

Office of the Illinois State Treasurer
Michael W. Frerichs

Request for Proposals Securities Lending Services
370-500-17-008

Addendum 1
April 28, 2017

Below are the questions received by the Office of the Illinois State Treasurer (“Treasurer”) and the Treasurer’s responses. Any capitalized terms that are not defined herein have the meaning set forth in the Request for Proposals Securities Lending Services (370-500-17-008) (“RFP”) published by the Treasurer on March 24, 2017.

1. Can the Treasurer’s Office provide your existing State Portfolio Qualified Assets as outlined in Appendix A via Excel?

Yes, a Microsoft Excel version of Appendix A State Portfolio Qualified Assets as of February 28, 2017 is being provided as Attachment 1 to this Addendum.

2. Can the Treasurer’s Office provide average Securities Lending Program Loan Values over the past 5 years?

For Fiscal Year 2017 to-date (July 1, 2016 – April 20, 2017), the estimated average face value of the securities that have been out on loan is \$3,013,532,312.93. The Treasurer cannot provide five (5) years’ worth of data at this time because of time constraints. Moreover, such figures may not be relevant, due to changes in the Treasurer’s investment strategy.

3. Can the Treasurer’s Office provide Program Utilization across your existing portfolio over the past 5 years?

For Fiscal Year 2017 to-date (July 1, 2016 – April 20, 2017), the estimated average utilization rate is 73.13%. The Treasurer cannot provide five (5) years’ worth of data at this time because of time constraints. Moreover, such figures may not be relevant, due to changes in the Treasurer’s investment strategy.

- a. Percentage of Treasury paper on loan over the past 5 years?

For Fiscal Year 2017 to-date (July 1, 2016 – April 20, 2017), the estimated percent of U.S. Treasury securities on loan is 97.32%.

The Treasurer cannot provide five (5) years' worth of data at this time because of time constraints. Moreover, such figures may not be relevant, due to changes in the Treasurer's investment strategy.

b. Percentage of Agency Instruments on loan over the past 5 years?

For Fiscal Year 2017 to-date (July 1, 2016 – April 20, 2017), the estimated percent of U.S. Agency securities on loan is 47.68%. The Treasurer cannot provide five (5) years' worth of data at this time because of time constraints. Moreover, such figures may not be relevant, due to changes in the Treasurer's investment strategy.

c. Percentage of Municipal, Corporate & Super National instruments on loan over the past 5 years?

The Treasurer has had no municipal, corporate, or supra national securities on loan over the past five (5) years.

4. Can the Treasurer's Office provide the annual program revenue over the past 5 years? (Both gross & net)

The Treasurer's securities lending income for Fiscal Year 2017 to-date (June 2016 – March 2017) is estimated to be \$6,607,093.11. The Treasurer cannot provide five (5) years' worth of data at this time because of time constraints.

5. Can the Treasurer Office provide the current revenue fee split between the State and your lending agent?

The income split between the Treasurer and the Treasurer's current Securities Lending Agent ("Current Vendor") is 85% for the Treasurer and 15% for the Current Vendor. In the event that the Current Vendor does not reach a 68% monthly average aggregate utilization rate, the income split is apportioned as follows: 90% for the Treasurer and 10% for the Current Vendor.

6. Understanding the Treasurer's commitment to conserve our natural resources, will the Treasurer Office accept (1) Original Proposal Submittal & (1) Copy of the Proposal submittal rather than the request (6) copies? Our Submittal will include Five (5) Electronic Versions of our Proposal Submittal.

No, the Treasurer seeks six (6) hard copies of the Proposal, consisting of one (1) original and five (5) copies.

7. Understanding the Treasurer's commitment to conserve our natural resources, will the Treasurer Office accept (1) Original "Cost" Submittal & (1) Copy of the "Cost" submittal

rather than the request (6) copies? Our Submittal will include Five (5) Electronic Versions of our Cost Submittal.

No, the Treasurer seeks six (6) hard copies of the Cost Proposal, consisting of one (1) original and five (5) copies.

8. Can the Treasurer Office confirm that the State's Treasury & Agency securities are held at the Federal Reserve?

When the Treasurer acquires U.S. Treasury or U.S. Agency securities, they settle in the State's account at the Federal Reserve Bank of Chicago.

9. Could you kindly forward the RFP in Word format?

Yes, a Microsoft Word version of the RFP is being provided as Attachment 2 to this Addendum.

10. Also, the RFP asks for copies on thumb drives. Our Corporate IT policy does not allow us to produce physical media (e.g., CDs, thumb drives) as it poses security issues. (PCs are blocked from saving to thumb drives). Would it be possible to simply email the submission, which is basically standard practice these days?

No, the Treasurer will not accept Proposals via e-mail.