Office of the Illinois State Treasurer’s
Request for Proposals for
Prime Fund Commercial Paper Insurance
December 30, 2003

I. Introduction

The Office of the Illinois State Treasurer ("Treasurer") seeks an insurer to provide a policy which will provide added protection to its Prime Fund ("Fund"). The policy will provide for the full and complete payment of a Covered Loss (as defined herein) whenever the Fund suffers such a loss due to an Event of Default of a Covered Investment occurring during the Agreement Period which is promptly reported to the Insurer and for which a Demand for Payment is presented to the Insurer.

The Prime Fund was created by Treasurer Topinka to provide enhanced returns. This fund will utilize the entire range of the Statutory Investment Authority. This enhanced return is achieved without compromising safety and provides tremendous cash management possibilities. The Prime Fund has earned Standard and Poor’s highest rating... “AAAm”. A further description of the Illinois Funds and the Prime Fund can be viewed at www.illinoisfunds.com. The Prime Fund Investment Policy is attached as Appendix A.

The Illinois Funds program complies with Illinois law and, in the case of the Prime Fund, is limited to the following: Direct United States Treasury obligations and issues of United State Agencies or Instrumentalities, agreements to repurchase United State Treasury obligations and issues of or equivalent, and AAA rated Money Market Funds and Time Deposits in Illinois financial institutions. The policy will apply to Commercial Paper only which cannot exceed one-third of the total market value of the Prime Fund.

The Treasurer currently has a policy with maximum aggregate liability of $25,000,000. That policy is scheduled to lapse in February of 2004, thus, the Treasurer seeks a new insurer to provide coverage on the Fund for a 3 year term. Upon expiration of this term, the Treasurer, in her discretion, may elect to extend the relationship for a period of time with terms agreed upon by the parties, consistent with Procurement Regulations.

As of December 12, 2003, the Prime Fund had a total market value of $721,703,759.73.

II. Definitions

The following definitions apply herein and will apply to the policy:
1. “Covered Investment” means an investment owned by the Scheduled Fund during the Agreement Period that is not a Defaulted Security on either the Inception Date or the date of its purchase and that is on the date of its purchase an Eligible Security. The term “Covered Investment” shall not include any repurchase agreement that is not Collateralized Fully.

2. “Covered Loss” means the amount of either (x) the aggregate principal and interest of a Defaulted Security scheduled to be paid on the contractual payment date, less the Residual Value, if any; or (y) only if a Defaulted Security is sold at the direction or with the written approval of the Insurer, the Book Value (prior to any writedown resulting from the Event of Default) less the Residual Value, subject to the following provisions:

   (i) in the case of a Defaulted Security that exceeds the Upper Limit, in calculating the amount of (x) or (y), such amount will be multiplied by a fraction, the numerator of which is the Upper Limit calculated as of the Business Day prior to the Default Date of the Defaulted Security and the denominator of which is the Book Value of the Defaulted Security as of the Business Day prior to the Default Date of the Defaulted Security;

   (ii) Covered Loss shall exclude any losses that may arise from the sale of a Defaulted Security without the written approval of the Insurer;

   (iii) Covered Loss shall exclude any losses that may arise from the retention of a Defaulted Security that the Insurer has directed be sold, and

   (iv) The Insurer shall not be obligated to pay and amounts with respect to a Covered Loss until after the application of the Deductible(s) and in no event shall the Insurer’s obligation with respect to any and all Covered Losses in the aggregate exceed the Maximum Aggregate Liability.

3. “Event of Default” means:

   (i) a failure by the Issuer, Guarantor or Demand Feature Provider to pay principal or interest when contractually due on a Covered Investment;

   (ii) with respect to an Issuer, Guarantor or Demand Feature Provider:

      (a) the public admission of insolvency, the application by the Issuer, Guarantor or Demand Feature Provider for the appointment of a trustee, receiver, rehabilitator or similar officer for all or substantially all of its assets, a general assignment for the benefit of creditors, the filing by the Issuer, Guarantor or Demand Feature Provider of a voluntary petition in bankruptcy or application for reorganization or an arrangement with creditors; or

      (b) the institution of similar proceedings by another person, which proceedings are not contested by the Issuer, Guarantor or
Demand Feature Provider; or
(c) the institution of similar proceedings by a governmental
authority responsible for regulating the activities of Issuer,
Guarantor or Demand Feature Provider whether or not contested
by the respective Issuer, Guarantor or Demand Feature Provider;
or

(iii) with respect to a repurchase agreement, the failure, because of a default under
the repurchase agreement contract, to fully recover the amount of the acquisition
price paid to the seller of the securities and the accrued resale premium on such
acquisition price.

III. Questions
Please provide clear, concise answers that address the requested information.

Bidder’s Organizational Information
1. Provide your firm’s complete name, address, telephone number, facsimile number, and
e-mail address. Include the name and title of the primary contact.

General
1. Do you currently insure other similar funds or have you in the past?
2. What is the financial rating of your organization?
3. Is your organization, its parent or affiliate registered with all applicable regulatory
agencies? Please provide details.
4. How long has your firm offered similar policies?
5. Do you currently insure any public institutions?

Policy Description
1. Provide a sample policy you will offer to the Fund.
2. What is the proposed deductible?

IV. Pricing (Note: This information must be provided in a separate
sealed and attached envelope.)

1. Assuming a three year term, what premium will be paid by the Treasurer for a
   policy with maximum aggregate liability of $25,000,000?
2. Assuming a three year term, what premium will be paid by the Treasurer for a
   policy with maximum aggregate liability of $15,000,000?
3. Assuming a three year term, what premium will be paid by the Treasurer for a
   policy with maximum aggregate liability of $10,000,000?
4. What is the applicable deductible for each policy?
5. When and how often must premium payments be made?

V. Proposal Format

1. Submissions

Responses must be submitted in a sealed envelope or package bearing the title, “State Treasurer Request for Proposal for Prime Fund Commercial Paper Insurance” and Contractor’s name and address. All proposals shall be submitted in two parts. The first part shall cover all items except price and the second part shall cover price only. The package must include five (5) copies of the proposal.

An authorized representative of Contractor must sign each proposal in ink. Any changes must be signed by the same person who signed the proposal unless another person has been given verified signature authority.

All proposals must be submitted within the prescribed form, as detailed in paragraph 4 below, to facilitate an 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 provide references that do not support an attribute or condition claimed by the Contractor, may also be rejected.

2. Cover Letter

The proposal must be accompanied with a transmittal letter that designates the name, address and phone number of the person or persons available for contact concerning the proposal, and who are authorized to make representations on behalf of the Contractor’s organization.

3. State Certifications and Disclosure Forms A & B

The Proposal must be accompanied by completed state certifications and disclosure forms A & B, which are provided at the end of this RFP.

4. Mandatory Content of Response to Request for Proposals:

A. Cover letter;
B. Specific explanations requested in Section III;
C. Statements that the Contractor is willing to comply with the contractual requirements under Section VII (please state each contractual requirement
verbatim followed by a response explaining Contractor’s ability to comply with each contract terms or a statement as to why Contractor cannot comply);
D. Three business references;
E. Proposed pricing including all applicable fees. *(Note: All pricing information must be submitted in a sealed envelope and attached to the proposal.)*
F. The signature of a person having the authority to commit the Contractor to a contract;
G. State certifications and disclosure forms A & B.

VI. Proposal Process and Schedule

1. Proposal Due Date

   All responses must be received no later than 2:00 p.m., January 13, 2004 to:

   Mr. Edward Buckles  
   Chief Procurement Officer  
   Illinois State Treasurer's Office  
   300 West Jefferson Street  
   Springfield, Illinois 62702  
   Phone: (217) 782-6647  
   Fax: (217) 524-3822  
   E-mail Address: ebuckles@treasurer.state.il.us

2. Discussions with Contractors

   Contractors will be given a fair and equal opportunity to discuss their proposals with the Treasurer’s Office. Discussions may be held to promote an understanding of the Treasurer’s requirements with respect to Contractors’ proposals. In addition, discussions may be held to assist in arriving at a contract that is most advantageous to the State.

   If during discussions there is a need for any substantial clarification of, or change in the Request for Proposal, it will be amended to incorporate the clarification or change. The Contractor must reduce any substantial oral clarification of a proposal to writing.

   In conducting discussions, there will be no disclosure of information of proposals submitted.

3. Request to Modify or Withdraw Proposal
Contractor may make a written request to modify or withdraw its proposal at any time prior to opening, however, no oral modifications will be allowed. Such requests shall be addressed in the same manner as the proposal and plainly marked MODIFICATION TO PROPOSAL, with the Project Title shown, and if received by Treasurer prior to the scheduled closing time for reception of proposals, will be accepted. The original proposal will be modified after Treasurer receives the Modification.

4. **Contractor’s Proposal**

The cost of developing a proposal is each Contractor’s responsibility and may not be charged to the State. Once in the Treasurer’s possession, proposals become the property of the State Treasurer and shall not be returned to Contractor.

5. **Evaluation of Proposals**

Treasurer’s Office shall determine each proposal’s compliance with the RFP requirements. Non-compliance proposals, those not meeting with the Mandatory Requirements, will be eliminated from consideration.

The Treasurer’s Office will evaluate and score proposals on the basis of the following criteria:
A. Ability to provide the required services, determined by general and specific experience in providing these services, a record of past performance of similar work, and other factors deemed relevant by the Treasurer;
B. Insurer’s financial ratings;
C. Pricing; and
D. References.

6. **Site Visits**

The Treasurer’s Office may determine the need to make site visits to Contractors’ offices to examine the adequacy of personnel, equipment and facilities. During a site visit Contractors may be asked to submit more detailed information regarding their responses to this RFP.

**VII. Contractual Requirements**

1. **Contractual Responsibility**
The Treasurer intends to select a Contractor to provide services as specified in this Request for Proposals. By responding to this Request for Proposal, Contractors agree to be substantially bound by the terms of this RFP, with only minor variance allowed. Any material deviations from the services requested herein must be specified in the Contractors’ responses.

2. Illinois Law

Any agreement made in connection with this Request for Proposals is governed in all respects by the laws of the State of Illinois.

3. Tax Compliance

Contractor shall comply with applicable tax requirements and shall pay taxes in a timely manner.

4. Multi-Year Contracts Subject to Re-appropriation

All contracts entered into by the State of Illinois are subject to termination and cancellation in any year for which the General Assembly fails to make an appropriation to make payments under the terms of the contract.

5. Most Favored Terms

If more favorable terms are granted by the selected Contractor to any similar governmental agency in any state in a contemporaneous agreement let under the same or similar financial terms and circumstances for comparable services, the more favorable terms will be applicable under the contract agreement.

6. Records Retention

Contractor shall maintain, for a minimum of five (5) years after the termination 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; this Agreement and all books, records, and supporting documents related to this Agreement will be available for review and audit by the Auditor General and the
Treasurer. 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 State for the recovery of any funds paid by the State under this Agreement for which adequate books, records, and supporting documentation are not available to support their purported disbursement.

7. Confidentiality and Security Requirements

The selected Contractor shall be prohibited from using or disclosing confidential information received while providing custodial services. 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 by the recipient from a third party who was free to disclose it.

8. Indemnification

Contractor will be required to indemnify, save and hold harmless, the Treasurer, her officers, agents and employees against any liability, including costs and expenses, for violation of general, proprietary right, copyrights or rights of privacy of third parties arising out of the publications, translation, reproduction, delivery, use or disposition of any data furnished in response to this request, or based upon any libelous or any unlawful matter contained therein.

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 acts of the Contractor, its employees, or agents. The Contractor has a duty to select, with due diligence, all other entities which shall be necessary to implement this Agreement. The 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.

9. Subcontractors
Contractor may not use subcontractors to perform the duties as outlined in this RFP unless the subcontractor is approved, in advance, by the Treasurer. Approved subcontractors will be required to submit State Certifications and Disclosure forms A and B.

10. Assignment

Each term and provision of this Agreement is binding and enforceable against and inures to the benefit of any successors of the Treasurer and any successors of the 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 the Contractor to transfer or assign any rights or obligations related to the provision of services under the Agreement, without the prior written consent of the Treasurer, shall render the 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. Termination for Cause/Reduction of Fee

Any Agreement, or any part of an Agreement, entered into as a result of this Request for Proposals may be terminated by the Chief Procurement Officer with the approval of the Treasurer and subject to the determination of the Deputy Chief of Staff for Law and Policy under any of the following circumstances:

A. The Contractor fails to furnish a satisfactory performance within the time specified.

B. The Contractor fails to perform any of the provisions of this contract, or so fails to make progress as to endanger performance of this contract in accordance with its terms.

C. There is sufficient evidence to show that fraud, collusion, conspiracy, or other unlawful means were used to obtain the contract.
D. The Contractor is guilty of misrepresentation in connection with another contract for services to the State and cannot reasonably be depended upon to fulfill their obligations under this RFP with the Treasurer.

E. The Contractor is adjudged bankrupt or enters into a general assignment for the benefit of their creditors or receivership due to insolvency.

F. The Contractor disregards laws, ordinances, rules, and/or the reasonable instructions of a contracting officer or acts in violation of any provision of the contract, or the contract conflicts with any statutory or constitutional provision of the State of Illinois or of the United States.

G. Any other breach of contract or other unlawful act by the Contractor occurs.

Prior to terminating the contract 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 five business days, a second written warning may be issued. If satisfactory action is not taken by the Contractor within five business days of the date of the second written warning, the Treasurer may cancel the Agreement and may recover any and all damages involved with the transition to a new Contractor including incidental and consequential damages. The Treasurer's failure 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 compensation paid to the Contractor under the Agreement during any period the Contractor fails to perform with reasonable care any of its obligations under the Agreement.

12. Services

The Contractor may not modify any service or the manner of providing such service as required under this RFP and subsequent Agreement without the prior written authorization of the Treasurer. Modification means any change to an existing service or the addition of a new service.

13. Ownership

All documents produced by the Contractor under this Agreement shall become and remain the property of the Illinois State Treasurer.

14. Independent Status
Contractor is an independent contractor to the Treasurer. Neither the Contractor nor any persons employed by the Contractor may represent themselves as employees of the Treasurer or the State of Illinois.
STATE CERTIFICATIONS

______________________________________________  (“CONTRACTOR”) makes the following certifications:

1.0  ANTI-BRIBERY.

CONTRACTOR certifies that it is not barred from being awarded a contract or subcontract under Section 1400.5010 of the Treasurer’s Procurement Rules (44 Ill. Adm. Code 1400.5010).

2.0  BID-RIGGING/BID-ROTATING.

CONTRACTOR certifies that it has not been barred from contracting with a unit of State or local government as a result of a violation of Section 33E-3 or 33E-4 of the Criminal Code of 1961 (720 ILCS 5/33E-3, 33E-4).

3.0  DRUG FREE WORKPLACE.

This certification is required by Section 3 of the Drug Free Workplace Act (30 ILCS 580/3). The Drug Free Workplace Act, effective January 1, 1992, requires that CONTRACTOR shall not be considered for the purposes of being awarded a contract for the procurement of any services from the State unless CONTRACTOR has certified to the State that CONTRACTOR will provide a drug free workplace. False certification or violation of the certification may result in sanctions including, but not limited to, suspension of contract payments, termination of the contract and debarment of contracting opportunities with the State for at least one (1) year but not more than five (5) years.

CONTRACTOR certifies and agrees that it will provide a drug free workplace by:

a. Publishing a statement:
   i. Notifying employees that the unlawful manufacture, distribution, dispensation, possession or use of a controlled substance, including cannabis, is prohibited in the grantee’s or contractor’s workplace.
   ii. Specifying the actions that will be taken against employees for violation of such prohibition.
   iii. Notifying the employee that, as a condition of employment on such contract or grant, the employee will:
       a. abide by the terms of the statement; and
       b. notify the employer of any criminal drug statute conviction for a violation occurring in the workplace no later than five (5) days after such conviction.

b. Establishing a drug free awareness program to inform employees about:
   i. the dangers of drug abuse in the workplace;
   ii. CONTRACTOR’s policy of maintaining a drug free workplace;
   iii. any available drug counseling, rehabilitation, and employee assistance programs; and
   iv. the penalties that may be imposed upon an employee for drug violations.

c. Providing a copy of the statement required by Section (a) to each employee engaging in
the performance of the contract or grant and to post the statement in a prominent place in the workplace.

d. Notifying the Treasurer’s Office within ten (10) days after receiving notice under part (b) of paragraph (iii) of Section (a) above from an employee or otherwise receiving actual notice of such conviction.

e. Imposing a sanction on, or requiring the satisfactory participation in drug abuse assistance or rehabilitation program by, an employee who is so convicted, as required by Section 5 of the Drug Free Workplace Act.

f. Assisting employees in selecting a course of action in the event of drug counseling, treatment, and rehabilitation is required and indicating that a trained referral team is in place.

g. Making a good faith effort to continue to maintain a drug free workplace through implementation of the Drug Free Workplace Act.

4.0 U.S. EXPORT ACT.

CONTRACTOR certifies that neither CONTRACTOR nor any substantial-owned affiliated company is participating or shall participate in an international boycott in violation of the provisions of the U.S. Export Administration Act of 1979 (50 U.S.C.A. App. § 2401 et seq.) or the regulations of the U.S. Department of Commerce promulgated under that Act.

5.0 AMERICANS WITH DISABILITIES ACT.

CONTRACTOR certifies that it is in compliance with the Americans with Disabilities Act ("ADA") (42 U.S.C. 12101 et seq.) and the regulations thereunder (28 CFR 35.130) prohibit discrimination against persons with disabilities by the Treasurer, whether directly or through contractual arrangements, in the provision of any aid, benefit or service. As a condition of receiving the Agreement, CONTRACTOR represents or certifies that services, programs and activities provided under the Agreement are and will continue to be in compliance with the CONTRACTOR.

6.0 FELONY.

CONTRACTOR certifies that it has not been barred from being awarded a contract under Section 1400.5015 of the Treasurer’s Procurement Rules (44 Ill. Adm. Code 1400.5015).

7.0 DISCRIMINATORY CLUB.

CONTRACTOR agrees not to pay any dues or fees on behalf of its employees or agents or subsidize or otherwise reimburse them for payments of any dues or fees to a discriminating club as prohibited by Section 2 of the Discriminatory Club Act (775 ILCS 25/2).

8.0 TAXPAYER IDENTIFICATION NUMBER AND LEGAL STATUS OF CONTRACTOR.

Under penalty of perjury, CONTRACTOR certifies that #__________________ is its correct Taxpayer Identification Number and that it is doing business as a (please check one):

_____ Individual     _____ Real Estate Agent
_____ Partnership    _____ Government Entity
_____ Corporation    _____ Trust or Estate
9.0 APPROPRIATION.

This Agreement is subject to termination and cancellation in any year for which the General Assembly fails to make an appropriation to make payments under the terms of the contract.

10.0 RECORDS RETENTION.

CONTRACTOR shall maintain, for as a minimum of three (3) years after the termination 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; this Agreement and all books, records, and supporting documents related to this Agreement shall be available for review and audit by the Auditor General and the Treasurer; 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 State for the recovery of any funds paid by the State under this Agreement for which adequate books, records, and supporting documentation are not available to support their purported disbursement.

11.0 ILLINOIS HUMAN RIGHTS ACT.

CONTRACTOR certifies that it is presently in compliance with all of the terms, conditions and provisions of Section 5/2-105 of the Illinois Human Rights Act (775 ILCS 5/2-105), together with all rules and regulations promulgated and adopted pursuant thereto.

12.0 CONFLICTS OF INTEREST.

CONTRACTOR certifies that this Agreement is in compliance with Section 1400.5020 of the Treasurer’s Procurement Rules (44 Ill. Adm. Code 1400.5020) prohibiting conflict of interest.

13.0 DEBT DELINQUENCY.

CONTRACTOR certifies that it is not barred from being awarded a contract under 30 ILCS 500. Section 50-11 prohibits an entity from entering into a contract with the Treasurer’s Office if it knows or should know that it is delinquent in the payment of any debt to the State as defined by the Debt Collection Board. The CONTRACTOR further acknowledges that the Treasurer’s Office may declare the contract void if this certification is false or if the CONTRACTOR is determined to be delinquent in payment of any debt during the term of the contract.

14.0 SECURITIES LAW

CONTRACTOR certifies in accordance with 30 ILCS 500/50-10.5 that no officer, director, partner or other managerial agent of the contracting business 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 for a period of five years prior to the date of the bid or contract.
CONTRACTOR acknowledges that the TREASURER shall declare the contract void if this certification is false.
FINANCIAL INTEREST AND POTENTIAL CONFLICTS OF INTEREST  
(Disclosure Form A)

The Treasurer’s Procurement Regulations (44 Ill. Adm. Code 1400.5035) require that contractors/offerees desiring to enter into certain contracts with the State of Illinois must disclose the financial and potential conflicts of interest information as specified below.

Contractor/offeree shall disclose the financial interest and potential conflicts of interest information identified in Sections 1 and 2 below as a condition of receiving an award or contract. Submit this information along with your bid, proposal or offer.

This requirement applies to contracts with an annual value exceeding $10,000.

A publicly traded entity may submit its 10K disclosure in satisfaction of the disclosure requirements set forth in both Sections 1 and 2 below.

Sec. 1. Disclosure of Financial Interest in the Contractor/Offeror

a. If any individuals have one of the following financial interests in the contractor/offeree (or its parent), please check all that apply and show their name and address:

Ownership exceeding 5%   (____)
Ownership value exceeding $73,813.20  (____)
Distributive Income Share exceeding 5%   (____)
Distributive Income Share exceeding $73,813.20  (____)

Name: ____________________________________________________

Address: _________________________________________________

b. For each individual named above, show the type of ownership/distributable income share: sole proprietorship _____ stock _____ partnership _____ other (explain)

__________________________________________________________

b. For each individual named above, show the dollar value or proportionate share of the ownership interest in the contractor/offeree (or its parent) as follows:

If the proportionate share of the named individual(s) in the ownership of the contractor/offeree (or its parent) is 5% or less, and if the value of the ownership interest of the named individual(s) is $73,813.20 or less, check here (____)

If the proportionate share of ownership exceeds 5% or the value of the ownership interest exceeds $73,813.20, show either.
The percent of ownership 

or

The value of the ownership interest $___________

Sec. 2. Disclosure of Potential Conflicts of Interest. For each of the individuals having the level of financial interest identified in Section 1 above, check “Yes” or “No” to indicate which, if any, of the following potential conflicts of interest relationships apply. If “Yes,” please describe (use space under applicable section to explain your answers – attach additional pages as necessary).

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>a. State employment, currently or in the previous 3 years, including contractual employment of services</td>
<td>Yes</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>b. State employment for spouse, father, mother, son, or daughter, including contractual employment for services in the previous 2 years.</td>
<td>Yes</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>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 3 years.</td>
<td>Yes</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>d. Relationship to anyone holding elective office currently or in the previous 2 years; spouse, father, mother, son, or daughter.</td>
<td>Yes</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>e. Appointive office; the holding of any appointive government office of the State of Illinois, the United States of America, or any unit of local government authorized by the Constitution of the State of Illinois or the statutes of the State of Illinois, which office entitles the holder to compensation in excess of expenses incurred in the discharge of that office currently or in the previous 3 years.</td>
<td>Yes</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>f. Relationship to anyone holding appointive office currently or in the previous 2 years; spouse, father, mother, son, or daughter.</td>
<td>Yes</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>g. Employment, currently or in the previous 3 years, as or by any registered lobbyist of the State government.</td>
<td>Yes</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>h. Relationship to anyone who is or was a registered lobbyist in the previous 2 years; spouse, father, mother, son, or daughter.</td>
<td>Yes</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>i. Compensated employment, currently or in the previous 3 years, by any registered election or re-</td>
<td>Yes</td>
<td>No</td>
<td></td>
</tr>
</tbody>
</table>
election committee registered with the Secretary of State or any county clerk in the State of Illinois, or any political action committee with either the Secretary of State or the Federal Board of Elections.

j. Relationship to anyone; spouse, father, mother, son, or daughter, who is or was a compensated employee in the last 2 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. Yes  No

This disclosure is submitted on behalf of
_______________________________________________
(Name of Contractor/Offeror)

Official authorized to sign on behalf of contractor/offeror:

Name (printed) ________________________________  Title
______________________________________________

Signature ________________________________ Date
______________________________________________
OTHER CONTRACT AND PROCUREMENT RELATED INFORMATION
(Disclosure Form B)

The Treasurer’s Procurement Regulations (44 Ill. Adm. Code 1400.5035) require that contractors/offerors desiring to enter into certain contracts with the State of Illinois must disclose the information as specified below.

Contractor/offeror shall disclose the information identified below as a condition of receiving an award or contract.

This requirement is applicable to only those contracts with an annual value exceeding $10,000.

You must submit this information along with your bid, proposal or offer.

a. Contractor/offeror shall identify whether it has current contracts (including leases) with other units of State of Illinois government by checking “Yes” _____ or “No” _____.

If “Yes” is checked, identify each contract by showing agency name and other descriptive information such as purchase order or contract reference number (attach additional pages as necessary).

b. Contractor/offeror shall identify whether it has pending contracts (including leases), bids, proposals, or other ongoing procurement relationships with other units of State of Illinois government by checking “Yes” _____ or “No” _____.

If “Yes” is checked, identify each such relationship by showing agency name and other descriptive information such as bid or project number (attach additional pages as necessary).

This disclosure is submitted on behalf of ____________________________________________

(Name of Contractor/Offeror)

Official authorized to sign on behalf of contractor/offeror:

Name (printed) ____________________________________ Title _______________________

Signature ________________________________________ Date_______________________
APPENDIX A

1.0 Policy: The State Treasurer of Illinois has the authority under Section 17 of the State Treasurer’s Act (15 ILCS 505/17) to establish and administer an investment pool to supplement and enhance investment opportunities otherwise available to managers of public funds or public agencies in the state. The Treasurer may invest the assets of the investment pool in the same types of investments and subject to the same limitations provided for the investment of funds in the State Treasury. This policy specifically addresses The Illinois Funds, Prime Fund. The Prime Fund will provide opportunities for public agencies to invest in a fund that has been rated AAAm by Standard & Poor’s and also has the potential to generate enhanced return for public investors. This is accomplished by requiring a 30-day minimum deposit, by investing more funds in high quality instruments with a relatively higher return and maintaining a maximum weighted average portfolio maturity of 60 days.

2.0 Objective: The primary objectives of the Prime Fund are to invest public funds with a more long-term objective than the Illinois Funds, Money Market Fund and create opportunities for enhanced investment return for public investors in the State of Illinois. The Fund has a AAAm rating from Standard & Poor’s, which is the best rating available for a Local Government Investment Pool. The AAAm rating ensures that investments are placed only in the highest quality investments.

2.1 Safety: The safety of principal is one of the main objectives of the investment program. Prime Fund investments will be undertaken in a manner which seeks to ensure the preservation of principal in the portfolio while providing enhanced return. To obtain this objective, diversification among permissible investments is required to ensure that the Prime Fund properly manages market, interest rate and credit risk.

2.2 Liquidity: The investment portfolio will remain sufficiently liquid to enable the Prime Fund to meet all participant redemption demands that might be reasonably anticipated.

2.3 Return on Investment: The investment portfolio will be designed to obtain an enhanced return by requiring a minimum of 30 days for each deposit, a seven day notice for any withdrawal, and reasonable penalties for early withdrawal of funds prior to the expiration of the 30 day minimum and/or seven day notice period.

The Treasurer will select accepted industry benchmarks which best reflect the Prime Fund’s portfolio and measure performance against certain benchmarks over time. The Treasurer will periodically review benchmarks for suitability.

3.0 Ethics and Conflicts of Interest: Authorized investment staff and employees in policy making positions for the Prime Fund will refrain from personal business activity that conflicts with proper execution of the investment program, or which impairs their ability to make impartial investment decisions. Such individuals will disclose to the Treasurer any material financial interests in financial institutions or broker/dealers that conduct business within the State. They will further disclose any personal investments that are related to the performance of the Prime Fund’s portfolio. In addition, such individuals will subordinate their personal investment transactions to those of the Prime Fund, particularly with regard to the time of purchase and sales.
4.0 Authorized Broker/Dealers and Financial Institutions: Authorized investment staff will utilize the Treasurer's approved list of broker/dealers and financial institutions when selecting institutions to provide investment services.

In addition, a list will be maintained of approved security broker/dealers selected according to their credit-worthiness, and their financial significance in the State. Broker/dealers will be evaluated on the basis of the location of their corporate office and the extent to which the broker/dealer has a large labor or economic impact on the State. This list may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule).

All financial institutions and broker/dealers interested in becoming qualified parties for investment transactions must supply the Treasurer's authorized investment staff with the following or equivalent acceptable to the Treasurer, where applicable:

- Audited financial statements
- Proof of National Association of Security Dealers certification
- Trading resolutions
- Proof of registration in the State of Illinois
- Completed broker/dealer questionnaire
- Certification of having read the Prime Fund’s investment policy
- Depository contracts
- Published reports from rating agencies for brokers with investment grade ratings
- Proof of emerging broker status
- Consolidated Reports of Condition and Income

An annual review of the financial condition and registration of qualified parties and investments will be conducted by the Treasurer's authorized investment staff. More frequent reviews may be conducted.

A current audited financial statement or equivalent acceptable to the Treasurer is required to be on file for each financial institution and broker/dealer with which The Prime Fund establishes a depository, trading, or safekeeping relationship. Qualified parties will submit updated financial statements or equivalent acceptable to the Treasurer when a material change in any of the above occurs.

5.0 Authorized and Suitable Investments: The following investments are authorized to the extent that they are permitted investments of state funds according to the Deposit of State Moneys Act (15 ILCS 520/22.5) and the Public Funds Investment Act (30 ILCS 235/2):

- Direct United States Treasury obligations and issues of United States Agencies or Instrumentalities.
- Authorized securities issued by the following United States Agencies or Instrumentalities:

  Federal National Mortgage Association (FNMA)
  Federal Home Loan Bank (FHLB)
  Federal Home Loan Mortgage Corporation (FHLMC)
  Federal Farm Credit Administration
  Federal Farm Credit Bank (FFCB)
  Government National Mortgage Administration (GNMA)
Student Loan Marketing Association (SLMA)

- Agreements to repurchase United States Treasury Obligations and issues of the United States Agencies or Instrumentalities listed above.
- Commercial Paper rated A1, P1 equivalent or better.
- The Illinois Funds Money Market Fund.
- AAA rated money market mutual funds.

6.0 Investment Restrictions: The following restrictions will apply to all Prime Fund investment transactions:

- Investments in derivative products, leveraging of assets through reverse repurchase agreements, and direct investments in tri-party repurchase agreements are prohibited.
- Repurchase agreements may only be executed with financial institutions or broker/dealers meeting the Treasurer's standards, which will include mutual execution of a Master Repurchase Agreement adopted by the Treasurer.
- There will be no investments in mortgage-backed securities of any kind.
- There will be no investments in asset-backed securities of any kind.
- No assets in the Prime Fund will be placed in bank time deposits.

7.0 Repurchase Agreements Collateralization: From time to time the Prime Fund may invest in Repurchase Agreements with qualified counter parties. In such cases, collateral with a market value equal to at least 102% of the value of the repurchase agreement will be maintained at all times. Repurchase agreement collateral will be marked to market at the time of execution and daily thereafter.

8.0 Safekeeping and Custody: All direct treasury, agency and instrumentality security transactions entered into by the Prime Fund will be conducted on a delivery-versus-payment (DVP) or receipt-versus-payment (RVP) basis. Securities will be held by a safekeeping agent designated by the Treasurer, and evidenced by safekeeping receipts. Commercial Paper will settle daily with the Depository Trust Corporation.

9.0 Diversification: The primary purpose of diversification in general is to control credit and market risk. The Prime Fund portfolio will be diversified to eliminate the risk of loss resulting from concentration of assets in a specific maturity, a specific issuer or a specific class of securities. The majority of the Prime Fund investments will be in direct obligations of the United States Treasury and United States Government Agencies and Instrumentalities as listed in section 5.0. In order to properly manage any risk that may be attendant to the investment of Prime Fund assets, the Prime Fund portfolio will observe the following diversification limits:

- The Prime Fund will invest no more than 50 percent of its total assets in securities with maturities greater than 30 days issued by any single permissible United States Government Agency or Instrumentality.
- The Prime Fund will invest no more than 5 percent of its total assets in securities an issued by any single Commercial Paper Issuer (calculated at the time of purchase).
- A maximum of 33.3 percent of the portfolio maybe invested in direct Commercial Paper Obligations not to exceed 180 days to maturity.
- A maximum of 25 percent of total assets may be invested in any approved AAAm Money Market Fund.

The Funds Prime Fund will seek to achieve diversification in the portfolio by reasonably
distributing investments within authorized investment categories, issuers and broker/dealers. Asset allocation is addressed in section 10.1.

**10.0 Internal Controls:** The Treasurer will establish a system of internal controls, which will be documented in writing and filed with the Inspector General of the Treasurer’s Office for review as an adjunct to the annual independent examination of the financial statements of the Prime Fund. The controls will be designed to prevent loss of public funds arising from fraud, employee error, and misrepresentation by third parties, unanticipated changes in financial markets or imprudent actions by authorized investment staff of the Prime Fund. The Treasurer will publish the current investment policy annually in a newspaper of general circulation in both Springfield and Chicago.

**11.0 Asset Allocation:** The following general guidelines apply to allocation of assets among investment categories authorized under Section 5.0 above as approved by the Treasurer in writing:

- Portfolio liquidity will be maintained at 70 percent of the portfolio through overnight and money market mutual fund investments.
- Up to 100 percent of the portfolio may be invested in authorized United States Treasury Obligations or issues of United States Agencies or Instrumentalities, with a maximum of 50 percent in any single Agency issuer for maturities greater than 30 days.

**12.0 Competitive Bidding:** Authorized investment staff will obtain competitive bids from at least three broker/dealers prior to executing repurchase agreements, purchasing United States Treasury securities, United States Government Agency or Instrumentality securities and Commercial Paper from a broker/dealer. Notwithstanding the foregoing, authorized investment staff may tender bids directly through a single broker/dealer for the original auction of individual U.S. Treasury obligations without obtaining competitive bids.

**13.0 Liability:** Authorized investment staff, acting in accordance with written procedures and this investment policy and exercising due diligence, will be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments. The Treasurer is bonded to a level of $150,000 for the faithful performance of duties in relation to the Illinois Funds.

**14.0 Reporting:** A quarterly report will be presented by the Director of The Illinois Funds to the Treasurer and the Treasurer’s Investment Policy Committee. The quarterly report will contain the following:

- Performance as compared to the established benchmark
- Asset allocation
- Any deviation from the standards established in Section 9.0 above
- Any change in investment policy adopted during the quarter
- The weighted portfolio average days to maturity

An external audit listing all Securities marked to market will be provided to the Treasurer and all participants annually.