



OFFICE OF THE ILLINOIS STATE TREASURER
MICHAEL W. FRERICHS

Request for Proposals
External Investment Advisor

September 15, 2015

Proposals due by 12:00 p.m. CT on November 9, 2015

Mr. Jim Underwood
Chief Procurement Officer
400 West Monroe Street, Suite 401
Springfield, IL 62704

**Office of the Illinois State Treasurer
Request for Proposals
External Investment Advisor**

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I. OVERVIEW

The Office of the Illinois State Treasurer (“Treasurer” or “Treasurer’s Office”) is issuing this Request for Proposals (“RFP”) for an External Investment Advisor (“Advisor”) for the Illinois Secure Choice Savings Program (“Secure Choice”), 820 ILCS 80/1 *et seq.* The Advisor shall assist the Treasurer and the Secure Choice Board (“Board”) in the Secure Choice investment pools (“Pools”). Respondents must submit their Proposals by 12:00 p.m. CT on November 9, 2015. The Treasurer intends to select the Respondent with a strong investment track record; comprehensive risk management skills; and expertise in client counseling, portfolio management, and management and evaluation of equity and fixed income mutual funds, asset allocation, and behavioral finance. The successful Respondent (“Contractor”) shall enter into a contract with the Treasurer (“Agreement”) for an initial term of four (4) years. Upon expiration of this term, the Treasurer may elect to extend the Agreement for a period of time agreed upon by the parties, not to exceed a total of ten (10) years.

II. BACKGROUND

On January 5, 2015, the Illinois Secure Choice Savings Program Act, 820 ILCS 80/1 *et seq.*, (“Act”) was signed into law, thereby establishing Secure Choice and its Board. Secure Choice is a retirement savings initiative that applies to all businesses that have been operating in Illinois for at least two years, have at least 25 employees, and do not offer qualified retirement savings options. If qualified businesses choose not to provide a retirement savings program to their employees, Secure Choice enrolls employees into a direct deduction retirement savings plan (a Roth IRA). These employees can choose any level of direct contribution they would like, including opting out of the program entirely. Unless otherwise stipulated by the employee, however, workers will have three percent of their paycheck deducted into a Roth IRA.

In regard to the investment framework of Secure Choice, the program will offer enrollees a variety of investment options that suit individual needs and preferences. Enrollees will have the freedom to create their own investment portfolio or choose a premixed portfolio

that automatically rebalances, based on their retirement time-horizon. Enrollees may have the ability to diversify their portfolio by asset class. In addition, they may have a range of choices based on their risk tolerance, and they may be able to choose from actively or passively managed funds, as well as proprietary or non-proprietary funds.

The Act calls for a Board of seven individuals to oversee the management of Secure Choice, with the Treasurer designated as the Chair. The Treasurer's Office serves as the administrative agency for the Board, vested with authority over the Administrative Fund for Secure Choice. As such, the Treasurer's Office is issuing this RFP to seek a Contractor to serve as the External Investment Advisor for Secure Choice.

III. SCOPE OF WORK

The Respondent will be required to provide the following services:

1. Review current investment guidelines and relevant authority in coordination with Treasurer's staff;
2. Prepare a presentation to the Treasurer's Office and/or the Board's Investment Policy Subcommittee ("IPSC"), defining the risk/reward characteristics of any recommended investment guideline changes subject to statutory constraints;
3. Assist in creating an Investment Policy Statement that considers the financial condition of participants, the plan's liquidity and distribution needs, level and nature of contributions, desired risk profile, and the risk tolerances of Treasurer's Office and the Board;
4. Conduct an annual review of the program's investment policy statements, investment guidelines, investment processes and provide best practice recommendations;
5. Conduct an asset allocation study that includes a quantitative asset allocation analysis;
6. Review and make recommendations on the Pool's current design, portfolio structure, optimization techniques, and asset allocation strategies, including asset classes, completion strategies, and the composition of age-based and investment profile glide paths;
7. Evaluate and monitor underlying fund manager lineup including organizational and investment management staff changes and provide a written report containing observations and recommendations for the Pool, where appropriate;
8. Provide investment manager recommendations, based upon the Pool's returns and the Respondent's independent analysis. Such recommendations may be documented either in the quarterly reports detailing the Pool's investment returns or separately. The recommendations shall analyze the Pool performance as compared to the market as a whole, and in conjunction with the investment goals for the Pool;

9. Provide oversight on the Pool, conducting periodic analysis of the Pool's investment performance, to be recorded in reports detailing the Pool's investment returns, asset allocation, historical performance, performance attribution, fee analysis, underlying funds, and their holdings. Such reports will be provided to the Treasurer's Office on at least a quarterly basis;
10. Provide detailed benchmarking analysis on Pool performance attribution and individual fund performance attribution including comparisons with industry benchmarks and third-party rating organizations;
11. Provide a cost analysis and industry comparison for Secure Choice program administration and investment management fees;
12. Provide constant monitoring and timely review and analysis of key events that could potentially affect the Pools and/or individual funds, including significant market events, mergers and acquisitions, public offerings, changes in fund senior management, and new and proposed federal and state legislation and regulation;
13. Meet with representatives from the Treasurer's Office to answer questions regarding the reports submitted and the analysis conducted on an ad hoc basis, but no less than four times per year;
14. Be available to discuss any investment issues with Treasurer's staff and/or with portfolio managers on an as needed basis;
15. Serve as a general resource to the Treasurer's staff and the Board for information, advice and training regarding investment, reporting, fund management, asset allocation and investment strategies;
16. Attend meetings at the discretion of the Treasurer's Office, as needed, to present research, reports and analyses and to respond to questions;
17. Attend quarterly, semi or annual due diligence and review meetings for investment funds and prepare a written summary of these meetings to the Treasurer's staff;
18. Provide or recommend education sessions for Treasurer's staff and Board members, as requested; and
19. Prepare presentations to Treasurer's staff on various general informational topics, as needed.

IV. RFP PROCESS AND SCHEDULE

This Section outlines the process and schedule associated with this RFP.

A. Schedule

The following is the schedule for this RFP:

Date	Event
September 15, 2015	RFP published on the Treasurer’s website.
October 1, 2015	Notice of intent to participate in the Bidder’s Conference due by 12:00 pm CT.
October 7, 2015	Mandatory Bidder’s Conference at 11:00 a.m. CT.
October 15, 2015	All Respondent questions due by 12:00 p.m. CT.
October 22, 2015	Responses to all questions posted on the Treasurer’s website by 4:00 p.m. CT.
November 9, 2015	Responses to RFP due at 12:00 p.m. CT.
Week of November 23, 2015	Selection of potentially acceptable candidates.
December 1, 2015	If applicable, best and final offer due by 12:00 p.m. CT.
Week of December 14, 2015	Notification of award and begin negotiation of Agreement.

These dates are subject to change at the Treasurer’s discretion.

B. Contact information

The Treasurer’s Chief Procurement Officer (“CPO”) is the sole point of contact concerning this RFP.

Respondents should submit questions about the intent or content of this RFP and request clarification of any and all procedures used for this procurement prior to the submission of a Proposal. Respondents must submit their questions in writing by e-mail to the CPO by 12:00 p.m. CT on October 15, 2015.

Jim Underwood
Chief Procurement Officer
Office of the Illinois State Treasurer
400 W. Monroe St., Suite 401
Springfield, IL 62704
Phone: 217.782.1708
Fax: 217.524.3822
junderwood@illinoistreasurer.gov

C. Mandatory Bidder's Conference

Each Respondent must e-mail notice of intent to attend the Bidder's Conference to Jim Underwood at junderwood@illinoistreasurer.gov prior to 12:00 p.m. CT on October 1, 2015. Attendance at the Bidder's Conference is mandatory, but it may be attended via teleconference. The Bidder's Conference shall be on October 7, 2015 at 11:00 a.m. CT at the following address:

James R. Thompson Center
100 West Randolph Street
Chicago, IL 60601

D. Proposal Submittal

All Proposals must be submitted by mail or messenger to the following address, no later than 12:00 p.m. CT on November 9, 2015:

Mr. Jim Underwood
Chief Procurement Officer
400 West Monroe Street, Suite 401
Springfield, IL 62704

E. RFP Process

1. Questions about this RFP

Respondents should submit questions about the intent or content of this RFP and request clarification of any and all procedures used for this procurement prior to the submission of a response. Respondents must prepare their questions in writing and send them by e-mail to the above contact person.

2. Internet/E-mail Communications

The Treasurer may also communicate with Respondents via e-mail. Each Respondent should provide an e-mail address with its response for ease of communication throughout this RFP process.

3. Verbal Communications

Any verbal communication from the Treasurer's employees or its contractors concerning this RFP is not binding on the Treasurer, and shall in no way alter a specification, term or condition of this RFP.

4. Amendment

If it is necessary to amend this RFP, the Treasurer will post amendments on the Treasurer's website.

5. Respondent's Costs

The cost of developing a response to this RFP is each Respondent's responsibility and may not be charged to the Treasurer.

6. Withdrawal of Proposal

Respondent may withdraw its Proposal at any time prior to the deadline for receipt of Proposals. The Respondent must submit a written withdrawal request, addressed to the CPO and signed by the Respondent's duly authorized representative.

7. Modification of Proposal

A Respondent may submit an amended Proposal before the deadline for receipt of Proposal. Such amended Proposal must be a complete replacement for the previously submitted Proposal and must be clearly identified as such in the transmittal letter to the CPO.

8. Proposal is an Offer

A Proposal submitted response to this RFP is a binding offer valid for 180 days after the due date for Proposals or the due date for the receipt of a best and final offer, whichever falls later.

9. Response to RFP is State Property

On the response due date all responses and related material submitted in response to this RFP become the property of the State of Illinois.

10. CPO May Cancel the RFP

If the CPO determines it is in the Treasurer's best interest, he reserves the right to do any of the following:

- a. Cancel this RFP;
- b. Modify this RFP in writing as needed; or
- c. Reject any or all responses received for this RFP.

V. PROPOSAL

This Section provides the required elements for Respondent's Proposal.

A. Proposal Format

All Proposals must be submitted within the prescribed format to facilitate objective review. Any Proposal that materially deviates from this format will be

rejected without further consideration of its content. Proposals that contain false or misleading statements or that provide references that do not support an attribute or condition claimed by the Respondent may also be rejected.

Narratives should provide a concise description of capabilities to satisfy the requirements of this RFP. Emphasis should be on clarity, brevity and completeness of response.

1. Cover Letter - The Proposal must be accompanied by a transmittal letter that designates the name, physical address, e-mail address, and the telephone number of the person or persons available for contact concerning the response and who is authorized to make representations on behalf of the Respondent's organization.
2. Table of Contents - Include a listing of the main chapters and paragraph headings contained in the response, including page numbers.
3. Introduction - Include any introductory remarks, not to exceed 3 pages, deemed appropriate. Briefly discuss such topics as the Respondent's background, management, facilities, staffing, related experience and financial stability.
4. Scope of Work – Provide a narrative, not to exceed 5 pages, describing the general conceptual approach to the delivery of specific services and any other information Respondent believes is relevant.
5. Answers to Questions - Respondent must respond to all of the questions. Respondent's answers must include the headings (e.g. "Background and Experience") and be numbered in the order provided in Section V.B of this Proposal.
6. Service Team - Provide an organization chart and resumes for the proposed service team, including analytical investment and research staff and support staff. Please identify the primary contact person and describe the role of each key person.
7. Unique Capabilities - Provide a summary not to exceed 5 pages of any unique expertise, products or services that distinguish your institution.
8. State Certifications and Disclosures - Respondent and any subcontractor(s) must submit the following three (3) fully executed documents: Illinois State Treasurer Certifications, Disclosures Financial Interest and Potential Conflicts of Interest (Disclosure Form A), and the Disclosures Other Contract and Procurement Related Information (Disclosure Form B).
9. Proposal - Proposals must be submitted in a sealed envelope or package bearing the title "Office of the Illinois State Treasurer Request for Proposals External Investment Advisor" and the Respondent's name and address. The package must include one (1) original and four (4) copies of the Proposal. A separate envelope must contain one (1) original and four (4) copies of the Cost Proposal. In addition, please provide three (3) electronic copies of the Proposal and three (3)

separate electronic copies of the Cost Proposal. Each electronic Proposal copy and each electronic Cost Proposal copy shall be on a separate electronic storage device, such as a CD or thumb drive.

A. Questions to be Addressed in the Proposal

Background and Experience

1. Please provide the year your firm was established and give a brief history of your firm.
2. Please provide the organization's name, and the name, title, address, phone number, fax number, and email address of the individual who will be our primary contact.
3. Please provide the address and website of the firm's headquarters and all branch offices.
4. Please identify all of your firm's lines of business, products, and services.
5. Please provide a brief description of your firm's plans for growth, such as asset growth, personnel growth, succession planning, over the next 3-5 years.
6. Please comment on the financial solvency of your firm. Do you have any firm debt? What is the minimum asset level required for your firm to remain profitable?
7. Please give succession plans for key employees if retirements are planned within 5 years.
8. What is the current ownership structure of the firm? Please include employees at all levels.
9. Who are the principals and/or managing partners? How long has each been at the firm?
10. What provisions are in place to promote the retention of principals and/or managing partners?
11. What, if any, are the carried interests and ownership interests in the firm held by individuals or business entities not employed by the firm?
12. What is the firm's compensation structure? What are the vesting provisions? Are there vesting provisions for future principals and/or managing partner additions?
13. Please describe the firm's professional turnover for the last five years, citing reasons for each departure and contacts for departed principals or partners.
14. Are any new hires expected in the near term? Please explain at what level these new hires are expected, and their anticipated compensation.

15. What is the decision-making process internally among the principals for (i) internal matters, (ii) new partners, and (iii) partnership operations and management decisions?
16. Does the firm have a succession plan in place? If so, please describe.
17. Please describe any significant changes in the organizational structure, ownership or management of your firm over the past three (3) years.
18. Please provide a summary organizational chart showing your proposed team, including analytical investment and research staff and support staff. Describe the role of each key person.
19. Please provide brief biographies and educational background of the investment professionals in the firm. List percent of ownership by the investment professional, and which products they worked on.
20. Please provide three (3) client references, current or past, and state the organization's name, their website (if any), a point of contact, physical address, telephone number, e-mail address, and the scope of work you provided.

Advisory and Administration Services

21. Please summarize the assets under your firm's advisement, as well as those for governmental entities, over the past five (5) years. Please include detailed information on each account managed, its purpose, projected and actual returns and any economic development statistics available.
22. Please identify the types of advisory accounts primarily managed by your firm.
23. Please describe the experience your firm has consulting on retirement programs or programs similar to Secure Choice.
24. Please describe the experience your firm has in the selecting, tracking and overseeing retirement investment strategies.
25. What is your experience and expertise in creating a retirement program's Investment Policy Statement, creating investment processes, and incorporating best practices?
26. Please describe your experiences in coordinating with clients and their investment staff to gain insight and knowledge regarding their investment programs, statutory authority, and related portfolios.
27. What existing or potential relationships could impact your firm's ability to provide the services outlined in this RFP? What such relationships could create ethics violation or conflict of interest situations?
28. Please provide a written sample of an investment advisory work product.

Reporting Requirements

29. Please detail your proposed reporting process on Secure Choice's pooled performance and individual fund performance including the tracking, analysis and reporting of Pools and individual funds.
30. Please provide your process to provide detailed benchmarking analysis on Pool performance attribution and individual fund performance attribution including comparisons with industry benchmarks and third-party rating organizations.
31. Please describe your process in defining risk/reward characteristics of any recommended investment guidelines with investment policy committees and subcommittees.
32. Please describe how your firm will provide timely consolidated reports quarterly and annually, reflecting all the information recorded by and required of the investment pools and individual funds.
33. Please describe how your firm will ensure standardization of such reporting across the Pool and individual funds.
34. Please describe your process to provide cost analysis of the program's administration and investment management fees and their comparison to industry benchmarks.
35. Please describe your ability to offer guidance regarding financial reporting in accordance with GAAP and GASB reporting requirements as they relate to investments and Secure Choice.

Investment Duties

36. Please describe the methodologies, measures, data sources, and software your firm will utilize to calculate, analyze and evaluate the Pool's performance.
37. Please describe your process that would provide oversight on the Pool, conducting periodic analysis of the Pool's investment performance, to be recorded in reports detailing the Pool's investment returns, asset allocation, historical performance, performance attribution, fee analysis, underlying funds, and their holdings.
38. Please describe the process used to evaluate underlying funds and investment manager lineup.
39. Please describe your process to select and provide underlying funds and investment manager recommendations.
40. Please describe your firm's ability to conduct an asset allocation study that includes a quantitative asset allocation analysis.

41. Please describe your review process to make recommendations on an investment pool's current design, portfolio structure, optimization techniques, and asset allocation strategies, including asset classes, completion strategies, and the composition of age-based and investment profile glide paths.
42. Please describe your process to provide constant monitoring and timely review and analysis of key events that could potentially affect the Pools and/or individual funds, including significant market events, mergers and acquisitions, public offerings, changes in fund senior management, and new and proposed federal and state legislation and regulation
43. Please describe your experience in providing knowledge, advice and training regarding portfolio allocations, reporting, fund management, and investment strategies.
44. Please identify your comfort level in providing presentations to the public audiences.

Diversity

45. Please provide the percentage of Respondent's staff who are female, minority, persons with disabilities, or military veterans.
46. Is the Respondent or its affiliates female, minority, persons with disabilities, or veteran owned or managed? For purposes of this RFP, "female, minority, persons with disabilities, or veteran owned or managed" shall mean being owned or managed by 51% or more of a combination of female, minority, persons with disabilities, or military veteran.
47. Using the definition provided above, what is the percentage of Respondent's subcontractors for this Project, if any, that are female, minority, persons with disabilities, or veteran owned or managed?

Illinois Presence

48. Please describe what presence the Respondent has in the State of Illinois. Such "presence" can be demonstrated by the percentage of Respondent's full-time employees or employees who spend more than half their time in Illinois and having physical offices or a principal place of business located in Illinois.
49. Using the definition provided above, what is the percentage of Respondent's subcontractors for this Project, if any, that have an Illinois presence?

B. Cost Proposal

Responses must include information regarding the proposed amount of compensation for services, either as a lump sum, by hourly rate or by other criteria. In setting forth such information, separate the current fiscal year fee from

the fee for the next two fiscal years. The figures provided should include all fees/costs.

Pricing schedules are to cover a four (4)-year period. It is anticipated all of the Respondent's costs to the State will be included in the pricing as outlined above, and consistent with the requirements outlined throughout this RFP.

VI. EVALUATION PROCESS & CRITERIA

A. Mandatory Requirements

1. The Respondents must answer all the questions in this RFP.
2. Responses to this RFP should set forth the specific manner in which the Respondent will satisfy each requirement.
3. The Respondent must submit the name, physical address, e-mail address, and telephone number of an individual with authority to answer questions or clarify their responses.
4. The Respondent must have substantial experience advising, or assisting in the advisement of, assets, funds, and funds of funds. The following criteria are required and exceptions will not be granted:
 - a. The Respondent must have assets under advisement of at least \$1 billion.
 - b. The Respondent must have at least three (3) years' experience advising assets for government entities.
 - c. The senior professionals in charge of providing the services under the proposed agreement must have at least five (5) years relevant experience in investment advisement.
 - d. The Respondent must agree to submit reports and other supporting materials as requested, in a timely manner.
5. The Respondent and any sub-contractor(s) must submit a fully executed State Certifications Form, Appendix A.
6. The Respondent and any sub-contractor(s) must submit a fully executed Financial Interest and Potential Conflicts of Interest Disclosure Form, Appendix B.
7. The Respondent and any sub-contractor(s) must submit a fully executed Other Contract and Procurement Related Information Disclosure Form, Appendix C.

B. Evaluation Factor Weighting Table

This following table shows the weighted evaluation factors to be used in reviewing the Respondent Proposals.

Evaluation Factor	Weight
Background & Experience	15
Advisory & Administrative Services	25
Reporting Abilities	10
Investment Duties	20
Cost Proposal	20
Diversity	5
Illinois Presence	5
TOTAL	100

C. Evaluation Factors

1. Background and Experience

Scoring will be based on the thoroughness and clarity of the response, the breadth and depth of the similar engagements, the talent and experience of assigned personnel, and the perceived validity of the response. The evaluation also will include reference checks regarding the Respondent's work for previous clients receiving similar services to those proposed for Secure Choice.

2. Advisory and Administrative Services

Scoring will be based on Respondent's experience with and demonstrated ability to provide quality advice and recommendations to the Treasurer.

3. Reporting Abilities

The evaluation will assess the Respondent's ability to provide timely and accurate reports as required under the Act and detailed in the RFP as well as the quality of these reports.

4. Investment Duties

Respondent's investment strategy and experience will be evaluated and scored, as well as its abilities to manage investment strategies and asset allocation.

5. Cost Proposal

Respondent's Cost Proposal score will be scored based on an evaluation of its cost-effectiveness.

6. Diversity Score

Respondent's diversity score will be scored based on the answers Respondent provides to the diversity questions in Section V.B of this RFP. The Evaluation Team shall award a higher diversity score to Respondents that are female, minority, person with disabilities, or veteran owned or managed. Having a higher percentage of subcontractors that are female, minority, person with disabilities, or veteran owned or managed shall also result in higher scores.

7. Illinois Presence Score

Respondent's Illinois presence shall be scored based on the answers Respondent provides to the Illinois presence questions in Section V.B of this RFP. Respondents with a principal place in Illinois and a higher percentage of employees in Illinois shall receive higher scores.

D. Evaluation Process

All Responses will be reviewed for compliance with the RFP requirements and specifications. Responses deemed non-responsive will be eliminated from further consideration. The Chief Procurement Officer may contact the Respondent for clarification of the Response, and the Evaluation Committee may use other sources of publically available information to perform its evaluation. Finally, the Evaluation Committee will make a recommendation regarding the final Respondent.

VII. CONTRACTUAL TERMS

The Contractor must specifically agree to each contractual provision set forth below.

A. Contractual Responsibility

If chosen to provide the services under this RFP, Contractor will be contractually responsible for all services provided.

1. Governing Law; Venue.

The Agreement shall be governed in all respects by the laws of the State of Illinois. Venue shall be proper only in the Illinois Court of Claims in accordance with the Illinois Court of Claims Act (705 ILCS 505/1 *et seq.*). By execution of the Agreement, Contractor acknowledges and agrees to the exclusive jurisdiction of the Illinois Court of Claims over any and all lawsuits arising under or out of any term of the Agreement.

2. Internal Controls

The selected Contractor shall annually provide the Treasurer with a copy of the Annual Report or Form 10-K of its parent holding company and its most recent SSAE 16 report which will include the attestation of the company's independent registered accounting firm regarding the company's internal control over financial reporting.

3. Disaster Recovery and Backup Facilities

Contractor shall prepare and test a plan for recovery of financial transactions and related information in the event of a disaster or system failure. Contractor shall furnish a copy of the plan, test results, and the results of the annual audit of the disaster recovery plan to the Treasurer.

4. Term of Agreement

- a. *Initial Term.* The term of the Agreement shall commence on January 15, 2015 and shall expire on January 14, 2019, ("Initial Term"), unless terminated prior to such date in accordance with the terms of the Agreement.
- b. *Term Extension.* The Treasurer reserves the right to extend the Agreement for an additional 6 (six) years ("Extension Term"), provided that the Treasurer notifies the Contractor in writing of its intention to do so at least ninety (90) days prior to the expiration date of the Initial Term. An Extension Term of this Agreement, and any amendments to this Agreement in connection with such Extension Term, shall be effected through a written instrument executed by the Contractor and the Treasurer and in accordance with applicable law.

5. Termination for Cause/Reduction of Fee

Notwithstanding any foregoing language to the contrary, the Agreement may be terminated by the Treasurer under any of the following circumstances:

- a. Contractor fails to furnish a satisfactory performance within the time specified.
- b. Contractor fails to perform any of the provisions of this Agreement, or so fails to make progress as to endanger performance of this Agreement in accordance with its terms.
- c. Any services provided under the Agreement are rejected and are not promptly corrected by Contractor, or repeatedly rejected even though Contractor offers to correct services promptly.
- d. There is sufficient evidence to show that fraud, collusion, conspiracy, or other unlawful means obtained the Agreement.
- e. Contractor is guilty of misrepresentation in connection with another contract for services to the State.

- f. Contractor is adjudged bankrupt or enters into a general assignment for the benefit of their creditors or receivership due to insolvency.
- g. Contractor disregards laws and ordinances, rules, or instructions of a contracting officer or acts in violation of any provision of the Agreement or this part, or the Agreement conflicts with any statutory or constitutional provision of the State of Illinois or of the United States.
- h. Any other breach of contract or other unlawful act by Contractor occurs.

Prior to terminating the Agreement for cause, the Treasurer shall issue a written warning that outlines the remedial action necessary to bring the Contractor into conformance with the Agreement. If such remedial action is not completed to the satisfaction of the Treasurer within thirty (30) business days, a second written warning may be issued. If satisfactory action is not taken by Contractor within five (5) business days of the date of the second written warning, the Agreement may be cancelled and the Treasurer may recover any and all damages involved with the transition to a new vendor including incidental and consequential damages. Failure by the Treasurer to issue a warning or cancel this Agreement does not waive any of the Treasurer's rights to issue subsequent warnings.

In addition, the Treasurer reserves the right to reduce the fee paid to Contractor as compensation for services under the Agreement during any period Contractor fails to perform with reasonable care any of its obligations under the Agreement.

6. Review

Treasurer's staff will conduct periodic performance reviews of the successful Contractor, during which its compliance with all aspects of the Agreement with Treasurer will be reviewed and assessed.

7. Liability and Indemnification

Contractor shall indemnify and hold the Treasurer harmless from and against any and all losses, including but not limited to, losses due to the negligent acts or omissions or willful misconduct of Contractor, its employees, or agents. Contractor has a duty to select, with due diligence, all other entities that shall be necessary to implement the Agreement. Contractor shall establish and enforce reasonable procedures to assure the Treasurer of the performance by all other entities of the services necessary to implement this Agreement.

8. Confidentiality

- a. Contractor shall be prohibited from using or disclosing confidential information received in the course of fulfilling its obligations pursuant to the Agreement, except in the performance of its internal responsibilities and normal functions. Confidential information includes all information but the following:

- i. Information already known or independently developed by the recipient;
- ii. Information required to be released by law;
- iii. Information in the public domain through no wrongful act of the recipient;
and
- iv. Information received from a third party who was free to disclose it.

This Section shall survive the termination of the Agreement.

b. Use of Confidential Information by Employees and Agents of Contractor

The requirement of confidentiality under this Agreement also applies to the employees and agents of the Contractor. The Contractor shall use its best efforts to ensure that its employees and agents adhere to the confidentiality requirements set forth herein. Use by and disclosure to employees and agents of Confidential Information to the extent necessary to carry out the terms and purposes of this Agreement is acceptable.

c. Protection of Confidential Information

The Contractor represents, warrants, and covenants that it has implemented and will maintain an information security program reasonably designed to protect Confidential Information, including customer information, which program includes administrative, technical, and physical safeguards to ensure the security and confidentiality of all customer information, to protect against anticipated threats or hazards to the security or integrity of such customer information, and to protect against unauthorized access to or use of such customer information.

d. Privacy Policy

Contractor will comply with any applicable federal or state laws or regulations, as well as any privacy policy developed by the Treasurer. Contractor further agrees to establish, maintain, and comply with a privacy policy with respect to the Project that meets the requirements of applicable law.

e. Program Lists

The Contractor specifically agrees that it shall not, and shall cause its subcontractors and affiliates not to, sell, provide, or otherwise disclose information from, any program list to any third party, unless otherwise directed to or approved by the Treasurer or required by applicable law.

9. Service Providers

The Contractor may not use service providers to perform the duties as outlined in the RFP unless the service provider is approved, in advance, by the Treasurer. If the response requires a service provider, the Contractor must disclose the duties performed by the service provider. Service providers will be required to submit separate State Certifications and Disclosure Forms, a copy of which is found in Appendices A, B, and C.

10. Assignment

Each term and provision of the Agreement is binding and enforceable against and inures to the benefit of any successors of the Treasurer and any successors of Contractor, but neither this Agreement nor any of the rights, interests, or obligations is assignable without the prior written consent of the other party. Any attempt by Contractor to transfer or assign any rights or obligations related to the provision of services under this Agreement, without the prior written consent of the Treasurer, shall render this Agreement voidable by the Treasurer. The Treasurer may unilaterally bind any successor of the provider to the terms and conditions of any Agreement between the parties.

11. Services

Contractor shall not modify any service or the manner of providing such service under this Agreement without the prior written authorization of the Treasurer. Modification means any change to an existing service or the addition of a new service.

12. Access to Information

Upon request, the selected Contractor shall provide the Treasurer access to all files, records, participant email addresses, documents, and data pertaining to Secure Choice that are in its possession and control regardless of how that information is stored. The information shall be provided in a form acceptable to the Treasurer.

13. State Certifications/Disclosures

The Agreement will incorporate Contractor's fully executed State Certifications and Disclosure Forms, a copy of which is attached hereto as Appendixes **Error! Reference source not found., Error! Reference source not found., and Error! Reference source not found.**

14. Right to Audit Books and Records

The Contractor and any service provider shall maintain, for a minimum of three (3) years after the termination of the Agreement, adequate books, records, and supporting documents related to the Agreement. These documents shall be available for review and audit by the Treasurer and the Illinois State Auditor

General. The selected Contractor agrees to cooperate fully with any audit conducted by the Auditor General or the Treasurer and to provide full access to all relevant materials. Failure to maintain the books, records, and supporting documents required by this section shall establish a presumption in favor of the Treasurer for the recovery of any funds paid by the Treasurer under the underlying agreement for which adequate books, records, and supporting documentation are not available to support their purported disbursement.

15. Work Product

a. Ownership of work product.

Except as otherwise agreed to in writing, all work product including, but not limited to, documents, reports, data, information, and ideas specially produced, developed or designed by you under any agreement for the Treasurer, whether preliminary or final, will become and remain the property of the Treasurer, including any copyright or service marks you developed on behalf of the Treasurer. The Treasurer shall have the right to use all such work product without restriction or limitation and without further compensation to you.

b. Return of Work Product

Within thirty (30) days after expiration or termination of the Agreement, the Contractor shall deliver to Treasurer, or to a third party, if so instructed by the Treasurer, all Work Product in Contractor's possession in the performance of the Agreement. If requested by the Treasurer, the Contractor shall certify in writing that all such Work Product has been delivered to the Treasurer.

VIII. APPENDICES

- A. State Certifications Forms
- B. Financial Interest and Potential Conflicts of Interest Disclosure Form
- C. Other Contract and Procurement Related Information Disclosure Form