalf of its participants.

In furtherance of this policy, ISBI shall require the following disclosures:

1. Political Contribution Disclosure

All (i) vendors submitting bidding proposals to ISBI and (ii) vendors retained by ISBI, as well as each of the aforesaid vendors’ solicitors, finders, officers, directors, partners, principals, lobbyists, and any individual whose compensation is directly derived by the awarding of ISBI’s contracts must provide written disclosures of all political contributions made during the preceding five years to a Board Member or a Board Member’s Campaign Committee and any other political contribution expressly prohibited by SEC Rule 206(4)-5 (17 CFR 275.206(4)-5), and provide disclosures in writing of any future political contributions made to Board Members or a Board Member’s Campaign Committee. In addition, all vendors submitting bidding proposals to ISBI and any vendors retained by ISBI, shall affirm in writing its compliance with SEC Rule 206(4)-5.

All (i) vendors submitting bidding proposals to ISBI and (ii) vendors retained by ISBI, as well as each of the aforesaid vendors’ solicitors, finders, officers, directors, partners, principals, lobbyists, and any individual whose compensation is directly derived by the awarding of ISBI’s contracts must provide written disclosures of any future instances where a Board Member or a Board Member’s Campaign Committee solicits any political contributions from such persons, regardless of the candidate or political campaign committee for whom the solicitation is requested.

Additionally, (i) vendors submitting bidding proposals to ISBI and (ii) vendors retained by ISBI, as well as each of the aforesaid vendors’ solicitors, finders, officers, directors, partners, principals, lobbyists, and any other individual whose compensation is directly derived by the awarding of ISBI’s contracts, must provide written disclosures of all political contributions made during the preceding five years to any political committee established to promote the candidacy of the office of the Governor or any other declared candidate for that office.

The failure to provide written disclosures of political contributions or solicitations may result in the disqualification or termination of the vendor.

PROVIDE RESPONDENT’S POLITICAL CONTRIBUTION DISCLOSURES IN AN ATTACHMENT.

IF RESPONDENT HAS NO POLITICAL CONTRIBUTIONS TO REPORT, INDICATE THAT RESPONDENT HAS NO DISCLOSURES TO REPORT IN AN ATTACHMENT.

2. Public Act 95-0971 Disclosures

Public Act 95-0971 (the Act) amends the Illinois Procurement and Election Codes (i) to require certain “business entities” to register with the State Board of Elections; (ii) to require state bidding documents and contracts to contain language referencing a business entity’s duty to register with the State Board of Elections and duty to provide a registration-related certification; and (iii) to restrict business entities from making political contributions to any political committee established to promote the candidacy of the officeholder responsible for awarding the contract on which the business entity has submitted a bid or proposal, which is the Governor in the case of the Board. ISBI constitutes a “State Agency” under the Act. On January 30, 2008, the Board resolved to apply the Act’s requirements to ISBI’s contracts.

All (i) vendors submitting bidding proposals to ISBI and (ii) vendors retained by ISBI must comply with all requirements of the Act that are applicable to the particular vendor. Please note that any contract formed between ISBI and vendor is voidable for vendor’s failure to comply with the requirements of the Act.

Please read the Act carefully, as it may affect your ability to do business with ISBI. The Act may require registration and disclosures by you with the State Board of Elections and requires specific language to be present in ISBI bidding materials and contracts. Further, the Act may restrict you from making political contributions to certain state officeholders.

DISCLOSE WHETHER RESPONDENT CONSTITUTES A “BUSINESS ENTITY” UNDER THE ACT.

**IF RESPONDENT IS A BUSINESS ENTITY, RESPONDENT MUST PROVIDE A REGISTRATION CERTIFICATION AS AN ATTACHMENT.**

3. Vendor Disclosure of Financial Interests and Potential Conflicts of Interest

All bidding materials from potential ISBI vendors must be accompanied by a disclosure of any ownership of the vendor in excess of 7.5%, as well as a disclosure of any distributive income share in excess of \$100,000.00 of the bidding entity and its parent entity. If the vendor is a publicly traded entity subject to Federal 10K reporting, it may submit its 10K disclosure to satisfy the 7.5% ownership disclosure. Distributive income share, in this instance, is a fee, commission, bonus, or any other form of remuneration conferred by the bidding entity or its parent contingent on the bidding entity’s selection for procurement of services by ISBI.

Disclosures must include at least the names, addresses, and dollar or proportionate share of ownership of each person identified and their instrument of ownership.

PLEASE PROVIDE OWNERSHIP DISCLOSURES IN AN ATTACHMENT.

IF RESPONDENT HAS NO OWNERSHIP DISCLOSURES TO REPORT, INDICATE THAT RESPONDENT HAS NO OWNERSHIP DISCLOSURES TO REPORT IN AN ATTACHMENT.

Further, the bidding entity must disclose whether any of the following relationships, conditions, or statuses are applicable to representatives of the bidding entity or its parent entity:

- a. State employment, currently or in the previous three years, including contractual employment services;
- b. State employment by spouse, father, mother, son, daughter or immediate family including contractual employment for services in the previous two years;
- c. Elective Status: the holding of elective office of the State of Illinois, the government of the United States, any unit of local government authorized by the Constitution of the State of Illinois, or the statutes of the State of Illinois currently or in the previous three years;
- d. Relationship to anyone (spouse, father, mother, son, daughter, or immediate family) holding elective office currently or in the previous two years;
- e. Employment, currently or in the previous three years, as or by any registered lobbyist of the State government;
- f. Relationship to anyone (spouse, father, mother, son, daughter, or immediate family) who is or was a registered lobbyist of the State government in the previous two years;
- g. Compensated employment, currently or in the previous three years, by any registered election or re-election committee registered with the Secretary of State or any county clerk in the State of Illinois, or any political action committee registered with either the Secretary of State or the Federal Board of Elections;
- h. Relationship to anyone (spouse, father, mother, son, daughter, or immediate family) who is or was a compensated employee in the last two years of any registered election or re-election committee registered with the Secretary of State or any county clerk in the State of Illinois, or any political action committee registered with either the Secretary of State or the Federal Board of Elections.

PROVIDE DISCLOSURES APPLICABLE UNDER SECTION 3.a. – 3.h. IN AN ATTACHMENT.

IF RESPONDENT HAS NO DISCLOSURES TO REPORT FOR 3.a. – 3.h., INDICATE RESPONDENT HAS NO DISCLOSURES TO REPORT FOR 3.a. – 3.h. IN AN ATTACHMENT.

#### 4. Public Act 98-1022 Disclosures

Public Act 98-0122 (the Act) amends the Illinois Pension Code to require certain disclosures regarding utilization of minorities, females, and persons with a disability. For purposes of this RFP, the terms “minority owned business,” “female owned business,” and “business owned by a person with a disability” are as defined in the Business Enterprise for Minorities, Females, and Persons with Disabilities Act. In accordance with the Act, all (i) vendors submitting bidding proposals to ISBI and (ii) vendors retained by ISBI must provide the following numerical data:



a. The number of the vendor’s investment and senior staff and the percentage of its investment and senior staff who are a (i) minority person, (ii) female, or (iii) person with a disability;

DIVERSITY PROFILE								
Name of Investment Advisory Firm:								
Data as of:								
Job Category	Non-Disabled				Disabled		Total Minority, Female and Disabled Persons	Total Staff Minority & Non-Minority
	Non-Minority		Minority		Male	Female		
	Male	Female	Male	Female				
Senior Staff (as defined by your Firm)								
Investment Professionals (Excluding Senior Staff)								
Total Senior Staff & Investment Professionals								
Percent of Total Senior & Investment Professionals								

**Note: Do not count employees twice. Employees must be placed in one category ONLY.**

**Example: A black female with a disclosed disability can go into either the “minority female” category OR the “disabled female” category, not both.**

**Additional Note: “Not Applicable” is not an acceptable response. A number must be written in each box.**

b. The number of contracts, oral or written, that the vendor has in place for investment services, consulting services, and professional and artistic services that constitute a (i) minority owned business, (ii) female owned business, or (iii) business owned by a person with a disability; and

c. The number of contracts, oral or written, that the vendor has in place for investment services, consulting services, and professional and artistic services where more than 50% of services performed pursuant to contract are performed by a (i) minority person, (ii) female, or (iii) person with a disability but do not constitute a business owned by a minority, female, or person with a disability.

Number of contracts, oral or written, for investment services, consulting services, and professional and artistic services that the Respondent has with:		
	Number of Contracts	Funds Expenses to Date
Minority/Female/Disabled Firms		
Non-Minority owned Firms where greater than 50% of the services performed pursuant to the contact are completed by Minority/Female/Disabled persons within that Firm.		
Total		\$

***Note: “Not Applicable” is not an acceptable response. A number must be written in each box. If your firm does not track this information, please perform a reasonable review of your service provider relationships and answer to the best of your knowledge.***

Finally, in a separate attachment, please provide any additional information related to your firm’s diversity initiatives that might be useful during the search and/or selection process.

These disclosures are not intended to prohibit or prevent any contract. The disclosures are considered by the Board of Trustees of ISBI, within the bounds of financial and fiduciary prudence, prior to awarding a contract. Failure to make any disclosure required by this provision may render the contract, bid, proposal, response, or relationship voidable by ISBI and may result in the termination of any existing relationship, suspension from future contracts, bids, proposals, responses, or relationships for a period up to ten years.

These disclosures are not intended to prohibit or prevent any contract. The disclosures are (i) considered by the Board, within the bounds of financial and fiduciary prudence, prior to awarding a contract and (ii) used to fully and publicly disclose any potential conflict to ISBI so that ISBI may adequately discharge its duty to protect its participants.

When a potential for a conflict of interest is identified, discovered, or reasonably suspected, the Executive Director shall review and comment on it in writing to the Board’s Audit and Compliance Committee. This Committee shall recommend in writing to the Board whether to void or allow the contract, bid, proposal or response weighing the best interests of the State of Illinois. The comment and determination shall be a part of the associated file.

These thresholds and disclosures do not relieve ISBI, or its designees, from reasonable care and diligence for any contract, bid, proposal or response. ISBI, or its designees, shall use any reasonably known and publicly available information to discover any undisclosed potential conflict of interest and act to protect the best interest of the State of Illinois.

Failure to make any disclosure required by this provision may render the contract, bid, proposal, response or relationship voidable by the Board and may result in the termination of any existing relationship, suspension from future contracts, bids, proposals, responses or relationships for a period up to ten years. Reinstatement must be reviewed and commented on in writing by the Executive Director. The Board shall determine in writing whether and when to reinstate the party at issue. The comment and determination must be a part of the associated file.

Additionally, all disclosures must note any other current or pending contracts, leases, bids, proposals, responses or other ongoing procurement relationships the bidding, proposing, or responding entity has with any other unit of State government and must clearly identify the unit and the contract, lease, bid, proposal, response or other relationship.

This policy shall be disclosed to all vendors as early as possible in the marketing process, ideally at the initial point of contact with ISBI. However, a failure on the part of ISBI to make such disclosure shall in no way detract from the application of this policy.

## Exhibit B

### Representations and Certifications:

1. \_\_\_\_\_ shall comply with all applicable laws of the State of Illinois and the United States of America, and any governmental or regulatory authority outside of the United States.
2. \_\_\_\_\_ certifies that no finder's fee or commission has been or shall be paid to any individual or organization resulting from the establishment of this investment consulting relationship.
3. No party may assign this Agreement, in whole or in part, nor delegate, except as contemplated herein, all or part of the performance of duties required of it by this Agreement without the prior written consent of the other party, and any attempted assignment or delegation without such consent shall be void.
4. If any provision of this Agreement shall be held invalid, illegal, or unenforceable, the validity, legality, or enforceability of the other provisions of this Agreement shall not be affected, and there shall be deemed substituted for the provision at issue a valid, legal, and enforceable provision as similar as possible to the provision at issue.
5. \_\_\_\_\_ and ISBI each represents to the other that it is duly authorized and fully empowered to execute, deliver, and perform this Agreement.
6. \_\_\_\_\_ shall maintain, for a minimum of 5 years after the completion of this Agreement, adequate books, records, and supporting documents to verify the amounts, recipients, and uses of all disbursements of funds passing in conjunction with this Agreement. \_\_\_\_\_ further agrees to cooperate fully with any audit and to make this Agreement, and all books, records, and supporting documents related to this Agreement, available to the Auditor General, chief procurement officer, internal auditor, and the purchasing agency. Failure to maintain the books, records, and supporting documents required by this Agreement shall establish a presumption in favor of the State of Illinois for the recovery of any funds paid by the State of Illinois under this Agreement for which adequate books, records, and supporting documentation are not available to support their purported disbursement.
7. \_\_\_\_\_ certifies that \_\_\_\_\_ is its correct tax identification number and that the Consultant is doing business as a \_\_\_\_\_.
8. \_\_\_\_\_ certifies that neither it, nor any of its affiliates, is participating or shall participate in an international boycott in violation of the provisions of the United States Export Administration Act of 1979.
9. \_\_\_\_\_ certifies that it is not barred from being awarded a contract under 30 ILCS 500/50-5. Section 50-5 prohibits a contractor from entering into a contract with a State Agency if the contractor has been convicted of bribery or attempting to bribe an officer or employee of the State of Illinois, or if the contractor has made an admission of guilt of such conduct which is a matter of record. Further, \_\_\_\_\_ acknowledges that ISBI may declare this Agreement void if this certification is false.
10. \_\_\_\_\_ certifies that it is not barred from being awarded a contract under 30 ILCS 500/50-10. Section 50-10 prohibits a contractor from entering into a contract with a State Agency if the contractor has been convicted of a felony and 5 years have not passed from the completion of the sentence for that felony. Further, \_\_\_\_\_ acknowledges that the Board may declare this Agreement void if this certification is false.
11. \_\_\_\_\_ certifies that it, and any of its affiliates (as defined in the Illinois Procurement Code), is not barred from being awarded a contract under 30 ILCS 500/50-11. Section 50-11

prohibits a contractor from entering into a contract with a State Agency if the contractor knows or should know that it, or any of its affiliates, is delinquent in the payment of any debt to the State of Illinois, as defined by the Debt Collection Board. Further, \_\_\_\_\_ acknowledges that the Board may declare this Agreement void if this certification is false.

12. \_\_\_\_\_ certifies that it is not barred from being awarded a contract under 30 ILCS 500/50-12. Section 50-12 prohibits a contractor from entering into a contract with a State Agency if the contractor, or any affiliate, has failed to collect and remit Illinois Use Tax on all sales of tangible personal property into the State of Illinois in accordance with the provisions of the Illinois Use Tax Act. Further, \_\_\_\_\_ acknowledges that the Board may declare this Agreement void if this certification is false.
13. \_\_\_\_\_ certifies that is not barred from being awarded a contract under 30 ILCS 500/50-14. Section 50-14 prohibits a contractor from entering into a contract with a State Agency if the contractor has been found by a court or the Pollution Control Board to have committed a willful or knowing violation of the Environmental Protection Act within the last 5 years. Further, \_\_\_\_\_ acknowledges that ISBI may declare this Agreement void if this certification is false.
14. \_\_\_\_\_ certifies that during the five years prior to the date of this Agreement, no officer, director, partner, or other managerial agent of the \_\_\_\_\_ has been convicted of a felony under the Sarbanes-Oxley Act of 2002 or a Class 3 or Class 2 felony under the Illinois Securities Law of 1953. Further, \_\_\_\_\_ acknowledges that ISBI shall declare this Agreement void if this certification is false.
15. Respondent represents and warrants to ISBI that it is registered as an investment adviser under the Investment Advisors Act of 1940.
16. Respondent acknowledges that it is a “fiduciary” with respect to ISBI within the meaning of Article 1 of the Illinois Compiled Statutes, Chapter 40, Act 5; warrants that none of the disqualifications described in Section 411 of ERISA apply to the Respondent; and specifically agrees to perform its duties under this Agreement with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in an enterprise of like character and with like aims.
17. \_\_\_\_\_ shall secure, and maintain throughout the term of the investment consulting relationship with ISBI, insurance that satisfies the requirements set forth below that is provided by insurer(s) rated A- or better by A.M. Best & Company. \_\_\_\_\_ shall provide ISBI:
  - a. A copy of the requisite insurance policies upon initiation of the contract;
  - b. an annual certification that the insurance requirements continue to be satisfied; and
  - c. evidence of continued satisfaction of the insurance requirements upon request.The minimum insurance requirement shall include: (1) a bond protecting the Account assets that meets the requirements of, and that is in the amount specified under, ERISA and the regulations thereunder; and (2) errors and omissions coverage in an amount equal to the greater of: \$5 million or 5% of the assets under management, up to a maximum of \$10 million of coverage. The errors and omissions insurance shall protect the Account against losses from the negligent acts, errors or omissions of Respondent.
18. \_\_\_\_\_ shall notify ISBI in writing within five (5) business days of any material changes in senior officers, senior personnel involved in the management of the Account, ownership, significant legal actions instituted against Respondent, or any investigations, examinations, or

other proceedings commenced by any governmental regulatory agency which is not conducted in the ordinary course of Respondent's business.

19. \_\_\_\_\_ certifies that Respondent and, to the best of its knowledge, Respondent's subcontractors (if any), have complied with Illinois Executive Order 1-2007.
20. \_\_\_\_\_ certifies that Respondent is not an Illinois Finance Entity as defined by 40 ILCS 5/1-110.10.
21. If \_\_\_\_\_ retains any subcontractors to perform any portion of the work hereunder, then Respondent shall promptly provide notification, in writing, to ISBI. Respondent shall also disclose the names and addresses of all subcontractors and the expected amount of money each will receive under the contract. Respondent shall provide ISBI a copy of any subcontract with an annual value of more than \$25,000 so identified within 20 days after the execution of this Agreement or after execution of the subcontract, whichever is later. In addition, Respondent acknowledges that if at any time during the term of the contract it adds or changes any subcontractors, it will provide notification, in writing, to ISBI. For purposes of this certification, "subcontractor" does not include non-investment related professionals or professionals offering services that are not directly related to the investment of assets, such as legal counsel, actuary, proxy-voting advisory services, services used to track compliance with legal standards, and investment fund of funds where ISBI has no direct contractual relationship with the investment advisers or partnerships.
22. \_\_\_\_\_ acknowledges that a description of this Agreement shall be posted on ISBI's website, including the name of the organization, the total amount applicable to the Agreement, the total fees paid or to be paid under the Agreement and a disclosure, approved by ISBI, describing the factors that contributed to the selection of the organization.
23. \_\_\_\_\_ agrees to disclose the names and address of: (i) Respondent; (ii) any entity that is a parent of, or owns a controlling interest in, Respondent; (iii) any entity that is a subsidiary of, or in which a controlling interest is owned by, Respondent; (iv) any persons who have an ownership or distributive income share in Respondent that is in excess of 7.5%; or (v) any persons who serve as executive officers of Respondent.
24. \_\_\_\_\_ agrees to provide full disclosure of direct and indirect fees, commissions, penalties, and other compensation, including reimbursement for expenses, that may be paid by or on behalf of the organization in connection with the provisions of services to ISBI. Such disclosure shall be updated promptly.
25. \_\_\_\_\_ will furnish to ISBI, from time to time, such evidence as ISBI may reasonably request that it satisfies the foregoing requirements and shall promptly notify ISBI if it has reason to believe that any of the foregoing representations, warranties, or covenants may cease to be satisfied.
26. \_\_\_\_\_ acknowledges that ISBI is unable to provide its vendors with any indemnification rights in a resulting Agreement with ISBI and agrees that, if selected pursuant to this procurement process, such limitation will not impact the contract negotiations between ISBI and the Respondent.
27. \_\_\_\_\_ acknowledges is not in violation of the "revolving door prohibition" on procurement activity relating to a State Agency under 30 ILCS 500/50-30.

NOTE – ADDITIONAL CERTIFICATIONS AND REPRESENTATIONS MAY BE NEGOTIATED IN ANY RESULTING AGREEMENT WITH ISBI.

**ISBI REQUIRED CONSULTANT DISCLOSURES**

**For Consultant Services Proposals and Retained Consultants**

Public Act 100-0542 Disclosures

Public Act 100-0542 (the Act) amends the Illinois Pension Code to require certain disclosures regarding searches for investment services. The terms “minority owned business”, “female owned business”, and “business owned by a person with a disability” are as defined in the Business Enterprise for Minorities, Females, and Persons with Disabilities Act.” “Compensation” means any money, thing of value, or economic benefit conferred on, or received by, a consultant in return for services rendered, or to be rendered, by himself, herself, or another. “Economic opportunity” means any purchase, sale, lease, contract, option, or other transaction or arrangement involving property or services wherein a consultant may gain an economic benefit.

In accordance with the Act, all (i) consultants submitting proposals to ISBI and (ii) consultants retained by ISBI, must provide the following numerical data prior to being awarded a contract for consulting services and, if retained, by January 1 of each year:

1. Total number of searches for investment services in the prior calendar year. \_\_\_\_\_
2. Total number of searches for investment services in the prior calendar year that included (i) a minority owned business, (ii) a female owned business, or (iii) a business owned by a person with a disability. \_\_\_\_\_
3. Total number of searches for investment services in the prior calendar year in which the consultant recommended for selection (i) a minority owned business, (ii) a female owned business, or (iii) a business owned by a person with a disability. \_\_\_\_\_
4. Total number of searches for investment services in the prior calendar year that resulted in the selection of (i) a minority owned business, (ii) a female owned business, or (iii) a business owned by a person with a disability. \_\_\_\_\_
5. The total dollar amount of investment made in the prior calendar year with (i) a minority owned business, (ii) a female owned business, or (iii) a business owned by a person with a disability that was selected after a search for investment service \_\_\_\_\_
6. Disclose any compensation or economic opportunity received in the last 24 months from an investment advisor(s) that is being recommended for selection by the consultant. \_\_\_\_\_

7. If consultant has been retained by ISBI, disclose all compensation and economic opportunity received in the last 24 months from investment advisors retained by ISBI.
- 

<b>Consultant Information</b>
Company Name:
Signature:
Printed Name:
Title:
Dated:

*These disclosures are not intended to prohibit or prevent any contract. The disclosures are (i) considered by the Board, within the bounds of financial and fiduciary prudence, and (ii) used to fully and publicly disclose any potential conflict to ISBI so that ISBI may adequately discharge its duty to protect its participants.*

*Failure to make any disclosure required by this provision may render the contract, bid, proposal, response or relationship voidable by the Board and may result in the termination of any existing relationship, suspension from future contracts, bids, proposals, responses or relationships for a period up to ten years.*

*This requirement shall be disclosed to all consultants as early as possible in the marketing process, ideally at the initial point of contact with ISBI. However, a failure on the part of ISBI to make such disclosure shall in no way detract from the application of this requirement.*

**ISBI REQUIRED CONSULTANT DISCLOSURE**

**When Recommending an Investment Advisor(s)**

Public Act 100-0542 Disclosure

Public Act 100-0542 (the “Act”) amends the Illinois Pension Code to require certain disclosures regarding searches for investment services. “Compensation” means any money, thing of value, or economic benefit conferred on, or received by, a consultant in return for services rendered, or to be rendered, by himself, herself, or another. “Economic opportunity” means any purchase, sale, lease, contract, option, or other transaction or arrangement involving property or services wherein a consultant may gain an economic benefit.

In accordance with the Act, provide a numerical response to the following request:

Disclose any compensation or economic opportunity received in the last 24 months from an investment advisor(s) that is being recommended for selection by the consultant.

---

[Insert Consultant Name] did not receive any compensation or economic opportunity from an investment advisor that was recommended to our clients.

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This disclosure is not intended to prohibit or prevent any contract. The disclosure will be (i) considered by the Board, within the bounds of financial and fiduciary prudence, prior to awarding a contract and (ii) used to fully and publicly disclose any potential conflict to ISBI so that ISBI may adequately discharge its duty to protect its participants.

Failure to make any disclosure required by this provision may render the contract, bid, proposal, response or relationship voidable by the Board and may result in the termination of any existing relationship, suspension from future contracts, bids, proposals, responses or relationships for a period up to ten years.



**Appendix 1**  
**Other Information**

**Other Procedural Information**

*Notice.* ISBI will provide notice of this RFP on the ISBI website at least 14 days before the response to the RFP is due. Notice may also be posted in one or more industry periodicals. Neither this RFP nor any response to this RFP should be construed as a legal offer.

*Diversity.* Public Act 96-0006 encourages ISBI to increase the racial, ethnic, and gender diversity of its fiduciaries, to the greatest extent feasible within the bounds of financial and fiduciary prudence. In furtherance of this Act, it is the goal of ISBI to use its best efforts to increase the racial, ethnic, and gender diversity of its fiduciaries, including its investment managers and consultants. ISBI encourages investment consultants owned by minority persons, women, and persons with disabilities to submit proposals to this RFP.

As defined by the Illinois Pension Code, an “emerging investment manager” is “a qualified investment adviser that manages an investment portfolio of at least \$10M but less than \$10B and is a ‘a minority-owned business,’ ‘woman-owned business,’ or ‘business owned by a person with a disability’ as those terms are defined in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act.” A minority investment manager is “a minority-owned business,” “woman-owned business,” or “business owned by a person with a disability” as those terms are defined in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act with assets under management greater than \$10B. Please refer to ISBI’s Diversity Policy (available on ISBI’s website) for more information.

*Response Submissions.* All interested Respondents must submit their responses in accordance with the proposal submission instructions herein. ISBI reserves the right to reject any or all proposals submitted. All material submitted in response to the RFP will become the property of ISBI. ISBI is not responsible for any costs incurred by the Respondents in responding to this RFP.

Staff shall open the responses and thoroughly review each for content, quality, and compliance with the RFP’s requirements. Staff will compile a list of all Respondents to the RFP, identifying which responses are complete and incomplete.

*Revisions.* If it becomes necessary to revise or re-issue any part of the RFP, or if additional information is necessary for a clarification of provisions within this RFP, prior to the due date for proposals, a supplement will be provided to all known Respondents and posted on the ISBI’s website. If a supplement or re-issue is necessary, ISBI may extend the due date and time of the proposals to accommodate any additional information requirements.

*Freedom of Information Act.* Respondents are advised that proposal materials are subject to the Illinois Freedom of Information Act (5 ILCS 140). After completion of the RFP, selection by the Board, and successful negotiation of a contract, if any, proposals submitted may be viewed and copied by any member of the public, including news agencies and competitors. Respondents claiming a statutory exception to the Illinois Freedom of Information Act for information within the Respondents’ proposals must identify relevant language as confidential and identify in the email transmission of the proposal whether confidential information is included. Further, each piece of confidential information must be labeled as such. The Respondent must also specify which statutory exemption applies for

each piece of confidential information. **Responses to this RFP with every page marked as proprietary, privileged, or confidential will not satisfy this requirement, and such markings will result in the entire proposal being deemed to be disclosable public information, without further discussion.** Proposers are required to make a good faith attempt to properly identify only those portions of the response that are truly furnished under a claim that they are proprietary, privileged, or confidential and that disclosure of the trade secrets or commercial or financial information would cause competitive harm to the person or business responding to this RFP. Respondents should assume that information suitable for release will include, but not be limited to, Respondent's questions, proposals, appendices attached, proof of concepts, best and final offers, and any related communication with ISBI staff in regard to the RFP. The Freedom of Information Act can be found at the Illinois General Assembly's website (<http://www.ilga.gov/>).

*Note: Pricing and fee structures are generally disclosable under FOIA.*

ISBI reserves the sole right to make determinations of confidentiality. If ISBI disagrees with a Respondent's confidential designation, it may either reject the proposal, remove the redaction, or discuss its interpretation of the exemptions with the Respondent. However, any claim of privilege from disclosure is not definitive. ISBI has the right and legal obligation to determine whether such information is exempt from disclosure under the Illinois Freedom of Information Act. No information will be considered or determined by ISBI to be proprietary, privileged, or confidential unless it is identified and separated as indicated herein.

Respondents, by making a submission to this RFP, waive any cause of action against ISBI if ISBI discloses any information provided by a Respondent that was required to be disclosed pursuant to law.

*Applicable Law.* ISBI shall conduct the RFP process in accordance with applicable provisions of the Illinois Pension Code, the State Officials and Employees Ethics Act, and any other relevant authority under the Illinois Compiled Statutes. *Ex parte* communications between ISBI and its Staff and interested parties, including Respondents, or non-interested parties shall be recorded or disclosed, in accordance with the State Officials and Employees Ethics Act.

Respondents are subject to 40 ILCS 5/1-110.16, as amended from time to time, relating to investments in companies that are designated by the Illinois Investment Policy Board ("IIPB") as restricted companies. Managers must comply with the IIPB's Prohibited Investment List and reporting requirements under applicable Illinois law. For more information, please visit: <http://iipb.illinois.gov>.

*Other Requirements and Information.* Respondents will be required to conform to all applicable ISBI guidelines and sign the Investment Consultant Agreement ("ICA"). A sample ICA will be provided to finalist candidates upon request. The successful firm must be willing and able to execute an agreement in the form of the sample ICA. Certain provisions mandated by the State of Illinois to be included in contracts with agencies of the State of Illinois are never subject to negotiation.

No Respondent shall retain a person or entity to influence (i) the outcome of an investment decision or (ii) the procurement of investment advice or services of ISBI for compensation, contingent in whole or in part upon the decision or procurement.

ISBI shall post the name of the successful Respondent, if any, on ISBI's website, along with a disclosure including the total amount applicable to the contract, the total fees paid or to be paid, and a description of the factors that contributed to the selection of the Respondent.

This RFP does not obligate ISBI to complete the RFP process. ISBI reserves the right to amend any segment of the RFP prior to the announcement of the selected firm(s). In case of such amendment, all Respondents will be afforded the opportunity to revise their proposals to accommodate the RFP amendment. ISBI also may, at its discretion, issue a separate contract for any service or group of services included in this RFP.

The evaluation process, conducted by and Staff, will be structured to secure highly skilled, diligent, responsive, and experienced professional investment consulting firms who will be effective in providing the high quality of services that ISBI desires. The primary objective of the evaluation process is to select one or more investment consultants that:

- clearly demonstrates a thorough understanding of the scope of the engagement and the specific responsibilities entailed;
- possesses adequate resources to handle assigned responsibilities and to handle extenuating circumstances that may arise;
- assigns highly skilled, experienced, diligent, responsive, and professional personnel to perform the required duties;
- maintains high ethical standards and reputation;
- is competitive in terms of fees; and
- has no conflict of interest existing between ISBI and other clients.