



OFFICE OF THE ILLINOIS STATE TREASURER
MICHAEL W. FRERICHS

Request for Proposals

Bright Start College Savings and Bright Directions College Savings Program Manager(s)

370-200-24-016

July 26, 2023

Proposals due by 2:00 p.m. CT on September 20, 2023

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Office of the Illinois State Treasurer
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Table of Contents

I. INTRODUCTION.....	4
II. OVERVIEW OF ILLINOIS 529 PROGRAMS.....	4
III. GOALS.....	5
IV. SCOPE OF WORK.....	7
A. PROGRAM MANAGEMENT.....	7
Relationship Management.....	7
Program Administration.....	8
Illinois First Steps Facilitation.....	11
Reporting and Research.....	11
B. RECORDKEEPING, CALL CENTER, AND ACCOUNT TECHNOLOGY.....	12
Recordkeeping.....	12
Call Center.....	14
Account Technology.....	16
Performance Standards.....	16
C. MARKETING AND SALES.....	17
Marketing.....	17
Sales.....	20
D. DISTRIBUTION (BRIGHT DIRECTIONS ONLY).....	20
E. INVESTMENT MANAGEMENT.....	20
Fund Custody and Management.....	20
Investment Design and Advisory.....	21
V. PROPOSAL.....	24
A. PROPOSAL FORMAT.....	24
B. QUESTIONS TO BE ADDRESSED IN THE PROPOSAL.....	27
<i>Organization Overview and Experience</i>	27
<i>Program Management</i>	28
Relationship Management.....	28
Program Administration.....	29
Illinois First Steps Facilitation.....	29
Reporting and Research.....	29
<i>Recordkeeping, Call Center, and Account Technology</i>	29
Recordkeeping.....	29
Call Center.....	30
Account Technology.....	30
<i>Marketing And Sales</i>	32
Marketing.....	32

Sales	33
<i>Distribution (Bright Directions Only)</i>	33
<i>Investment Management</i>	34
Fund Custody and Management	34
Investment Design and Advisory	34
Investment Management Team	34
Overall Investment Lineup	34
Age-Based Investment Portfolios	35
Investment Recommendation and Analysis	35
<i>Illinois Presence</i>	37
<i>Corporate Responsibility – Environmental, Social and Governance Practices</i>	37
<i>Diversity</i>	38
C. COST PROPOSAL	38
VI. RFP SCHEDULE AND PROCESS	39
A. RFP SCHEDULE	39
B. CONTACT INFORMATION	39
C. OPTIONAL BIDDER’S CONFERENCE	39
D. PROPOSAL SUBMISSION	40
E. RFP PROCESS	40
VII. EVALUATION PROCESS AND CRITERIA	42
A. MANDATORY REQUIREMENTS	42
B. SCORING	43
C. DETERMINING SCORES	44
D. EVALUATION PROCESS	45
VIII. CONTRACTUAL TERMS	45
APPENDIX A: REPORTING REQUIREMENTS	59
APPENDIX B: COST PROPOSAL DETAIL	62
APPENDIX C: CERTIFICATIONS & DISCLOSURES	65
A. CERTIFICATIONS	65
B. DISCLOSURE FORM A	74
C. DISCLOSURE FORM B	77

I. INTRODUCTION

The Office of the Illinois State Treasurer (“Treasurer”) is issuing this Request for Proposals (“RFP”) for record keepers, investment management firms, financial services firms with specific experience, or similar businesses (“Respondents”) to serve as program manager (“Program Manager(s)” or “Contractor(s)”) for the Bright Start Direct qualified tuition plan (“Bright Start”) and/or the Bright Directions Advisor-Guided qualified tuition plan (“Bright Directions”).

The Treasurer seeks a Program Manager or Program Managers that will service Bright Start and/or Bright Directions, with an overall goal to provide 529 savings plans that are recognized as among the best in the country based on the quality of the underlying funds, the breadth of investment options offered, low fees, and customer experience. The Treasurer envisions selecting a Program Manager or Program Managers with the expertise and ability to offer a wide variety of investment options to new and existing 529 account owners (“Account Owner”) consistent with each Account Owner’s risk tolerance and objectives.

The Treasurer intends to execute a program management or similar agreement (the “Agreement”) for an initial term of five (5) years. Upon expiration of this term, the Treasurer may elect to extend the Agreement for a period agreed upon by the parties, not to exceed a total of ten (10) years, including the initial five (5) years.

Respondents must submit their response to this RFP (“Proposal”) by 2:00 p.m. CT on September 20, 2023. Respondents may submit Proposals to serve as the Program Manager for both programs or for an individual program (Bright Start or Bright Directions). The Treasurer may award one or more than one contract as a result of this RFP.

II. OVERVIEW OF ILLINOIS 529 PROGRAMS

Bright Start and Bright Directions are administered by the Treasurer pursuant to Section 529 of the Internal Revenue Code of 1986, as amended (“Section 529” and the “Code”, respectively), and Section 16.5 of the Illinois State Treasurer’s Act (15 ILCS 505/0.01 *et seq.*; “Act”). Together, Bright Start and Bright Directions (“the Plans”) make up the Illinois College Savings Pool (the “Pool” or “Program”), for which the Treasurer serves as administrator and trustee.

Bright Start and Bright Directions are tax-advantaged investment programs, intended to be used to pay for the qualified higher education expenses of account beneficiaries (“Beneficiary”) under Section 529. The Pool does not receive appropriations from the State of Illinois, with the exception of an annual appropriation to fund the Illinois First Steps Children’s Savings Account program, described below.

Bright Start and Bright Directions offer participants a variety of investment options designed to appeal to a wide variety of participants with diverse time horizons, risk tolerances, and familiarity with investments. In both Bright Start and Bright Directions, participants can choose from investment options that are underpinned by actively or passively managed funds in a range of domestic and international asset classes.

The Plans’ assets are invested in portfolios structured and managed in accordance with the Treasurer’s Investment Policy Statements for the Bright Start and Bright Directions College Savings Programs (“IPS”), which are available at the Treasurer’s website at:

https://www.illinoistreasurer.gov/Financial_Institutions/Doing_Business_with_the_Treasurer/Investment_and_Financial_Policies.

In January 2023, the State Treasurer’s Office launched the Illinois First Steps Children’s Savings Account Program (“Illinois First Steps”), which provides a \$50 seed deposit in a Bright Start or Bright Directions 529 account opened by any Illinois resident with a child born or adopted on or after January 1, 2023. The Illinois First Steps program was first authorized in 2019 through the Illinois Higher Education Savings Act (15 ILCS 505/16.8) and funded by the Illinois General Assembly beginning in 2022. The Treasurer views Illinois First Steps as an important tool to broaden the number of Illinois families saving in a 529 and an incentive to help families start their college savings journey earlier than historically observed in Bright Start and Bright Directions.

The financial institution that currently serves as program manager for the Plans is Union Bank & Trust of Lincoln, Nebraska (“UBT”). UBT provides administrative services, customer service, recordkeeping, marketing, and distribution. The Contractor(s) selected pursuant to this RFP will be expected to work cooperatively with Treasurer staff and consultants during the Treasurer’s evaluation of the Programs, the Contractor(s), and the provision of the Services outlined herein.

As of June 30, 2023, the College Savings Pool includes the following:

Plans	Unique Beneficiary Accounts	Assets	Investment Portfolios
Bright Start Direct-Sold	336,608	\$10.26 billion	27
Bright Directions Advisor-Sold	271,644	\$7.01 billion	53
Total IL 529	608,252	\$17.27 billion	80

III. GOALS

The Treasurer’s guiding aim is to provide the people of Illinois, and those individuals outside Illinois who choose to invest with Bright Start or Bright Directions, a college savings plan that is accessible, affordable, and of the highest quality with an excellent customer experience that enables diverse savers to achieve their goals.

With this guiding aim, the purpose of this RFP is to identify and retain a Program Manager that will achieve the Treasurer’s goals, including:

For Bright Start:

1. A balanced investment menu that provides sufficient choice to meet the needs of the widest possible set of retail investors – including, but not limited to, those with sophisticated or

minimal investment experience, high- and low-income savers, and investors of varying risk tolerances, time horizons, and preferences for passively- or actively-managed funds.

2. An open architecture investment menu composed of the highest-quality investment funds.
3. Providing the above at the lowest-possible cost, with most, if not all portions of the Bright Start investment menu ranked among the lowest-cost analogous investment options in the national 529 industry.
4. Increasing the total number of families saving for post-secondary education – both inside and outside of Illinois – including a substantial increase in the economic, racial, ethnic, and geographic diversity of Account Owners.
5. Increasing total contributions both in aggregate and, as much as possible, from new and existing Account Owners through the employment of behavioral nudges, innovative incentive programs, account user experience design, and ongoing guidance to help savers meet their goals over time.
6. An accessible program that is open and welcoming to citizens and non-citizens of diverse backgrounds, language preferences, and experience with saving and investing.

For Bright Directions:

1. An investment menu that provides expanded choice to meet the needs and preferences of a wide variety of financial advisors and their clients, including those with differing preferences including, but not limited to, passively or actively managed funds, asset classes, styles, risk tolerances, and time horizons.
2. An open architecture investment menu composed of the highest-quality investment funds.
3. A range of share classes that allow for the participation of financial advisors, fee-based registered investment advisors, and employers.
4. Providing the above at the lowest-possible cost, with total asset-based costs across share classes among the most competitive in the national advisor-sold 529 industry.
5. A strategy for omnibus arrangements that will strategically grow the total assets and accounts of Bright Directions while providing improved user experience for advisors and Account Owners.
6. An in-state sales strategy and dedicated sales team that will continue to ensure growth of Bright Directions across Illinois.
7. A national sales strategy and distribution team that will grow the total number of accounts, contributions, and sellers of Bright Directions outside of Illinois.

For both Bright Directions and Bright Start:

1. A modern and easy user experience for Account Owners and advisors, allowing for efficient and modern account sign-up, contributions, withdrawals, investment changes, and account alterations that can be performed online, including on handheld devices, as much as possible.
2. Using the Illinois First Steps program as an effective means to increase the number and diversity of Illinois families saving for college through Bright Start and Bright Directions and incentivizing families to start saving early in the Beneficiary's life.

The Treasurer seeks a Program Manager or Program Managers that will help the Treasurer meet the above goals while:

1. Working closely with the Treasurer in a spirit of mutual partnership that ensures the Treasurer meets its fiduciary, legal, oversight, and policy responsibilities to the people of Illinois and all savers in the Pool.
2. Facilitating the Treasurer's dedication to rigorous program analysis and data-driven decision-making, including partnerships with academic researchers and data consultants.

IV. SCOPE OF WORK

The Program Manager (or Program Managers) will be responsible for providing a turnkey operation, including but not limited to the following required services, in accordance with applicable federal and state law, regulations, and policies, including Applicable Law and Guidelines as defined below:

A. Program Management

Relationship Management

1. Provide a relationship manager that will serve as the Treasurer's primary point of contact at the Program Manager's organization.
2. The Program Manager shall make key staff available on a regular and mutually agreed-upon basis to review program performance, strategy, needs, and policy.
3. The Program Manager shall, as appropriate, facilitate and make available to the Treasurer all staff and materials necessary for the Treasurer to periodically perform due diligence and evaluate Program Manager performance in accordance with applicable laws, regulations, and rules.

Program Administration

4. Provide the Treasurer with access, including remote access, to all requested information and records for accounts.
5. The Program Manager will manage Bright Start and/or Bright Directions in compliance with (a) all applicable federal, state, and local laws, administrative rules, and regulations (e.g., Section 529, Municipal Securities Rulemaking Board (“MSRB”) and Securities and Exchange Commission (“SEC”) rules and regulations, Financial Industry Regulatory Authority rules; collectively and including but not limited to the foregoing examples, “Applicable Law”); and (b) guidelines established by the Treasurer and/or prepared with the assistance of the Program Manager (“Guidelines”).
6. Monitor changes in federal and state laws and regulations that might impact the Program, advise the Treasurer of any necessary changes, and work with the Treasurer to implement any necessary or desired changes.
7. With approval from the Treasurer, engage with an independent external auditor to conduct an annual review of the plan at no additional cost to the Treasurer.
8. Comply with the unclaimed property laws and any other laws regarding abandoned property as applied to 529 accounts.
9. Immediately notify the Treasurer in writing of any potential non-compliance, or potential finding of non-compliance with any Applicable Law or Guidelines.
10. Establish controls to ensure that the twice-per-year limitation on investment direction (or as otherwise modified in the future) will be enforced.
11. Provide lockbox services and accept contributions made in all methods permitted by the 529 regulations.
12. Provide a website for Bright Start and/or Bright Directions. The Bright Start website shall be available in both English and Spanish.
13. Provide a modern gifting platform, which facilitates contributions from potential gift givers.
14. Develop processes to facilitate roll-overs from out-of-state 529 funds into Bright Start and Bright Directions; between Bright Start and Bright Directions; to and from ABLE accounts; and to IRA accounts.
15. Determine if a successor Account Owner has been named and, if so, change the Account Owner on the account as previously directed by the original Account Owner, upon notification of the death of an Account Owner. If no successor Account Owner is named,

ensure that the account shall become part of the estate of the Account Owner and the Contractor follows the direction of the legal representatives of the estate.

16. Prepare, in consultation with the Treasurer, the official offering document describing each Bright Start and/or Bright Directions, as applicable, for distribution to Participants in connection with their opening of an Account and entering into a Participation Agreement, which shall include all information required under Applicable Law and reasonably requested by the Treasurer (“Program Disclosure Statement”). Contractor shall ensure that the Program Disclosure Statement contains all of the Program rules and material information necessary for a prospective Account Owner to make an informed decision regarding their Bright Start or Bright Directions investment, as applicable. The Program Manager(s) shall prepare any required Supplements to the Program Disclosure Statements and produce and distribute the Program Disclosure Statements and Supplements to the current Account Owners, as required by law and requested by the Treasurer. As currently practiced, the Contractor shall provide the Bright Start Program Disclosure Statement in both English and Spanish.
17. Submit Program data in compliance with MSRB Rule G-45 and as required for maintenance of Program information on the College Savings Plans Network (“CSPN”) website (www.collegesavings.org) and submit all required reporting to CSPN regarding Bright Start and/or Bright Directions. The Program Manager(s) will also make recommendations for amendments or supplements to offering materials as applicable and will submit those materials to the MSRB or other regulatory entities as required by federal securities laws.
18. Determine the Net Asset Value (“NAV”) in a manner that is satisfactory to the Treasurer. The Contractor shall provide the Treasurer all relevant prospectuses and ancillary information in relation to the NAV calculations on a regular basis and upon any change to the underlying investments.
19. Implement procedures as directed by the Treasurer and to the Treasurer’s satisfaction for determining service fees to Contractor after crossing an assets under management breakpoint, if applicable.
20. Perform all of the administrative services for the Programs, including but not limited to, the following:
 - a. develop rules and procedures for all processes related to the Programs’ operations and submit them to the Treasurer for its approval, including the performance of any actuarial analysis necessary to establish the highest maximum contribution allowable under Section 529 of the Code;
 - b. create and distribute training materials to customer service representatives and other interested parties;
 - c. accept selling agent and prospective account owners’ calls and inquiries, and maintain a database of all inquiries from selling agents and prospective account owners requesting an enrollment kit;

- d. accept and process account applications;
 - e. accept and process initial and subsequent contributions, including procedures to ensure that contributions are not made in excess of the maximum allowed by Section 529 of the Code and the Act;
 - f. maintain a customer call center that will be staffed with sufficient employees to enable the Contractor to satisfy the performance standards set forth in this RFP, to respond to participant inquiries, it being understood that additional employees will be added if all of the standards set forth herein are not achieved;
 - g. accept and process requests for distribution of all or a portion of an account balance, including: (i) Qualified Withdrawals; (ii) Non-Qualified Withdrawals; (iii) Qualified Rollovers; (iv) any other withdrawals; and (v) preparation of required tax reporting.
 - h. update, redesign, and re-launch a website that, at a minimum, enables prospective Participants to: (i) receive information about the Programs; (ii) review current account balances, transaction history, fund descriptions, project college savings needs and college costs, set up recurring or additional contributions, and email questions directly to the Contractor; and (iii) provide online daily access to the rate of return for each investment portfolio.
 - i. ensure the Program websites contain tools available to Participants including the ability to complete an automated account application to establish an account with the Program. The Contractor shall use best efforts to ensure that the website is secure and account information and other information appearing on the website is protected, in a manner consistent with fiduciary standards and compliant with Applicable Law;
 - j. provide a dedicated toll-free telephone number that will be operational by the Program State Date and will: (1) be answered by live phone representatives versus an automated phone menu, (2) respond to participants, investment professionals, and prospective investor requests, (3) provide information about the Program, and (4) allow participants to express concerns or comments via voice mail 24 hours a day/7 days a week.
 - k. provide a means for Participants to make changes to their respective Accounts, including, but not limited to, address changes, telephone changes, and change of Designated Beneficiary, which means shall maintain confidentiality of information as required by Applicable Law and the Treasurer;
 - l. provide timely fulfillment of Program materials, including promotional materials, and maintain a systematic history of fulfillment activity at the customer call center established by the Contractor for each Prospect and Participant;
 - m. provide a separate accounting for each Designated Beneficiary to each Participant on at least a quarterly basis; and
 - n. make reasonable attempts to collect the e-mail addresses of the participants, which shall be owned by the Treasurer and considered Confidential Information.
21. Withdraw and pay to the Treasurer a State Fee in accordance with the delivery instructions of the Treasurer, based upon the average daily net assets of the Programs for the immediately preceding calendar month in an amount required by the Treasurer. If the aggregate State Fee paid to the Treasurer in any calendar year is less than the Treasurer's

required dollar amount per Program, the Contractor will pay to the Treasurer an amount sufficient to bring the total received by the Treasurer to the Treasurer's required dollar amount per Program for that calendar year. The State Fee will be deducted from the assets of the Programs and shall be separately disclosed as the "State Fee" in the Program Disclosure Statement.

22. The Treasurer and the State shall have no liability to the Contractor for fees or compensation for the Services. The only compensation for the Services received by the Contractor shall be payable only from amounts available in and withdrawn from the Programs.
23. Except for the charges authorized by the Treasurer, no fee, charge or penalty shall be imposed in connection with the establishment or maintenance of any Account or transaction therein, distributions or withdrawals therefrom, or transfers thereof.

Illinois First Steps Facilitation

24. Facilitate the Illinois First Steps Children's Savings Account Program as described in Section 16.8 of the Act, 15 ILCS 505/16.8.
25. Through the account sign-up process or other mutually agreed-upon format, provide all eligible participants the opportunity to open a Bright Start or Bright Directions account while simultaneously claiming an Illinois First Steps seed deposit in the amount prescribed by the Act.
26. Work with the Treasurer to facilitate the validation of all claims for a \$50 seed by matching eligible 529 participant claims to public data sets provided to the Treasurer by the Illinois Department of Public Health and Illinois Department of Revenue. Provide updates and notifications to all claimants of the \$50 seed on the status of their claim.
27. Provide for various omnibus accounts to allow for the Treasurer to invest dollars on behalf of many participants within one single account.
28. Ensure all eligible Account Owners may view the current value of their successfully claimed seed deposits on their account statements and online account portal.
29. Share all data and information with the Treasurer necessary for the Treasurer and Program Manager to implement Illinois First Steps and as requested by the Treasurer.
30. Provide the capability for local Children's Savings Account (CSA) programs – including, but not limited to, those run by cities, schools, foundations, and community-based non-profits – to make use of Bright Start and/or Bright Directions to provide their own seed funds to eligible Bright Start and/or Bright Directions Account Owners.

Reporting and Research

31. Provide reports to the Treasurer's Office that are compliant with the reporting requirements set forth in Appendix A to this RFP. Such reports shall be made available in Excel format and in other formats deemed mutually useful and expedient by the Contractor and the Treasurer. Additionally, Contractor shall provide ad hoc reports upon request by the Treasurer.
32. Provide reports to the Treasurer's consultants (Strategy Consultant, Investment Consultant, Due Diligence Consultant, and/or Data Analytics Consultant) and academic research partners as further described in Appendix A to this RFP.
33. Cooperate and communicate with the Treasurer, Treasurer's consultants, and/or academic research partners of the Treasurer ("Academic Research Partners").
34. Provide the Treasurer, consultants, and Academic Research Partners with Program and participant data necessary to perform accurate and complete analyses of Program performance.
35. Facilitate research including but not limited to participant surveys and experiments conducted by the Treasurer or the Treasurer's data analytics consultant and/or Academic Research Partners.
36. Maintain adequate records of the account balance with respect to each account, and compile, prepare, and deliver to the Treasurer and to participants on a timely basis the detailed financial information, repo reports and statements required of the Contractor under Applicable Law and by this Agreement, including such information as is necessary for the Treasurer to prepare any filings and reports. The Contractor shall prepare and deliver to the Treasurer, within ten (10) Business Days immediately following the end of each calendar month, reports in a form satisfactory to the Treasurer: (i) on the holdings and the total rate of return of the Plans and the Investment Portfolios; (ii) the NAV and total value of the Plans and each Investment Portfolio at the first day and last day of such month; (iii) the purchases and sales during such month of underlying investments; and (iv) any other information that the Treasurer reasonably requests. In addition to the above reports, the Contractor shall provide the Treasurer daily access to the NAV for the portfolios.

B. Recordkeeping, Call Center, and Account Technology

Recordkeeping

1. Provide all recordkeeping services for Bright Start and/or Bright Directions Account Owners, Beneficiaries, prospective Account Owners, and interested parties to ensure effective operation of the Program. Such services must be performed in accordance with all federal, state and Bright Start and/or Bright Directions rules, regulations and procedures, including those as may be established unilaterally by the Treasurer and/or jointly between the Treasurer and the Program Manager.

2. Provide all recordkeeping, administrative, and fund management services needed for the effective and legally compliant operation of the Program in accordance with the performance standards set forth below in this section. Such services shall include, but are not limited to the following:
 - a. Developing forms and any operating documents for the Program.
 - b. Establishing the enrollment process (paper, online, and mobile) for eligible Account Owners and Beneficiaries in consultation with the Treasurer.
 - c. Maintaining Account Owners' and Beneficiaries' information.
 - d. Receiving and depositing contributions.
 - e. Blocking the receipt of contributions in excess of the anticipated cost of a Beneficiary's qualified education expenses.
 - f. Processing contributions.
 - g. Disbursing funds.
 - h. Facilitating gift contributions from non-Account Owners through the provision of a modern gifting platform and easy-to-use tools for Account Owners and potential gift-givers.
 - i. Providing Account Owners and any authorized agents with account information, periodic account statements, and confirmations of enrollment (including all data provided and the designations made), changes to account information, and transactions.
 - j. Providing fraud prevention.
3. Report all account activity as may be required by the Internal Revenue Service ("IRS"), SEC, MSRB or any other federal, state or local agency of competent jurisdiction (including 1099Qs and annual performance information).
4. Maintain a physical address for overnight deliveries and a post office box for regular mail.
5. Perform services necessary for a seamless transition of account information for Program participants from existing Program Manager.
6. Coordinate the recordkeeping of contributions made on behalf of a Beneficiary who is also a Beneficiary of another Bright Start, Bright Directions, College Illinois! or any other 529 plan that may be offered in the future by the State of Illinois ("Illinois 529 Plans"). Such services include, but are not limited to:

- a. Providing the applicable parties with all the information required by the Act.
 - b. Continuously monitoring Illinois 529 Plans account activity to ensure no excess contributions are made to the Pool.
 - c. Coordinating monthly data feeds between Program Manager, Bright Start and/or Bright Directions, and College Illinois! to monitor aggregate account contributions.
 - d. Systematically providing “excess” contribution letters from Program Manager, Bright Start and/or Bright Directions, or College Illinois! when aggregate contributions exceed the allowable maximums.
 - e. Providing quarterly data feeds between Program Manager, Bright Start and/or Bright Directions, and College Illinois! to monitor aggregate withdrawals, as applicable.
7. Maintain robust quality control procedures to minimize error rates and ensure prompt error correction.
 8. Ensure the highest suitable levels of data security to ensure the confidentiality and privacy of all prospects, participants, contributors, and Beneficiaries, as applicable.
 9. The Contractor shall compile, prepare, and provide to the Treasurer, within fifteen (15) Business Days immediately following the end of each calendar month or quarter as applicable, a report or reports of records administration and customer service activities of the Contractor during the preceding period, which reports shall be in form and substance as approved by the Treasurer. The Contractor agrees to provide call center reports on a monthly basis. The Contractor further agrees to provide the Treasurer special access to reports on the Contractor’s web site. The reports of activity shall include, but not be limited to, all items set forth in this RFP.
 10. The Contractor shall provide reports to the Treasurer that are compliant with the Treasurer’s reporting requirements. Such reports shall be required on a weekly, monthly, quarterly, calendar year-end, fiscal year-end, and, as available from information provided by the Previous Program Manager, since program-inception basis. Additionally, the Contractor shall provide ad-hoc reports upon request of the Treasurer.
 11. The Contractor shall provide reports to the Treasurer’s consultants as requested. Such reports shall be required on a monthly, quarterly, calendar year-end, fiscal year-end, and since program-inception basis.

Call Center

12. Provide a call center (located in the United States and preferably in Illinois), which will be staffed with an appropriate number of licensed or registered customer service representatives (“CSRs”) from 7:00 a.m. to 7:00 p.m. CT, Monday through Friday (except

for periods of pre-scheduled system maintenance or holidays). The Contractor Call center-related customer services must include the following:

- a. *General Call Center Customer Services* – Providing all customer services needed for the effective operation of the call center. Such services include but are not limited to: assisting with contributions to, withdrawals and disbursements from, and general maintenance of, accounts; answering in-bound calls; making out-bound calls as needed or requested; resolving issues requiring interaction with the Account Owner/Beneficiary, authorized signatories, or authorized agents; and responding to emails and correspondence.
- b. *Customer Service Records for Calls* – Providing a customer service record that will identify, track, and report on all call interactions with participants or advisors. The customer service record must include resolution information regarding each inquiry/transaction and track all prospect referrals.
- c. *Recording of Calls* – Recording all calls (in-bound and outbound), retaining such recordings for the term of the Agreement, and making such recordings available to the Treasurer through remote access.
- d. *Toll-Free Phone Number* – Answering in-bound calls utilizing a toll-free number, preferably the current toll-free number in operation for Bright Start and Bright Directions as of the time of this RFP. Any costs associated with moving to this number will be absorbed by the Contractor.
- e. *Multilingual service*: Make available services in both English and Spanish if requested by a caller, along with additional languages as mutually agreed upon by the Treasurer and Contractor.
- f. *Additional coverage*: During the last half of December the customer call center shall provide live service representatives on Saturday mornings from 8:30 a.m. to 1:30 p.m. Central Standard Time and extended weekday evening hours. The Contractor also agrees to provide additional live coverage in coordination with all advertising efforts at all times outside of the fixed periods as directed or approved by the Treasurer. When a call is answered by a live service representative, the Contractor agrees that such representative will identify the relevant Program as opposed to the Contractor. Further, the welcome message on the toll-free number that refers to the Contractor must meet with the Treasurer's approval. The Contractor agrees to create a welcome message on the toll-free number that does not refer to the Contractor in the first option. In the event that the call center becomes disabled, the Contractor shall relocate the call center to an alternate facility and reestablish phone, data, and mainframe communication lines within twenty-four (24) hours. The Contractor shall obtain original materials from offsite storage and use backup tapes to produce materials to be distributed within three (3) days.

Account Technology

13. Develop, maintain, and periodically update an online customer account portal that provides state-of-the-art security and password protocols and a range of customer self-service tools, including:
 - a. Access account information.
 - b. Obtain investment performance information.
 - c. View completed and pending transactions.
 - d. Changes to account information and designations.
 - e. Change banking, contribution, or other account information.
 - f. Facilitate gift contributions from family and friends.
 - g. Create new accounts for additional Beneficiaries.
14. The online account portal must be mobile responsive and, ideally, accessible with a phone-based app.
15. The online application should allow prospective Account Owners to start and save applications in process, and to complete the enrollment process.

Performance Standards

16. In its performance of the above recordkeeping services, the Program Manager shall meet the following minimum performance standards:
 - a. Call center standards during business hours:
 - i. Abandonment rate shall be less than 3%,
 - ii. At least 80% percent of phone calls shall be answered within twenty seconds, and
 - iii. At least 75% of calls shall be resolved on initial contact.
 - b. E-mail must be acknowledged within four business hours of receipt.
 - c. 100% of requests for information or materials shall be fulfilled within three business days.

- d. 99% of all monetary transactions will be processed within one business day, and 99% of all non-monetary account changes will be processed within three business days, extraordinary volumes and events excluded. This standard applies to all requests, whether received by phone, email, fax, or mail.
 - e. Errors/rejects/omissions will be maintained at a level commensurate or better than other similarly sized 529 plans.
 - f. 99% of all Account Owner statements and confirmations will be mailed within the time frames mandated by the SEC.
 - g. 98% accuracy rate for transaction processing for request received in good order.
 - h. Written complaint resolution:
 - i. 98% shall be answered or acknowledged within one business day; and
 - ii. A complaint log for all Bright Start and/or Bright Directions-related complaints shall be maintained and made available upon request.
17. The Contractor shall process requests by participants for withdrawals from the accounts in accordance with written withdrawal procedures developed by the Contractor and approved in writing by the Treasurer (the “Withdrawal Procedures”). The Contractor shall process at least 99% of all withdrawals within three (3) Business Days. The Contractor shall transfer all or a portion of the Account Balance pursuant to a withdrawal request in accordance with the Withdrawal Procedures.

C. Marketing and Sales

Marketing

1. Develop and implement a marketing strategy approved by the Treasurer that will provide the broadest visibility across potential investors within the State of Illinois and, if possible, nationwide.
2. Expend sufficient dollars and dedicate appropriate professional resources to fund marketing efforts aimed at increasing in-state participation in Bright Start and/or Bright Directions, as well as a superior national marketing campaign.
3. Implement a brand marketing strategy that reflects brand awareness of Bright Start and/or Bright Directions in Illinois through a range of marketing channels and events.
4. Provide timely, sequential communications to existing participants during any transition period.

5. Collaborate with the Treasurer's existing marketing firms, analytics consultants, and Academic Research Partners on marketing strategies, practices, tests, and any other marketing related matters as directed by the Treasurer.
6. Periodically provide the Treasurer reports on marketing effectiveness and work to establish benchmarks to track changes over time.
7. Ensure that the Treasurer reviews and approves any proposed marketing expenditures and retains ultimate control over the content of the marketing materials. The Treasurer may direct the use of marketing dollars for advertising (such as TV, radio, print and online), Treasurer-approved sponsorships, and other approved media materials. The Contractor shall use the marketing dollars to provide generalized marketing services that shall include, but not be limited to, production of the media materials and all communications and promotions of the Programs, all necessary enrollment forms, consumer brochures, legally compliant Program Disclosure Statements that include current CSPN Disclosure Principles, and approved web marketing services. To the extent all Marketing Dollars are not expended in a given contract year, the Treasurer may direct the shortfall to be spent in later contract years. The printing and mailing costs of all materials included with new account enrollment packets shall be considered an approved use of marketing dollars. Legal costs associated with updates to the primary Program Disclosure Statement and supplements, and any associated printing and mailing costs to existing account owners shall not be considered an approved use of marketing dollars.
8. In addition to its marketing dollars commitment, the Contractor shall provide scholarship funds in an amount agreed upon by the parties to be granted as directed by the Treasurer. The Treasurer may, in its sole discretion, direct the scholarship dollars set forth in this section to be used towards the marketing budget or other Program expenditures.
9. If applicable, provide a detailed marketing and promotion plan including a pre-transition phase, a transition phase, a re-launch phase and a post-launch phase satisfactory to the Treasurer and which shall include, but not be limited to the following:
 - a. Pre-Transition phase. The pre-Transition phase shall include letters that describe the benefits to Account Owners. A second letter will communicate updates on the Transition outlining the project timeline and any changes expected from the Previous Program Manager to the Contractor.
 - b. Transition phase. The Transition phase will include the announcement of the Transition Date re-confirming any changes from the Previous Program Manager to the Contractor. The Contractor shall ensure copies of new program documents incorporating CSPN Disclosure Principles for shareholder review are included in such announcement.
 - c. Re-launch phase. The re-launch phase shall include the Re-Launch Marketing Plan described below and shall include but not be limited to press releases, fliers, newsletters, direct mail marketing, sponsorships, local events, and client seminars. The re-launch phase shall also include an announcement of a successful Transition confirming the changes from the Previous Program Manager to the Contractor. As

part of the re-launch phase, a series of road shows shall also be launched by the Contractor with a focus on both the Illinois and the national market. The Contractor shall dedicate, at its own expense, field representatives to focus on grassroots efforts related to the Re-Launch Marketing Plan.

- d. Post-launch phase. For the post-launch phase the Contractor shall create a marketing strategy approved by the Treasurer that shall include but not be limited to press releases, fliers, newsletters, direct mail marketing, sponsorships, local events and client seminars. The Contractor shall also increase sales and marketing penetration by providing marketing, sales support, and education through a dedicated team of field representatives.
10. The Contractor shall not finalize, distribute or otherwise use any Program Materials until such Program Materials have been approved by the Treasurer, it being understood that the Treasurer has ultimate control over the content of all Program Materials.
 11. The Contractor shall work with the Treasurer on the development of Program Materials and the Contractor shall submit all Program Materials to the Treasurer for written approval prior to finalizing such Program Materials. All Program Materials submitted will be developed in a format that is reasonably consistent with the publications of the Treasurer.
 12. The letterhead on all Program communications sent from the Contractor (“Program Communications”) will be the letterhead of the Program rather than that of the Contractor. The letterhead of the Program shall be in substance and appearance as directed by the Treasurer.
 13. All promotional materials prepared and distributed by the Contractor shall include all disclosures and statements required by Applicable Law.
 14. During the Agreement and following any termination or expiration thereof, the Contractor and its Affiliates shall not direct any communications of any kind not related to the Program to Illinois residents that are Participants, Designated Beneficiaries, Giftors, or Persons requesting information or making inquiries regarding the Programs (“Prospects”).
 15. The Contractor shall use funds designated for marketing solely for marketing projects for the Programs and shall not reallocate such funds to cover any of the Contractor’s overhead expenses, such as costs for its employees, rent, or utilities.
 16. The Contractor shall compile, prepare, and provide to the Treasurer, within ten (10) Business Days immediately following the end of each calendar month, a report of the marketing activities of the Contractor during the preceding month, which report shall be in form and substance as approved by the Treasurer. The Contractor shall provide a written evaluation of ongoing and completed marketing efforts within ten (10) Business Days of each calendar quarter end.

For Bright Start Only:

17. Dedicate a meaningful portion of the marketing dollars and dedicate appropriate Program Manager resources to increasing the economic, racial, ethnic, geographic, and linguistic diversity of new Bright Start Account Owners. Provide for an appropriate level of Spanish-language and bilingual marketing and public relations to better reach Illinois' Spanish-speaking population.
18. Dedicate a meaningful portion of the marketing dollars and dedicate appropriate Program Manager resources to encouraging eligible Illinois parents to claim their Illinois First Steps deposit and start saving for future education through Bright Start.

Sales

19. Create and staff an in-state and national sales strategy that grows the number of Account Owners across Illinois and in strategically important parts of the country.
20. Dedicate at least three sales representatives, preferably sales representatives living full-time in Illinois, to growing the number of Bright Start and/or Bright Directions Account Owners across Illinois.
21. Increase the number of employers offering payroll deduction on behalf of Bright Start and/or Bright Directions.

D. Distribution (Bright Directions Only)

For Bright Directions Only:

1. Create and staff an in-state and national sales and distribution strategy that grows the number of Account Owners, advisors selling, and assets invested in Bright Directions within and outside Illinois.
2. Transition all sellers' agreements in existence and in good standing during any transition period. Seek to expand, where appropriate, the number of firms selling Bright Directions.
3. Seek to expand, where appropriate, omnibus relationships with select financial advisory firms.

E. Investment Management

Fund Custody and Management

1. Manage all Bright Start and/or Bright Directions investments as a fiduciary for the Treasurer and for Account Holders and Beneficiaries in accordance with the Treasurer's Investment Policy Statement, the Agreement, and Applicable Law.

2. Provide all custodial, fund administration, and fund accounting services necessary to support the investments, including but not limited to the following:
 - a. Custody.
 - b. Segregation of funds.
 - c. Cash management.
 - d. Distribution of Proxy Ballots.
 - e. Banking services.
 - f. Purchases and sales of underlying investment products to effectuate the directions of Account Owners.
3. Where appropriate and agreed upon by the Treasurer and Respondent, support the use of Separately Managed Accounts (“SMA”) in lieu of mutual funds.
4. Ensure that decisions on voting of shares of all underlying investments are only as directed by the Treasurer.
5. Support the Treasurer in providing appropriate due diligence and oversight of any investment manager and/or SMA service providers.
6. Facilitate alterations to the Bright Start and/or Bright Directions investment lineup on at least an annual basis as approved in writing by the Treasurer’s Investment Policy Committee. Implement investment lineup changes no more than 120 days after approval by the Treasurer’s Investment Policy Committee.
7. Ensure that each underlying investment is invested in investments that are permitted by Applicable Law and the Investment Policy Statement (“Permitted Investments”). The Permitted Investments and the allocation percentages or guidelines established by the Contractor for the Investment Portfolio’s assets shall be approved by the Treasurer in writing prior to their implementation. The Contractor shall use best efforts to manage each Investment Portfolio to seek to achieve the benchmarks set forth in the Investment Policy Statement.

Investment Design and Advisory

8. Advise on investments as a fiduciary for the Treasurer and for Account Holders and Beneficiaries in accordance with the Treasurer’s Investment Policy Statement and the Agreement.
9. Provide investment design services including the following:

- a. Developing and recommending for the Treasurer's approval a broad mix of investments including age-based, static, and individual investment portfolios, underlying funds, and fee structures to appeal to a wide range of investors with diverse risk tolerances, time horizons, and investment preferences.
 - b. Developing and recommending a best-of-breed asset allocation strategy underpinned by an open architecture investment platform consisting of passive and actively managed funds across various asset classes.
 - c. Providing age-based or enrollment-date investment portfolios with multiple risk tolerances. Age-based or enrollment date portfolios should have custom glide paths with either a smooth, progressive glide path or equity step-downs no greater than 10% per step-down.
 - d. Providing at least three static investment options that invest in, for example, 100% equities or 100% fixed income and/or cash.
 - e. Providing individual portfolio options that invest in individual mutual funds (or SMAs) across a variety of asset classes including, but not limited to, cash, fixed income, domestic equity, international equity, and public real assets.
 - f. Providing high-quality investment options based on quantitative and qualitative criteria that align with prudent selection criteria and the Treasurer's Investment Policy Statement.
 - g. Utilizing a mix of the lowest-cost share classes, Exchange Traded Funds ("ETF"), and SMAs to further decrease investment expense ratios.
10. On an ongoing basis, work with the Treasurer to monitor the performance of each Bright Start and/or Bright Directions portfolio and underlying fund and make recommendations to the Treasurer in accordance with the Treasurer's Investment Policy Statement.
11. Perform regular and ad hoc analyses of the Bright Start and/or Bright Directions investment lineup as compared to peers and other alternative lineups. Analyses should include but are not limited to:
- a. Annual fee reviews to assess opportunities for share class or other fee improvements to each fund,
 - b. Annual asset allocation reviews to assess potential asset allocation changes, and
 - c. Periodic glide path reviews to assess the risk/return characteristics of each glide path and alternatives.
12. Facilitate due diligence meetings between the Treasurer and portfolio/underlying fund managers to review market conditions, strategy, and investment performance.

13. Support and participate in investment manager searches that result from a change to the asset allocation, investment lineup, and/or underlying fund manager changes. Support and participation will include:
 - a. Educating the Treasurer about the asset class and the universe of potential investment managers within the asset class.
 - b. Providing the Treasurer with recommended finalists for each search.
 - c. Supporting the Treasurer's request for additional information and disclosure from each finalist.
 - d. Participating in interviews and analyses of each finalist.
14. Provide for continuous investment of assets during any transition of services.
15. Cooperate and communicate with the Treasurer and the Treasurer's consultants in all evaluations and monitoring activities established by the Treasurer for the investment options and periodic audits.
16. The Contractor shall invest the assets in each of the investment portfolios so that such assets are allocated as established by the Contractor and approved by the Treasurer from time to time ("Allocation Guidelines"). The initial Allocation Guidelines shall be the allocation guidelines developed by the Treasurer and the Contractor set forth in the Investment Policy Statement. By November 1 of each calendar year, the Contractor shall submit to the Treasurer the Contractor's recommended Allocation Guidelines for the following calendar year. The Contractor shall make such recommendations consistent with the objectives of the College Savings Pool, the Program and the investment options as set forth in the Investment Policy Statement. The Contractor may consult with the Treasurer, if requested, and may thereafter propose revised Allocation Guidelines for the following calendar year. On or before December 1 of each such calendar year, the Treasurer shall either notify the Contractor that the Treasurer approves the Contractor's recommended Allocation Guidelines or shall deliver to the Contractor revised Allocation Guidelines for such year that the Treasurer deems appropriate in the discharge of the Treasurer's statutory obligation. The Treasurer may, upon thirty (30) days' written notice to the Contractor, change the Allocation Guidelines at any time for application during the remaining portion of the calendar year. In the event of any such change by the Treasurer, the Contractor shall have a commercially reasonable period of time to implement any such changes in Allocation Guidelines.

F. Legal Responsibility

1. The Contractor shall be responsible for addressing all legal issues that relate to the establishment and operation of the Plans. In fulfilling its responsibilities hereunder, the Contractor may obtain opinions of or the advice of counsel. Any law firm the Contractor

desires to engage as a subcontractor in fulfilling its responsibilities hereunder shall be at the Contractor's expense and must be approved by the Treasurer. The following opinion or opinions of counsel shall be obtained by the Contractor by no later than the Program Start Date, addressed to both the Contractor and the Treasurer, with the expense of such opinion or opinions to be paid by Contractor, as follows:

- a. to the effect that the Programs constitute "qualified tuition programs" within the meaning of Section 529 of the Code;
 - b. to the effect that the Participation Agreements and Accounts, are not required to be registered under the Securities Act of 1933 and the rules and regulations thereunder, as amended;
 - c. to the effect that the Treasurer, its officers, and employees may perform the functions described in this Agreement without registration under the Securities Exchange Act of 1934, as amended;
 - d. to the effect that the Trust, the Participation Agreements and Program Accounts are not required to comply with the qualification requirements under the Trust Indenture Act of 1939 and the rules and regulations thereunder, as amended;
 - e. to the effect that the Programs are not investment companies registered or required to be registered as investment companies under the Investment Company Act of 1940;
 - f. to the effect that the inclusion of the separately managed accounts in connection with the Transition will not cause the plan to lose its status as a Qualified Tuition Program in accordance with Section 529 of the Code;
 - g. to the effect that the Program has been established in accordance with and in compliance with the Act; and
 - h. to the effect that all investments to be made by the Programs are permitted under the laws, rules and regulations governing the investment of moneys by the Treasurer.
2. The Contractor shall update the legal Program Disclosure Statement with the latest CSPN Disclosure Principles and shall maintain the Programs in accordance with the latest SEC, FINRA, and MSRB rules and Applicable Law.
 3. The Contractor shall be responsible for determining that the investment objectives, policies and practices of any fund in which assets are invested are consistent with the Investment Policy Statement and Applicable Law.

V. 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 Page* – Please provide a cover page with the name, physical address, e-mail address, and telephone number of the person(s) available for contact regarding the Proposal. Such person(s) must be authorized to make representations on behalf of the Respondent. On the cover page, please specify whether the Proposal includes services for Bright Start, Bright Directions, or both.
2. *Table of Contents* – Include a listing of the main chapters and paragraph headings contained in the response, including page numbers. A hyperlinked table of contents is preferred but not mandatory.
3. *Introduction* – A Respondent may provide up to three pages of introductory remarks. In the Introduction, please specify whether proposing services for Bright Start, Bright Directions, or both. The Introduction section may also touch on topics such as the Respondent’s background, management, facilities, staffing, related experience, and financial stability.
4. *Narrative* – Please provide a brief narrative not to exceed five pages, describing the general conceptual approach Respondent would take to provide the Services and any other information Respondent believes is relevant.
5. *Answers to Questions* – Except as otherwise provided therein, Respondent must respond to all questions presented in Section V.B of this RFP. Respondent’s answers must include the headings (e.g., “Investment Management”) and be numbered in the order provided in Section V.B of this RFP.
6. *Service Team* – Provide an organizational chart, biographies, and resumes for the proposed Service team, including relevant support staff. Please identify the primary contact person and describe the role of each key person and whether they are employed by the Respondent or a proposed service provider. Include, at a minimum:
 - a. Executive with overall responsibility for this engagement.
 - b. Assigned relationship manager(s).
 - c. Senior-most professional(s) responsible for record keeping, call center, and account technology.
 - d. Senior-most professional(s) responsible for marketing and sales.
 - e. Senior-most professional(s) responsible for distribution (Bright Directions only).
 - f. Investment professional(s) and key team members responsible for investment

management.

- g. Senior-most professional(s) responsible for conversion (if applicable).
7. *Service Providers* – Provide a list of all entities that the Respondent intends to use to provide Program Management services, including affiliates, subsidiaries, independent contractors, subcontractors and/or outside consultants. Please identify the general type of work to be performed by the Respondent versus each entity. Confirm that the Respondent will be responsible for the performance of each proposed entity. If any entity to be used will not be a subcontractor, please explain the intended relationship between Respondent and the entity, and explain whether the entity is a “subcontractor” as defined in Section 1-15.108 of the Illinois Procurement Code, 30 ILCS 500/1-1 *et seq.*
8. *State Certifications and Disclosures* – Respondent and any subcontractor(s) must submit the following three fully executed documents, which can be found in Appendix C: (1) the Illinois State Treasurer Certifications, (2) the Disclosures of Financial Interest and Potential Conflicts of Interest (Disclosure Form A), and (3) the Disclosures Other Contract and Procurement Related Information (Disclosure Form B).
9. *Cost Proposal* – Provide a proposed price (“Cost Proposal”) in a separately sealed envelope or, if the Proposal is submitted electronically, as a separate attachment. Respondent must adhere to the format and directions set forth in Appendix B.
10. *Redacted Copy* – If the Proposal contains any information that Respondent considers to be exempt from public disclosure under the Illinois Freedom of Information Act (“FOIA”) (5 ILCS 140) or other applicable laws and rules, Respondent should submit in a separately sealed envelope an additional copy of the Proposal with proposed confidential information redacted, as detailed in Section VI.E.10 of this RFP (“Redacted Copy”). If the Proposal is submitted electronically, any Redacted Copy must be submitted as a separate attachment.

Proposals may be submitted in hard copy or electronically. Proposals submitted in hard copy form must be submitted in a sealed envelope or package bearing the title “Office of the Illinois State Treasurer – RFP Bright Start College Savings and Bright Directions College Savings Program Manager 370-200-24-016” and the Respondent’s name and address. The package must include one copy of the Proposal and, in a separate envelope, one copy of the Cost Proposal. If confidentiality of any information is asserted, one Redacted Copy should be provided in an additional separate envelope.

Alternatively, Respondents may submit an electronic copy of their Proposal, with a separate Cost Proposal and, if confidentiality of any information is asserted, an electronic Redacted Copy, to CollegeSavingsRFP@illinoistreasurer.gov.

B. Questions to be Addressed in the Proposal

Respondents shall provide answers to the following questions.

If Respondent is proposing services for only Bright Start, questions specified as pertaining to “Bright Directions Only” may be skipped. If Respondent is proposing services for only Bright Directions, questions specified as pertaining to “Bright Start Only” may be skipped. If Respondent is proposing services for both Bright Start and Bright Directions, please note any instance where a response to a question is different for Bright Start than Bright Directions.

Organization Overview and Experience

1. Provide a brief overview of Respondent. Describe Respondent’s corporate structure, including holding companies, majority owners, parents, and corporate affiliates. Which entity will enter into the Agreement with the Treasurer? If the contract party is not a parent entity, indicate Respondent’s willingness to provide a parent guarantee or propose a suitable alternative (e.g., irrevocable letter of credit, surety bond, etc.) to ensure performance of the services to be provided pursuant to the Agreement.
2. Please describe any changes in Respondent's ownership or management structure since January 1, 2018. Will these changes have any impact on Respondent's ability to provide the services during the expected term of the Agreement?
3. Please describe Respondent's experience serving as a Program Manager for a 529 College Savings Plan or, in the event Respondent does not have any prior experience serving as Program Manager for a 529 College Savings Plan, please describe Respondent's experience serving as a Program Manager or similar role for a similar retail savings product. In describing Respondent's experience, please include references to:
 - a. The entity(entities) for which Respondent is providing or has provided services, a description of the services Respondent provides or did provide, and the contract term for each.
 - b. Total number of accounts and assets under management for which Respondent provided services as of June 30, 2023.
 - c. Any experience with the conversion of assets from another Program Manager to Respondent. Please include:
 - i. The total number of accounts converted; and
 - ii. Time from contract award to actual conversion.
 - iii. Communication strategy used with Account Owners
4. Is Respondent registered or exempt from registration under the Investment Advisors Act of 1940, the Securities Exchange Act of 1934, as amended, any state regulatory agency or any federal department or agency? If Respondent claims an exemption, please explain the basis for the exemption.

5. Has Respondent been a party to a lawsuit from January 1, 2020 to present? If so, please provide a detailed explanation.
6. Has Respondent been a party to any data breach or loss of personal, financial or other data considered private or confidential since January 1, 2020? If so, provide details and what steps were taken to address the issue in the short- and longer-term to prevent such a breach/loss from happening again.
7. Provide a statement certifying that none of the services would be performed outside of the United States. If work must be performed outside of the United States, provide a detailed explanation of why this is required and the locations.
8. Provide contact information for three client references. References must be entities for which Respondent has provided services similar to the services requested in this RFP. For each reference, please provide client name, individual reference name, title, email address and office phone.
9. Provide a description of the various types of insurance coverage (carriers, risk coverage, levels, limits, deductibles, expiration dates, etc.) your firm has in place to protect its 529 plan clients. If your current coverage does not include cybersecurity, will you agree to acquire it prior to contracting with the Treasurer?

Program Management

10. Please confirm that Respondent will deliver all components listed under the “Program Management” section of Section IV of this RFP. If applicable, please list any components that Respondent is unable or unwilling to deliver and please provide a brief description why.

Relationship Management

11. Please share details on the relationship management team that would work with the Treasurer. Please describe the succession plan, if any, of key 529 personnel.
12. Please describe Respondent’s relationship management approach with state partners.
13. Please provide Respondent’s processes, including estimated timelines, for future enhancements. How would enhancements to program design, technology, service, or materials be prioritized and transparently communicated to the Treasurer? How would the Treasurer’s proposals for future enhancements be considered and implemented?

Program Administration

14. Please identify the counsel (internal and or external) Respondent will rely upon to prepare the Program Disclosure Statement.
15. Provide copies of Respondent's most recent SOC1 and SOC2 Type 2 reports specific to 529 activities. If Respondent's Proposal includes subcontractors, provide these SOC1 and SOC2 Type 2 reports for each subcontractor. Describe Respondent's oversight and risk management procedures to ensure the operating effectiveness of its subcontractors. Describe how Respondent addressed and remedied any control weaknesses if any were identified. To the extent Respondent does not have any of the requested reports, describe Respondent's plans and timing to provide such reports in the future.
16. Describe Respondent's recommended conversion process from the current Program Manager, if applicable. How would Respondent communicate transition issues and news with existing participants? Please provide a proposed timeline for a conversion. Please identify any issues or challenges that could delay a conversion by July 17, 2024.

Illinois First Steps Facilitation

17. What strategies does Respondent propose to increase the number of new Illinois parents that claim their \$50 Illinois First Steps seed deposit and start saving with Bright Start and /or Bright Directions?

Reporting and Research

18. How would the Treasurer access Program data and reports referenced in Appendix A? What would be Respondent's procedure for requesting and responding to requests by the Treasurer or consultants for ad hoc reports?

Recordkeeping, Call Center, and Account Technology

19. Please confirm that Respondent will deliver all components listed under the "Recordkeeping, Call Center, and Account Technology" section of Section IV of this RFP. If applicable, please list any components that Respondent is unable or unwilling to deliver and please provide a brief description why.

Recordkeeping

20. Describe the recordkeeping system(s) that would be used to manage Bright Start and/or Bright Directions. Please describe the disaster recovery plan, including back-up procedures and alternate operation facilities. What is Respondent's testing frequency for disaster recovery?

21. Please describe the process for signing up online. How long does the process take? Please provide screenshots or provide the Treasurer with access to a test account. What do new enrollees receive (printed or electronic messages, mailings, savings guidance, etc.) in the weeks after enrollment?
22. Please describe all payment methods available for Account Owners to make contributions.
23. Please describe all distribution options for an Account Owner. Does Respondent work with any third-party distribution providers such as Flywire, Gift of College, or others? If so, please describe.
24. Please describe how family and friends may make gifts to an account. Please specify whether Respondent's gifting platform allows for:
 - a. Recurring gifts.
 - b. Gifts provided without the Account Owner's knowledge.
 - c. Confirmation documentation for both the Account Owner and gift giver.
 - d. Different payment methods such as credit cards, ACH, Venmo, Zelle or PayPal.
 - e. Third-party services such as Gift of College or UPromise.

For Bright Directions Only:

25. Can financial advisors enroll a new client online? Is an Account Owner e-signature accepted?

Call Center

26. Please describe Respondent's proposed call center. Approximately how many call center representatives does Respondent propose for Bright Start, Bright Directions, or both?
27. Are the call center services Respondent is providing under other contracts evaluated or audited by any third-parties? If permissible, provide the most recent audit or evaluation.

Account Technology

28. Please provide an overview of Respondent's Account Owner portal and describe how, if at all, the portal is optimized for use on a handheld device or app. Please provide screenshots or provide the Treasurer with access to a test account. Please specify which, if any, of the following actions can be performed through the customer portal:

- a. Contributions (both one-time and recurring).
 - b. Withdrawals.
 - c. Investment change.
 - d. Account balance review.
 - e. Rate of return calculations.
 - f. Change of Beneficiary.
 - g. Successor Account Owner change.
 - h. Open a new account for a sibling or other Beneficiary under the same Account Owner log-in.
29. Please provide detail on how each of the following changes is reflected in the Account Owner portal. Please note where a change may generate a new account, reset of investment return history, etc.:
- a. Investment change.
 - b. Beneficiary change.
 - c. Account Owner change.
30. Please describe what, if any, behavioral finance techniques (incentives, nudges, etc.) are used to facilitate account sign-up, retarget those who abandoned the sign-up process, enhance account engagement, and/or increase savings over time. Please provide concrete examples of current or potential future techniques to be employed.
- For Bright Directions Only:*
31. Please provide an overview of Respondent's 529 advisor portal and share what key functions can be performed through the advisor portal. Please provide screenshots or provide the Treasurer access to a test account. Please specify which, if any, of the following actions can be performed by an advisor through the advisor portal.
- a. Contributions (both one-time and recurring).
 - b. Withdrawals.

- c. Investment change.
- d. Account balance and rate of return calculations.
- e. Change of Beneficiary.
- f. Rollover.
- g. Successor Account Owner change.

Marketing And Sales

32. Please confirm that Respondent will deliver all components listed under the “Marketing and Sales” section of Section IV of this RFP. If applicable, please list any components that Respondent is unable or unwilling to deliver and please provide a brief description why. If Respondent is proposing services for only Bright Directions, it is understood that Respondent will not be required to, nor certify that, the organization will deliver components listed as pertaining to Bright Start only under the “Marketing” section of Section IV of this RFP.

Marketing

- 33. Please describe the marketing organization, assigned team, and their experience at providing state- and national-level marketing for 529 plans.
- 34. Please describe Respondent’s proposed in-state and, if applicable, national marketing strategy for Bright Start and/or Bright Directions.
- 35. Please specify Respondent’s annual marketing commitment to each plan for which Respondent is proposing services, assuming an initial five-year Agreement term.

Year	Bright Start	Bright Directions
1		
2		
3		
4		
5		

For Bright Start Only:

36. How will Respondent market to multicultural and/or multilingual audiences? What strategies will Respondent employ to grow the economic, racial, ethnic, and geographic diversity of Account Owners?

Sales

37. Please describe Respondent's field representative sales strategy. How would Respondent make use of field representatives inside and outside of Illinois to grow accounts and sales? Please provide detail on the potential size of Respondent's field representative team(s) and specify how many will be dedicated to each 529 program for which Respondent is applying.
38. What reporting does Respondent provide on field representative activities and impact? If possible, please provide an example report.

Distribution (Bright Directions Only)

Please respond to Questions 39 through 43 only if proposing services for Bright Directions. If Respondent is proposing services for only Bright Start, it is understood that Respondent will not be required to, nor certify that, the organization will deliver components listed as pertaining to Bright Directions only under the "Distribution" section of Section IV of this RFP.

39. Please confirm that Respondent will deliver all components listed under the "Distribution" section of Section IV of this RFP. If applicable, please list any components that Respondent is unable or unwilling to deliver and please provide a brief description why.
40. Please describe the strategy for distribution. Will the Program Manager act as distributor? If not, please describe the distributor. If the Program Manager will act as the distributor, please describe the process.
41. How many wholesalers will promote Bright Directions inside and outside of Illinois? How many selling agreements does Respondent currently have with broker-dealers and distributors nationwide?
42. Does Respondent have a specific strategy for distribution by registered investment advisors?
43. Does Respondent propose for Bright Directions to enter into new omnibus relationships with broker dealers? If so, please describe Respondent's philosophy on omnibus relationships. What approach to omnibus relationships would Respondent implement with Bright Directions?

Investment Management

Fund Custody and Management

44. Please confirm that Respondent will deliver all components listed under the “Investment Management: Fund Custody and Management” section of Section IV of this RFP. If applicable, please list any components that Respondent is unable or unwilling to deliver and please provide a brief description why.

Investment Design and Advisory

45. Please confirm that Respondent will deliver all components listed under the “Investment Management: Investment Design and Advisory” section of Section IV of this RFP. If applicable, please list any components that Respondent is unable or unwilling to deliver and please provide a brief description why.

Investment Management Team

46. Who will act as investment manager for the plan(s)? Please provide details on the investment management team, point of contact, and experience with 529 plan asset allocation. If the investment manager is a firm other than the Program Manager, please provide detail on the firm. If applicable, please distinguish between the team that is managing proprietary investment funds and the team that is conducting third-party investment manager due diligence.
47. Please provide detail on the individual(s) or team(s) responsible for the asset allocation research and implementation.

Overall Investment Lineup

48. What is Respondent’s recommended investment lineup for Bright Start and/or Bright Directions? Please describe Respondent’s recommendations for the age-based, static, individual investment options, and/or other investment options proposed by the Respondent. How, if at all, does Respondent’s recommendation depart from the current lineup?

49. Based on the investment options defined in the immediately preceding question, please complete the following table for the underlying funds. Separately, in the Cost Proposal, please indicate the expense ratio associated with each fund as described in Appendix B.

Investment Option	Fund	Ticker	Asset Class	Fund AUM	Firm AUM

50. If Respondent’s selection will result in a conversion of assets from the current Program Manager, please list the investment options to which existing investments will be mapped.

51. Does Respondent’s proposed investment lineup include proprietary funds? Does your proposed lineup require a particular threshold or percentage of proprietary funds from a specific investment manager?

52. What percentage of proposed funds in the entire lineup would be actively managed and what percentage would be passively managed? What percentage of funds in the age-based or enrollment-date funds would be actively and passively managed?

53. Please identify within Respondent’s proposed investment lineup which investment funds, if any, will be held within a SMA vehicle? If proposing to use SMAs, please discuss how custody and administrative services for the accounts will be managed and how the related costs will be applied.

Age-Based Investment Portfolios

54. Please describe Respondent’s proposed glide path and methodology for the age-based and/or enrollment-date investment options. Would Respondent’s proposed glidepath utilize fixed equity step-downs or progressive step-downs? Discuss the various risk tolerances that would be considered. Do other 529 plans use this age-based or enrollment-date glide path, or will the glide path be customized for Bright Start and/or Bright Directions?

55. Does Respondent’s proposed glide path employ tactical asset allocation? If so, please provide details on the tactical overlay positioning strategy and thesis.

Investment Recommendation and Analysis

56. Describe Respondent’s process to make recommendations for Bright Start and/or Bright Directions investment options and portfolio structure - including asset classes, completion strategies, and the composition of age-based portfolio(s) glide paths and static portfolios.

57. Please describe Respondent's oversight process, including monitoring class action filings, proxy voting, and key events that could potentially affect investment options 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 regulations.
58. Please describe Respondent's process for prudently integrating sustainability factors to maximize anticipated financial returns and minimize projected risk in investment decision-making, asset manager evaluation, investment analysis, portfolio construction, due diligence, and investment ownership.
59. Please describe how Respondent has evaluated, utilized and recommended minority, female, persons with disabilities, or veteran ("MWVD") owned or managed investment funds within a 529 lineup.
60. Please provide detail on Respondent's proposed reporting process on plan performance and individual fund performance, including the tracking, analysis, and reporting of investment options and individual funds. Please provide samples of an investment performance report work product.
61. Describe how Respondent would ensure standardization of Respondent's performance reporting across the investment options and individual funds?
62. How will fee-based Registered Investment Advisors (RIAs) make use of the Plan(s)? What, if any, special tools will be made available to them to craft an investment lineup?

For Bright Directions Only:

63. Please describe the share classes Respondent proposes to sell in Bright Directions. What are the target audiences for each? Separately, in the Cost Proposal, please indicate the expense ratio associated with each fund (see Appendix B).
64. Does Respondent's proposed investment lineup for Bright Directions include passively managed funds? What percent of the investment lineup is passive? Please share Respondent's philosophy on utilizing passively managed funds in an advisor-sold plan.
65. What, if any, alternative asset classes are included in the Bright Directions investment lineup? Please share Respondent's philosophy on including alternative asset classes (real estate, commodities, infrastructure, private credit and other private market strategies) in the Bright Directions investment lineup and explain Respondent's alternative asset class evaluation capabilities.

Illinois Presence

66. Is the Respondent incorporated in Illinois? Please provide the physical address and website of the Respondent's headquarters and all Illinois branch offices.
67. Please note how many full-time employees are located at the Respondent's headquarters and all Illinois branch officers.
68. Please describe what presence Respondent (including subcontractors that will provide any of the required services) has in the State of Illinois. Such "presence" can be demonstrated by the percentage or number of full-time employees or employees who spend more than half their time in Illinois and/or having physical offices or a principal place of business located in Illinois.
69. Does Respondent plan to increase its presence in the State as part of this engagement? If so, please provide supporting data.

Corporate Responsibility – Environmental, Social and Governance Practices

70. Please note any policies, practices, resources, and/or business strategies the Respondent has in place to address environmental opportunities and risks that may impact long-term sustainability; retain and enhance the human capital at the firm; and foster corporate governance structure that mitigates business risk; and enhances business operations.
71. Please highlight any activities, projects, or services the Respondent administers to alleviate societal issues and enhance its commitment to corporate social responsibility. Please cite with supporting data.
72. Based on Respondent's answers to the following questions, Treasurer may determine, in its sole discretion, that Respondent is disqualified, or that Respondent shall be awarded fewer points in the Corporate Responsibility category. In making this determination, Treasurer shall consider the overall impact of the disclosed information as well as its relationship to the Services:
 - a. Certify whether since January 1, 2020, Respondent or any of its officers or principals, acting within the scope of their employment, have been subject to a consent order, penalty or any other finding of fault as a result of any publicly disclosed enforcement action or other regulatory proceeding by any of the following entities, including any divisions thereof: Securities and Exchange Commission, Department of Justice, Consumer Financial Protection Bureau, U.S. Department of the Treasury, Department of Labor, Financial Industry Regulatory Authority, Federal Deposit Insurance Corporation, or the Federal Reserve System.
 - b. Since January 1, 2020, has Respondent or any of its officers or principals,

acting within the scope of their employment, been subject to any enforcement actions by any of the following entities, including any divisions thereof: Securities and Exchange Commission, Department of Justice, Consumer Financial Protection Bureau, U.S. Department of the Treasury, Department of Labor, Financial Industry Regulatory Authority, Federal Deposit Insurance Corporation, or the Federal Reserve System? If so, provide a detailed explanation and describe any impact on business lines, products, and/or services.

Diversity

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.

73. If Respondent is publicly owned, please provide the number and percentage of members of Respondent’s governance board who are female, minority, military veterans, or persons with disabilities. Please cite with supporting data. If Respondent is not publicly owned, please skip and respond to the following question.
74. If privately owned, is Respondent or its affiliates female, minority, persons with disabilities, or veteran-owned or managed? Please provide the number and percentage of Respondent’s owners who are female, minority, military veterans, or persons with disabilities. Please cite with supporting data. If Respondent is not publicly owned, please skip.
75. Please provide the number and percentage of Respondent’s senior executive leaders (e.g., Partner, President, Chief Operating Officer, Managing Director, or other senior executives) who are female, minority, military veterans, or persons with disabilities. Please cite with supporting data.
76. Please provide the number and percentage of Respondent’s staff (i.e., all full-time and part-time employees) who are female, minority, military veterans, or persons with disabilities. Please cite with supporting data.
77. What is the percentage of Respondent’s intended subcontractors for this project, if any, that are female, minority, persons with disabilities, or veteran-owned or managed? Please cite with supporting data.

C. Cost Proposal

For the Cost Proposal, Respondent shall follow the directions and format in Appendix B.

VI. RFP SCHEDULE AND PROCESS

A. RFP Schedule

The following is the schedule for this RFP:

Date	Event
July 26, 2023	RFP published on the Treasurer's website.
August 7, 2023	Notice of intent to participate in the Optional Bidder's Conference due by 12:00 p.m. CT.
August 10, 2023	Optional Bidder's Conference at 3:00 p.m. CT (participation by phone is acceptable).
August 18, 2023	All Respondent questions due by 2:00 p.m. CT.
August 25, 2023	Responses to all questions posted on the Treasurer's website by 4:00 p.m. CT.
September 20, 2023	Proposals due at 2:00 p.m. CT.
October 9 – 20, 2023	Interviews, if any, with final candidates.
Week of November 3, 2023	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, Chris Flynn, at CFlynn@illinoistreasurer.gov by 2:00 p.m. CT on August 18, 2023.

C. Optional Bidder's Conference

Each Respondent must email notice of intent to attend the Bidder's Teleconference to Chris Flynn at CFlynn@illinoistreasurer.gov prior to 12:00 p.m. CT on August 7, 2023. Attendance at the Bidder's Teleconference is optional. The Optional Bidder's Conference will be on August 10, 2023 at 3:00 p.m. CT.

D. Proposal Submission

Proposals may be submitted in hard-copy form or electronically. The instructions for each method are as follows:

1. Packet submission in hard copy form

Proposals submitted in hard copy form must be submitted in a sealed envelope or package with “Request for Proposals College Savings Program Manager 370-200-24-016 for the Office of the Illinois State Treasurer” shown on the front of the envelope or package, along with the Respondent’s name and address.

All Proposals must be submitted by mail or messenger to the following address, no later than 2:00 p.m. CT on September 20, 2023:

Mr. Chris Flynn
Chief Procurement Officer
One East Old State Capitol Plaza
Springfield, IL 62701

Proposals will be opened publicly, via livestream only, at 3:00 p.m. CT on September 20, 2023. The livestream will be available online at:

<https://www.facebook.com/ILTreasurerProcurement>.

2. Packet submission via electronic form

When submitting a Proposal electronically, please email the following to CollegeSavingsRFP@illinoistreasurer.gov:

- a. Name of contact person.
- b. Business name and business address.
- c. Email address and telephone number.
- d. A complete list of submitted files.

This RFP is electronically available. If Respondent electronically accepts the RFP, s/he acknowledges and accepts full responsibility to ensure that no changes are made to the RFP. Should a conflict arise between a version of the RFP in Respondent’s possession and the Treasurer’s version, the Treasurer’s version shall prevail.

E. RFP Process

1. *RFP Contact*: The Treasurer’s 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 response.

2. *Internet/E-mail Communications:* The Treasurer may 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. *Oral Communications:* Any oral 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. *Amendments:* If it is necessary to amend this RFP, the Treasurer will post any amendments on its website at www.illinoistreasurer.gov.
5. *Respondent's Costs:* The cost of developing a Proposal is each Respondent's responsibility and shall 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 Proposals. 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 a firm offer:* A Proposal submitted in response to this RFP is a firm and 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. *Proposal is State Property:* On the Proposal due date, all Proposals and related material submitted in response to this RFP become the property of the State of Illinois.
10. *Proposal is Part of a Public Procurement File:* All Proposals received by the Treasurer will be open to the public, though a Respondent may request that the Treasurer treat certain information as confidential in accordance with 44 Ill. Admin. Code §1400.2505. If Respondent requests confidential treatment of any information it considers to be exempt from public disclosure under FOIA or other applicable laws and rules, Respondent should submit a Redacted Copy, which copy shall be clearly identified as the "Redacted Copy." In a separate attachment to the Redacted Copy, Respondent shall supply a listing of the provisions of the Proposal, identified by section number, for which it seeks confidential treatment, identify the basis of each claimed exemption and show how that basis applies to the request for exemption in accordance with 44 Ill. Admin. Code §1400.2505(1). The Redacted Copy must retain as much of the Proposal as possible.

A request for confidential treatment will not supersede the Treasurer's legal obligations under FOIA. The Treasurer will not honor requests to keep entire Proposals confidential and will in any event disclose the successful Respondent's name, the substance of the Proposal, and the price. In responding to a request under FOIA, the Treasurer reserves the right to rely on Respondent's decision whether to submit a Redacted Copy with its Proposal, and the Treasurer is under no obligation to notify vendor prior to providing a complete and unredacted Proposal, with any attachments, if Respondent does not elect to provide a Redacted Copy with its Proposal as described in this Section.

11. *CPO May Cancel RFP*: If the CPO determines that it is in the Treasurer's best interest, the Treasurer 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 Proposals received in response to this RFP.
12. *Additional Information*: The Treasurer reserves the right to request additional information and to meet with representatives of Respondent to discuss their Proposals.

VII. EVALUATION PROCESS AND CRITERIA

This Section explains how the Treasurer will evaluate the Proposals.

A. Mandatory Requirements

Failure to meet any of the following requirements shall lead to Respondent's automatic disqualification:

1. Submit Proposal and accompanying Cost Proposal before 2:00 p.m. CT on September 20, 2023.
2. Respondents must answer all applicable questions listed in Section V of this RFP.
3. Proposals must set forth the manner in which the Respondent will satisfy each requirement.
4. Provide the Cost Proposal in a separately sealed envelope and on a separate electronic storage device, or if the Proposal is submitted via email, as a separate attachment.
5. Be authorized to transact business in Illinois for all proposed services.
6. 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.
7. The Respondent must agree to submit, in a timely manner, reports and other supporting materials as requested.

8. Respondents must meet the following minimum experience and financial requirements: (a) a minimum of five years’ experience with Section 529 plans or with investment businesses that require the same or similar services to those described in Section IV. Scope section of this RFP; (b) a minimum of \$3 billion dollars in assets under management as well as sufficient capital to assume responsibility for and provide ongoing services for Bright Start and/or Bright Directions; and (c) proven conversion experience with Section 529 plans or with similar investment businesses, if applicable.

B. Scoring

The following table shows the maximum number of points that can be awarded for each evaluation factor that will be used in reviewing the Proposals:

Evaluation Factor	Bright Start: Maximum Points Possible	Bright Directions: Maximum Points Possible
Organization Overview and Experience	10	10
Program Management	10	10
Recordkeeping, Call Center, and Account Technology	20	20
Marketing and Sales	15	5
Distribution (Bright Directions Only)	0	10
Investment Management	25	25
Illinois Presence	4	4
Corporate Responsibility	3	3
Diversity	3	3
Cost Proposal	20	20
RFP Response Total Points	110	110
Interview (Optional)	15	15
Total Possible Score	125	125

C. Determining Scores

1. *Organization Overview and Experience*: Scoring will be based on Respondent's answers to the Organization Overview and Experience questions in Section V of this RFP. The breadth and depth of similar engagements will be considered. The evaluation will also include reference checks regarding the Respondent's work for other clients who received or are receiving services similar to those required by this RFP.
2. *Program Management*: Scoring will be based on Respondent's demonstrated talent and experience of assigned personnel, as well as Respondent's approach to working with the Treasurer as demonstrated in Respondent's responses to the Program Management questions in Section V of this RFP.
3. *Recordkeeping, Call Center, and Account Technology*: Scoring will evaluate the full scope of recordkeeping services and technology described by the Respondent in its responses to the Recordkeeping, Call Center, and Account Technology questions in Section V of this RFP. Evaluators will take into account the innovation, ease of use, and user experience apparent in Respondent's customer and/or advisor portals, gifting platform, contribution and withdrawal methods, and other features. Evaluators will also assess the Respondent's experience and approach to providing effective call centers.
4. *Marketing and Sales*: Scoring will be based on the Respondent's answers to the Marketing and Sales questions in Section V of this RFP, with particular attention paid to the marketing team's experience, proposed marketing approach, proposed marketing spend, and proposed size of the sales team.
5. *Distribution (Bright Directions Only)*: Only Respondents submitting proposals for Bright Directions will receive points for this section. Respondents will be scored on the breadth of their distribution strategy for Bright Directions as evidenced by the Respondent's answers to the Distribution questions in Section V of this RFP.
6. *Investment Management*: Evaluators will assess the suitability and attractiveness of the Respondent's proposed investment lineup for the plan(s), along with the investment team's experience and abilities as evidenced by Respondent's answers to the Investment Management questions in Section V of this RFP.
7. *Illinois Presence*: Respondent's Illinois presence shall be scored based on the answers Respondent provides to the Illinois Presence questions in Section V of this RFP. Respondents with a principal place of business in Illinois and a higher percentage of employees in Illinois shall receive higher scores.
8. *Corporate Responsibility*: Respondent's corporate responsibility shall be scored based on the answers Respondent provides to the Corporate Responsibility questions in Section V of this RFP.

9. *Diversity*: Respondent's diversity score will be scored based on the answers Respondent provides to the Diversity questions in Section V of this RFP. The evaluation team shall award a higher diversity score to Respondents (including subcontractors) 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.
10. *Cost Proposal*: To determine the Cost Proposal score, the evaluation team shall evaluate the cost-effectiveness of Respondent's Cost Proposal, including total fees, individual component fees, fees on underlying funds, and, if applicable, account sales charge and annual service fees proposed for Bright Directions share classes.
11. *Interviews (Optional)*: If invited to interview, Respondent will be scored on the quality of their presentation as well as the proposed suite of services and vision for the future of Bright Start and/or Bright Directions.

D. Evaluation Process

All Proposals will be reviewed for compliance with the RFP requirements. Proposals deemed non-responsive will be eliminated from further consideration. The Chief Procurement Officer may contact the Respondent for clarification of the Proposal, and the evaluation team may use its prior experience with the Respondent, if any, as well as other sources of publicly available information to perform its evaluation. Finally, the evaluation team will make a recommendation regarding the final Respondent.

VIII. CONTRACTUAL TERMS

By submitting a Proposal, the Respondent agrees to each of the contractual provisions set forth below.

A. Contractual Responsibility

Contractor will be contractually responsible for all services provided. By responding to the RFP, Contractor expressly agrees to the contractual requirements herein. Contractor shall at all times provide the services and perform all functions under the Agreement in accordance with all applicable laws, regulations, judgments, decrees, injunctions, writs and orders of any court, tribunal, arbitrator, or any federal, state, local, municipal, or other governmental department, commission, district, board, bureau, agency, regulatory body, court, tribunal or other instrumentality (or any officer of representative thereof) of competent jurisdiction ("Governmental Authority") or regulatory body ("Applicable Law").

B. Governing Law

The Agreement shall be governed in all respects by Applicable Law and the laws of the State of Illinois, without regard to conflicts of law principles. Any action by Contractor against the Treasurer can only be brought in the Illinois Court of Claims.

C. Term of Agreement

The term of the Agreement shall be five (5) years, unless terminated in accordance with the terms of this Agreement. The Treasurer may, with the consent of Contractor, elect to extend the Agreement for additional periods, not to exceed a total term of ten (10) years, including the initial five (5) years.

D. Termination

1. *Termination without Cause:* The Treasurer may elect to terminate this Agreement, or any portion of the Services, any time upon thirty (30) calendar days' notice. Upon termination, the Treasurer will pay for work satisfactorily completed prior to the date of termination as determined by the Treasurer in a reasonable manner. Should a portion of the Services be terminated, the parties shall amend the Agreement accordingly to reflect the reduction in Services and compensation.
2. *Termination for Cause:* This Agreement, or any portion of the Services, may be terminated by the Treasurer immediately upon notice to the Contractor 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. The Contractor receives a deficient performance review from the Treasurer;

- i. Contractor provides notice pursuant to Section Z or fails to provide such notice; or
- j. Any other breach of contract or other unlawful act by Contractor occurs.

Prior to terminating the Agreement for cause, the Treasurer may 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 terminated immediately. Upon termination for cause, the Treasurer may recover any and all damages including, but not limited to, 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. If the Treasurer determines, in its sole discretion, that the circumstances are such that the Contractor cannot cure by remedial action, the Treasurer may provide notice of cancellation, which shall be effective upon five (5) business days from the date of the notice.

In addition, the Treasurer reserves the right to reduce the amount 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.

3. *Successor Contractor*: If the Term of the Agreement expires or if the Agreement is terminated by the Treasurer, the Treasurer may, at its sole discretion, select a new contractor (the "Successor Contractor") for Bright Start and all subsequent contributions to Accounts shall be made to and held by the Successor Contractor. The Treasurer shall determine, at its sole discretion, whether existing Accounts (as hereinafter defined) will remain with the Contractor or be transferred to the Successor Contractor pursuant to an agreement between the Contractor and the Successor Contractor. The Contractor shall use its best efforts to cooperate with the Treasurer and the Successor Contractor in order to facilitate such selection and transition. All of the Treasurer's and Contractor's conversion costs relating to the transfer of Program assets and records from the Contractor to a Successor Contractor following termination or expiration of this Agreement shall be paid for by the Successor Contractor.

4. *Post-Term Agreement to Continue Services*. If the Term of this Agreement expires or if this Agreement is terminated by the Treasurer, the Treasurer may, at its sole discretion, permit the Contractor to continue to provide the Services in accordance with the provisions of this Agreement as though such provisions were still applicable, and permit the Contractor to continue to receive the Program Fees, with respect to the Account Balance of Accounts in existence as of the last day of the Term (the "Existing Accounts"). Participants and Giftors shall not be permitted to make additional contributions to the Existing Accounts.

5. *Transfer of Existing Accounts*. The Treasurer may, in its sole discretion, direct the Contractor to transfer any Existing Accounts to a Successor Contractor. At the time of such a transfer, the Contractor shall use its best efforts to effect as expeditiously as possible an orderly transition of the Contractor's duties and responsibilities as to such Existing Accounts to the

Successor Contractor in accordance with Applicable Law (including without limitation, (i) transferring the assets in the Existing Accounts, or liquidating such assets in an orderly fashion and transferring the proceeds thereof, and (ii) delivering the Account records to the Treasurer). The Contractor shall maintain copies of the Program Records and Account records for recordkeeping and regulatory purposes and subject to all other provisions of this Agreement.

6. *Post-Term Restrictions.* Upon termination of this Agreement, the Contractor agrees that it shall not communicate with any Participant, Designated Beneficiary, Giftor and/or Prospect except as directed in writing by the Treasurer. The Contractor further agrees that it shall not use the Program Records, including Contractor Program Records, after termination of the Agreement for any purpose other than as may be required in connection with its Services with respect to the Existing Accounts or as directed by the Treasurer.

E. Work Product

1. *Ownership of Work Product:* Except as otherwise agreed to in writing, all work product including, but not limited to, documents, reports, data, information, designs, code, and ideas specially produced, developed or designed by the Contractor pursuant to the Agreement, 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, whether preliminary or final (collectively, “Work Product”) will become and remain the property of the Treasurer. The Treasurer shall have the right to use all such Work Product without restriction or limitation and without further compensation to the Contractor.
2. *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.

F. State Furnished Property

Contractor shall be responsible for the security, protection, and return of all property furnished by the State of Illinois, if any, including but not limited to, items, research materials, photographs, and drawings.

G. Internal Controls

If applicable, and upon request, the Contractor shall provide the Treasurer, at no additional cost, with a copy of the most recent Annual Report or Form 10-K of itself or its holding company, its most recent audited internal control documents, including but not limited to SOC, SSAE 16, and SSAE 18 reports, all of which shall include the attestation of the company’s independent registered accounting firm regarding the company’s internal control over financial reporting.

H. Backup Facilities

Upon execution of the Agreement, the Contractor and its subcontractor(s), if applicable, 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 and the Board.

I. Liability

The Treasurer assumes no liability for the acts or omissions of the Contractor. This liability rests solely with the Contractor. The Contractor shall be liable to the Treasurer for actual and compensatory damages that are available to the Treasurer in law or remedies in equity.

J. Indemnification

Contractor shall indemnify and hold the Treasurer harmless from and against any and all losses, including, but not limited to, any liabilities; demands; claims; lawsuits; damages; causes of action; settlements; judgments, including costs, attorneys' and witnesses' fees and expenses incident thereto; or fines, any of which arise out of or relate to violation of applicable law, breach of the Agreement, the negligent acts or omissions, or willful misconduct by 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.

K. Subcontractors

The Contractor may not use subcontractors to perform the Services, unless the subcontractor is approved in advance in writing by the Treasurer. In order to obtain such prior written consent, the Contractor must inform the Treasurer in writing of the general type of work to be performed by each subcontractor and the expected amount of money each will receive under the contract. If requested by the Treasurer, the Contractor shall: (1) use its best efforts to engage any subcontractor reasonably requested by the Treasurer and (2) solicit and reasonably consider any feedback from the Treasurer on proposed subcontractor agreements. Further, the Contractor shall disclose in writing the names and address of each subcontractor having a subcontract with an annual value of more than \$50,000, in accordance with Section 3520 of the Office of the Treasurer Procurement Rules, 44 Ill. Admin. Code Part 1400. To the extent consistent with the purposes of the Program, the Contractor may propose additional subcontractors to perform certain Services at any time, subject to the written approval of such additional subcontractors and of the applicable subcontract by the Treasurer. Any decision by the Contractor to terminate or permit assignment of any such subcontract so approved by the Treasurer must be approved in writing by the Treasurer. Neither the Contractor nor any subcontractor so approved may delegate or subcontract the performance of Services for which it is responsible to any Affiliate or third party. No delegation or subcontract by the Contractor pursuant to this Section shall relieve the Contractor of any of its responsibilities hereunder, and the Contractor shall be responsible for the performance of Services by its delegates and subcontractors and shall remain obligated hereunder as if no delegation or assignment by subcontract had been made. Contractor warrants that all delegates and subcontractors engaged in performing the Services shall be properly licensed and otherwise authorized to do so under Applicable Law; and the Contractor agrees that it shall enforce the performance obligations of each subcontractor or, at the option of the Treasurer, shall assist the Treasurer in enforcing such

obligations and provisions. All approved subcontractors must fill out State Certifications and Disclosure Forms and any other documentation required by the Treasurer or State law.

L. Record Retention and Audit

Contractor and subcontractors, if any, shall maintain adequate books, records, and supporting documents related to the Agreement, including but not limited to those necessary to support amounts charged to the State under the Agreement, for a minimum of seven (7) years from the last action on the Agreement or after termination of the Agreement, whichever is longer. The Contractor and subcontractors agree to cooperate fully with any audit conducted by the Auditor General or the Treasurer and to provide full access to all relevant materials. If any litigation or claim involving the Agreement has been filed or any audit commenced before the expiration of the seven (7) year period, the Contractor shall maintain the records required by this Section 1) in the case of any litigation or claim, until completion of the action and resolution of all issues that arise from it or until the end of the seven (7) year period, whichever is later and 2) in the case of any audit, until completion of the audit or until the end of the seven (7) year period, whichever is later. 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 Agreement for which adequate books, records, and supporting documentation are not available to support their purported disbursement.

M. Confidentiality

This Section shall survive the termination of the Agreement.

1. *Confidential Information*: Contractor shall be prohibited from using or disclosing information received in the course of fulfilling its obligations pursuant to the Agreement (“Confidential Information”), except in the performance of its internal responsibilities and normal functions and as directed by the Treasurer. Confidential Information includes all information but the following:
 - b. Information already known or independently developed by the recipient;
 - c. Information required to be released by law;
 - d. Information in the public domain through no wrongful act of the recipient; and
 - e. Information received from a third party who was free to disclose it.
2. *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.
3. *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 Confidential Information.

4. *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 Services that meets the requirements of applicable law.

N. Successor and 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 the Agreement nor any of the rights or obligations under the Agreement may be transferred or assigned without the Treasurer's prior written consent. The Treasurer may unilaterally bind any successor of the Contractor to the terms and conditions of the Agreement.

O. Certifications

The Contractor shall certify the following:

1. That the Contractor has the full legal right, power, and authority to execute and deliver the Agreement and to perform its obligations pursuant to the Agreement with no other corporate action on the part of the Contractor or its stockholders being necessary, and that the Agreement has been duly and validly executed and delivered by the Contractor, thereby constituting a legal, valid, and binding obligation of the Contractor, enforceable against the Contractor in accordance with its terms;
2. That the execution and delivery by the Contractor of the Agreement, the performance by Contractor of its duties and obligations thereunder, and the consummation of the transactions contemplated do not result in any of the following:
 - a. Conflict with or result in a violation or breach of any of the terms, conditions, or provisions of the charter or by-laws of Contractor;
 - b. Conflict with or result in a violation or breach of any term or provision of (a) any law, rule, regulation, judgment, decree, order, or injunction applicable to the Contractor or any of its assets and properties or (b) any agreement binding on or affecting the Contractor or any of its properties; or
 - c. Conflict with or result in a violation or breach of, or constitute (with or without notice or lapse of time or both) a default under any material agreement to which the Contractor is a party, or any material obligation or responsibility which the Contractor has to any third party.

3. That there is no action, suit, investigation, or proceeding pending or, to the best knowledge of the Contractor, threatened against the Contractor before any court, arbitrator, or administrative or governmental body that might result in any material adverse change in the operations of the Contractor or which might materially and adversely affect the ability of the Contractor to perform the Services or otherwise comply with its obligations under the Agreement.

P. Contractor Covenants

1. *Compliance with Requirements of Applicable Law.* The Contractor shall offer and sell interests in the Programs and shall otherwise provide the Services and perform its obligations under the Agreement in compliance with the requirements of all Applicable Law, including but not limited to the following:
 - a. the Contractor shall not take any action that would jeopardize (i) the compliance of the Programs with the requirements of Applicable Law; (ii) the treatment of the Programs as “qualified tuition programs” under Section 529 of the Code; (iii) the exemption from registration under and compliance with the federal securities law of the Participation Agreements or the Programs; or (iv) the conclusions set forth in any legal opinions obtained by the Contractor.
 - b. The Contractor’s offer and sale of interests in the Programs and performance of the Services under this Agreement shall be performed in compliance with all requirements of FINRA, the MSRB and any other Governmental Authority.
 - c. The Contractor shall promptly provide the Treasurer with copies of all regulatory filings and reports made by the Contractor in connection with the Program or while it is holding any Program assets, other than confidential filings or reports that will not become part of the Program assets. The Contractor shall make available for review by the Treasurer the results of any periodic examination of the Contractor by any state or federal banking, insurance, securities, or regulatory commission relating to the Programs.
 - d. The Contractor shall seek whatever legal comfort concerning the status of the Programs is necessary, which, in addition to obtaining legal opinions, may include, as is necessary for the Contractor to fulfill its legal and fiduciary obligations and/or as may be requested by the Treasurer: (i) timely obtaining on behalf of the Programs a private letter ruling from the IRS to the effect that the Programs satisfy the qualification requirements of Section 529 of the Code, is exempt from taxation, and addressing other agreed upon issues (the “IRS Letter Ruling”); and (ii) timely obtaining a “no-action” letter from the Securities and Exchange Commission’s staff (the “SEC No-Action Letter”), which shall be to the effect that the Programs and the operation thereof will be exempt from registration requirements of the Securities Act of 1933, as amended, and the rules and regulations thereunder, and exempt from broker-dealer registration requirements of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, and addressing other agreed upon issues. The costs and expenses of obtaining such comfort shall be borne entirely by the Contractor.
2. *Changes in Applicable Law.* The Contractor shall monitor all Applicable Law, and shall assume responsibility for addressing any legal issues affecting the Programs. The Contractor shall promptly notify the Treasurer of any changes in the law. In fulfilling its responsibilities hereunder, the Contractor may obtain opinions of or the advice of counsel, including, but not limited to, having counsel conduct an annual review of the Programs. In the event that the

Programs or objectives of the Programs are adversely affected due to changes in or new interpretations of existing federal tax law, state tax law, federal or state securities laws, or other Applicable Law, the Treasurer and the Contractor shall cooperate to restructure the Programs, as advised by counsel, to address such adverse consequences, and each of the parties hereto shall pay its own expenses in connection with such efforts through the date of such restructuring.

3. *Further Cooperation.* The Contractor shall use its best efforts to cooperate with the Treasurer in order that the duties and obligations of the parties hereunder may be effectively, efficiently, and promptly discharged. The Contractor shall, at its expense, execute and deliver to the Treasurer further instruments and documents, and shall take further action, as the Treasurer may from time to time reasonably request in order to carry out the intent and purpose of this Agreement. To that end, the Contractor shall make properly authorized personnel available to the Treasurer at all times during normal business hours.

4. *State Securities and "Blue Sky" Law Clearance.* To the extent permitted by Applicable Law, Accounts may be offered to, opened by, and contributions thereto made by, prospective participants or Participants in each state of the United States and outside the United States. At its sole cost and expense, the Contractor shall be solely responsible for identifying all required consents, approvals, notifications, and other filings to this end under applicable state securities or "blue sky" laws and otherwise.

5. *Covenant to Notify.* The Contractor will use its best efforts to notify the Treasurer in writing as soon as practicable, but in any event within five (5) Business Days, of the earlier of the receipt by, or actual knowledge of any subpoena, summons, complaint, order instituting proceedings, notice of investigation, indictment, or criminal information, involving as a party any Governmental Authority with jurisdiction with respect to the enforcement of federal securities laws or the securities laws of any state, with respect to any alleged violation by the Contractor, or any of its Affiliates, of any securities laws applicable to the services or to the administration of any investment option in which the Program assets are invested, including without limitation any settlement agreement or admission of a securities law violation in any administrative determination or judicial adjudication resulting from the foregoing.

6. *Tax Reports.* The Contractor shall be required to handle all tax reporting in accordance with applicable state and federal law, including but not limited to the following: (a) the Contractor shall prepare all Forms 1099-Q in accordance with Section 529 and any other applicable sections of the Code, and file all such Forms 1099-Q with the Internal Revenue Service, and provide copies of such Forms 1099-Q to the Account Owner, the Designated Beneficiary or such other Person to the extent required by federal law or regulation; and (b) prepare and provide to the Treasurer for filing, statements and information relating to the Programs and the Accounts to the extent required by federal and state tax law.

7. *Most Favored Pricing.* Any and all fees, prices, and rates under this Agreement shall be the lowest fees, prices, and rates contemporaneously charged to any other qualified tuition plan by Contractor. If at any time Contractor charges any other qualified tuition plan a lower fee, price, or rate than the corresponding fees or other amounts charged hereunder, the parties shall immediately apply such lower rate or amount, as applicable, for all comparable Services

provided to the Treasurer. Such lower rates or amounts, as applicable, shall apply retroactively to the date on which the Contractor began charging them to such other qualified tuition plan. The parties shall also execute an appropriate written amendment memorializing these lower rates or amounts.

8. *More Favorable Terms Prohibited.* In addition to the Most Favored Pricing provided above, the Contractor shall represent and warrant as of the date of the Agreement and covenant and agree from and after the date thereof that none of the other provisions, offered to any other person or entity by Contractor is or will be more favorable to such person or entity than those offered under the Agreement, and, if they are or become more favorable to any other person or entity during the term of the Agreement or any continuation or extension thereof, the Contractor shall give written notice thereof to the Treasurer, and the Treasurer shall have the option to amend the Agreement to include any such more favorable terms. If such option is exercised, the Contractor and the Treasurer shall execute an appropriate written amendment to the Agreement.

9. *Financial and Other Audits.* The Contractor shall prepare separate annual financial statements for the Programs and cause such statements to be audited at its expense by an independent certified public accountant or firm of such accountants duly licensed to practice and practicing as such under the laws of the State. The Treasurer and the Illinois Auditor General shall be entitled to conduct other audits with respect to the Programs from time to time or as required by Illinois law. The Contractor shall give to the Persons performing the audit its full cooperation and access to all records requested. The Contractor shall provide Treasurer with copies of any compliance audit conducted by the Contractor relating to the performance of services by the Contractor's subcontractors and delegates. The Contractor shall prepare a SSAE 18 annually in compliance with applicable law and shall provide a copy of such SSAE 18 to the Treasurer promptly after the filing thereof. By example and not as an exclusion to other breaches or failures, the Contractor's failure to comply with this section shall constitute a material breach of this Agreement.

10. *Access to Information.* Upon request, the Contractor shall provide the Treasurer access to all files, records, participant email addresses, documents, and data pertaining to the Programs regardless of how that information is stored. The information shall be provided in a form acceptable to the Treasurer.

11. *Amendments to Program Disclosure Statement.* The Contractor shall amend or supplement the Program Disclosure Statement to take into account material developments subsequent to the preparation and delivery of the initial Program Disclosure Statement and as reasonably requested by the Treasurer. The Contractor shall cooperate in the determination of whether a particular development warrants an amendment or supplement to the Program Disclosure Statement.

12. *Keeping of Records and Books of Account.* The Contractor shall keep adequate records and books of account, in which complete entries shall be made in accordance with accounting principles, reflecting all transactions of the Contractor in connection with the Programs and complying with all of the requirements of the Agreement. Each of the representations, warranties, and covenants made by the Contractor in this Agreement must be true and correct as

of the date hereof and shall be true and correct on and as of the Program Start Date and at all times thereafter through the termination or expiration of the Agreement.

Q. Review

The Treasurer may conduct periodic performance reviews of the Contractor, during which its compliance with all aspects of the Agreement will be reviewed and assessed. Contractor must be cooperative, responsive and timely during any such review.

R. Severability

If any provision, or portion thereof, of the Agreement is, or becomes, invalid under any applicable statute or rule of law, it is to be deemed stricken and the rest of the Agreement shall remain in full force and effect.

S. Access to Information

During the term of this Agreement, and thereafter, for three (3) years after the termination of this Agreement, the Contractor shall promptly provide the Treasurer, upon request, access to all files, records, documents, data, copies of instruments, reports, and records, and any other information maintained related to this Agreement and the Services provided pursuant to this Agreement, regardless of how that information is stored. The information shall be provided in a form acceptable to the Treasurer.

T. Change of Law or Policy

The Contractor shall notify the Treasurer in writing within ten (10) business days of any change or addition applicable to the Contractor in federal or state regulations or laws that would adversely affect either the terms of or the rights granted the Treasurer by the Agreement, and within five (5) business days of any legally required change in or addition to Contractor's internal operational policy that might affect the Contractor's performance of the Services, including but not limited to any policy that relates to management or subcontracting.

U. State Certifications/Disclosures

The Agreement shall incorporate Contractor's fully executed State Certifications and Disclosure Forms, a copy of which is attached hereto.

V. No Recourse

For any obligation or liability arising pursuant to the Agreement, no recourse may be had for such obligation or liability, if any, of the Treasurer of the State of Illinois or any employee or official of the Treasurer or the State in his or her personal or individual capacity. Contractor hereby waives all such obligations and liabilities, if any, of the Treasurer of the State of Illinois and any such employee or official.

W. Continuation of Services

The Contractor shall guarantee performance of the Services and agree to perform all Services in an efficient and professional manner. Notwithstanding anything to the contrary in this Agreement, the Contractor's obligations and responsibilities pursuant to this Agreement shall not be affected in the event of personnel problems, strike by employees, work stoppages, and other employee-

related events. The Contractor is responsible for and shall provide commercially reasonable backup systems and shall review the adequacy of those systems with the Treasurer upon request. The prevention of such business interruption shall be the sole responsibility of the Contractor, and the Contractor shall immediately notify the Treasurer in the event such business interruption takes place. The Contractor shall be liable for any losses or damages sustained by the Treasurer due, in whole or in part, to the Contractor's failure to provide reasonable backup systems.

X. Diversity Data

Contractor shall respond to requests for data from the Treasurer as deemed necessary by the Treasurer to report on the Treasurer's use of diverse businesses in accordance with Section 30 of the State Treasurer Act, 15 ILCS 505. Contractor shall provide all requested data within thirty days of any request, or within a timeframe otherwise agreed upon by the Treasurer.

Y. Sovereign Immunity

Contractor acknowledges that the Treasurer and the State of Illinois reserve all immunities, defenses, rights, or actions arising out of their status as a sovereign state or entity, including those under the Eleventh Amendment to the United States Constitution, and that no waiver of any such immunities, defenses, rights, or actions will be implied or otherwise deemed to exist as a result of the Agreement.

Z. Notice

Contractor hereby agrees to give the Treasurer notice if at any point during the term of this Agreement, Contractor or its officer(s) or principal(s), or affiliate(s) acting within the scope of their employment, become subject to a consent order, penalty or receive any other finding of fault as a result of any publicly disclosed enforcement action or other regulatory proceeding by any government entity, regulatory agency, or self-regulatory organization including but not limited to: the Securities and Exchange Commission, Financial Industry Regulatory Authority, Department of Justice (including any United States Attorneys' Office), Consumer Financial Protection Bureau, Department of Labor, U.S. Department of the Treasury, Federal Deposit Insurance Corporation, any State Attorney General, or the Federal Reserve System. The Contractor shall provide the Treasurer such notice within five (5) business days of when the Contractor knows or reasonably should have known of the consent order, penalty, or other finding of fault. The Contractor's delivery of notice pursuant to this Section or failure to provide the required notice shall give the Treasurer reason to terminate this Agreement.

AA. Class Action Claims Monitoring

With respect to any separately managed account included in the Program, Contractor shall engage a subcontractor or subcontractors to learn relevant facts about pending class action litigation reasonably likely to affect any of the securities held in such separately managed accounts. The Contractor shall cause such subcontractor to report quarterly in addition to one annual meeting with the Treasurer (with a copy to the Contractor) about the existence and status of such litigation. The Contractor shall be liable for any acts of the Contractor or its subcontractors if the Contractor or the subcontractor shall have engaged in intentional misconduct, bad faith, fraud, willful misfeasance, gross negligence, negligence, a breach of the Agreement, or an action in violation of Applicable Law. The Contractor's aggregate liability for any and all damages arising from or

relating to any and all claims and causes of action in connection with this Section shall not exceed the greater of: (i) the amount of actual damages incurred by the Treasurer, the Program, and any Participant of any separately managed account and (ii) an amount equal to all fees paid by the Treasurer to the Contractor during the twelve (12) month period immediately preceding the date of occurrence of the event on which the claim is asserted. For purposes of this section, in the event the Contractor or its subcontractor fails to file any claims by the applicable claims filing deadline in any securities class action cases in which the securities held in separately managed accounts could have recovered funds (“Missed Filings”), actual damages shall include, but not be limited to the following: the amount of any estimated recovery in the Missed Filing plus interest, in each case as determined by the Treasurer.

BB. Standard of Care; Fiduciary Status

Contractor agrees and acknowledges that it owes fiduciary and related duties to the Treasurer, the Program, and to the Participants and Designated Beneficiaries thereof in regard to the Services it provides under the Agreement with respect to the Program and the Investment Portfolios and the Accounts therein, such duties including but not limited to the duties of care, prudence, loyalty, honesty, candor, impartiality, full disclosure, good faith, fair dealing, and diligence and the duty to account and inform. Contractor further acknowledges that it shall hold and manage the Accounts and amounts deposited therein in trust for the Participants and Designated Beneficiaries thereof and that it is subject to the requirements to use prudence and care in its dealing with the Program and the Investment Portfolios and the Accounts therein relating to the Program, in accordance with Applicable Law, and all other fiduciary requirements to which it is subject. Contractor accepts its appointment as such fiduciary and specifically agrees that in performing its duties hereunder it will act with and exercise the care, skill, prudence, loyalty, honesty, candor, impartiality, full disclosure, good faith, fair dealing, and diligence under the circumstances then prevailing, specifically including, but not by way of limitation, the general economic conditions, the anticipated needs of the Underlying Investments and the Accounts therein relating to the Program, and the Participants and Designated Beneficiaries, that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims to seek to attain the goals of the Program as determined from Applicable Law Act and policy. The Contractor agrees to discharge its duties with respect to the Program primarily to advance the interests of the Treasurer and the Participants and Designated Beneficiaries of the Program.

CC. Entire Agreement

All exhibits attached to the Agreement shall be incorporated therein. The Agreement shall contain the entire agreement of the parties and may be changed only by a written amendment signed by both parties. The Contractor shall not modify any Service or the manner of providing such Service under the Agreement without the prior written authorization of the Treasurer.

DD. Transition

If applicable, the Contractor shall enter into an agreement with the Previous Program Manager and the Treasurer setting forth all processes, steps, timelines, and any other terms to transition the Program to the Contractor (“Conversion Agreement”). The Contractor shall use its best efforts to complete the transition of Program assets, books, and records from the Previous Program Manager to the Contractor (the “Transition”), based on the information provided to it and in accordance with the terms and conditions of the Conversion Agreement ending no later than the Program Start Date. The Contractor agrees that if the Program Start Date is delayed by less than seven calendar days, then the Contractor shall pay an amount required by the Treasurer to the Treasurer’s college savings marketing or scholarship fund. The Contractor further agrees that if the Program Start Date occurs on or after the seventh calendar from the Program Start Date, then the Contractor shall pay to the Treasurer’s marketing or scholarship fund, in an amount required by the Treasurer per week of delay (prorated for any portion of a week). The Treasurer may at its option and in its sole discretion terminate this Agreement immediately upon providing notice of such termination to the Contractor, if the Program Start Date occurs after the twentieth calendar day after the Program Start Date. In the event of such optional termination by the Treasurer, the Contractor shall reimburse the Treasurer for any and all costs, fees, and damages resulting from such delay in Program Start Date and termination.

EE. Goodwill

Neither the Contractor, the Contractor's Representatives nor the Contractor's key personnel shall commit any act or do anything which might reasonably be considered: (i) to be immoral, deceptive, scandalous or obscene; or (ii) to injure, tarnish, damage or otherwise negatively affect the community and/or the reputation and goodwill associated with the Programs. If the Contractor, the Contractor's Representative or the Contractor's key personnel is accused of any act involving moral or ethical issues, dishonesty, theft or misappropriation, under any law, or any act which casts an unfavorable light upon its association with the Programs and/or the State or the Contractor is accused of performing or committing any act which could adversely impact the Contractor's events, programs, services, or reputation, the Treasurer shall have the right to terminate this contract upon fifteen (15) days written notice specifying the reason, within which period the Contractor may be afforded an opportunity to cure such offense. The determination of whether and to what extent the offense is cured shall be made by the Treasurer at its sole discretion.

Appendix A: Reporting Requirements

The Program Manager will deliver, in Excel format unless otherwise noted below or agreed upon by the Treasurer and Program Manager, the following reports for Bright Start and/or Bright Directions to the Treasurer and the Treasurer’s investment and data analytics consultants:

Weekly Reports			
Report	Key Information	Recipient(s)	Due Date
Daily Account Activity	<ul style="list-style-type: none"> • Daily account information by investment election • Daily total contributions • Daily initial contributions • Daily total subsequent contributions • Daily new accounts • Daily uncompleted enrollments • Daily program asset balance 	Treasurer	EOD Monday of the following week

Monthly Reports			
Report	Key Information	Recipient(s)	Due Date
Monthly Program Snapshot	<ul style="list-style-type: none"> • Total Assets • Total Accounts • New Accounts • Initial Contributions • Total Subsequent Contributions • Total Contributions • Total Redemptions • Net Contributions (Net Flow) 	Treasurer	10 th calendar day of each month
Monthly Program Detail Report	<ul style="list-style-type: none"> • By Portfolio: <ul style="list-style-type: none"> ○ Number of accounts ○ New accounts ○ Account balance ○ Contributions ○ Redemptions • In-state and out-of-state account and asset information • Underlying investment holdings for portfolios • Asset change YOY / YTD for each portfolio • Marketing expenditures • Marketing performance • Fulfilment statistics • Client complaints • Call center statistics • Website statistics • Account portal statistics 	Treasurer	15 business days after month end

	<ul style="list-style-type: none"> • Field rep visits and activity • New and total accounts by Illinois zip code 		
Monthly Investment Report	<ul style="list-style-type: none"> • Performance for each portfolio and underlying investment fund, with comparison of each to relevant benchmark: <ul style="list-style-type: none"> ○ Monthly ○ QTD ○ YTD ○ 1-year ○ 3-year ○ 5-year ○ 10-year ○ Since inception • Contributions and withdrawals for each portfolio and underlying investment fund • For each portfolio: <ul style="list-style-type: none"> ○ Asset balances ○ Contributions ○ Withdrawals ○ New accounts ○ Total accounts 	Treasurer, Treasurer's investment consultant	5 business days after month end
Monthly account data file	<p>Updated extract of all open and closed accounts, including:</p> <ul style="list-style-type: none"> • Account owner information: <ul style="list-style-type: none"> ○ Name ○ DOB ○ Contact information ○ Zip code ○ Account No. ○ Account Owner ID ○ Account open / close date ○ Account balance ○ Account investment selection(s) ○ Contributions ○ Withdrawals • Beneficiary information: <ul style="list-style-type: none"> ○ Name ○ DOB ○ Account No. ○ Beneficiary No. 	Treasurer, Treasurer's data analytics consultant	5 business days after month end
Plan Fees Report	<ul style="list-style-type: none"> • Fund number • Portfolio fund name • Previous month fund balance • Current month fund balance • Current month average net balance 	Treasurer	10 th calendar day of each month

	<ul style="list-style-type: none"> • Program administrator fee • State administration fee 		
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Quarterly Reports			
Report	Key Information	Recipient(s)	Due Date
Quarterly Program Overview	<ul style="list-style-type: none"> • Executive summary • Program highlights • Program asset and account growth by quarter • Contributions and withdrawals by quarter and calendar year to date • Comparisons to previous years and wider industry • Roll-over activity • Investment change activity • Payroll deduction activity • Automatic investment plan activity • Call center activity • Field rep activity 	Treasurer	January 31, April 30, July 31, October 31 of each year
Quarterly Investment Review Report	<ul style="list-style-type: none"> • Quarterly market overview • QTD performance for each portfolio and underlying fund 	Treasurer	January 31, April 30, July 31, October 31 of each year

Appendix B: Cost Proposal Detail

When submitting its Cost Proposal, Respondent must provide all proposed fees for all Services proposed for Bright Start and/or Bright Directions. Amounts, fees or charges not included by Respondent in its Cost Proposal will not be considered and may result in disqualification of the Proposal. The Chief Procurement Officer and the Evaluation Committee will use the Cost Proposal as the basis for comparing and evaluating proposed costs.

1. Please complete the following chart(s) to include all fees to be charged. Dependent on whether the Proposal is submitted for one or both of Bright Start and Bright Directions, please complete one or both charts. For both plans, please include all investment options and/or share classes included in the Proposal, including age-based portfolios, static portfolios, and individual options. As applicable, please indicate whether fees differ according to the investment option and share class. Include the fees listed in each chart and add additional fees if proposed. At the bottom of the chart, please provide the range and average of each fee type. Please provide a written description and explanation of each fee if it is not self-explanatory.

For Bright Start:

Investment Option	Program Management Fee	Underlying Investment Fee	Other Fees (please specify)	Total Fees (excluding state admin fees)
<i>Example:</i>				
0-2 Age-Based Index Portfolio	.0X%	.0Y%	N/A	.ZZ%
3-5 Age-Based Index Portfolio	.0X%	.0B%	N/A	.CC%
<i>Add additional rows as necessary</i>				
Range	.0X%	.0B - .0Y%		.CC% - .ZZ%
Average	.0X%	.0D%		.EE%

Note: The portfolios listed in the above chart (e.g., “0-2 Age-Based Index Portfolio”) are provided for illustrative purposes only. Respondent is expected to customize the chart’s rows according to the investment lineup contained in its Proposal.

For Bright Directions:

Investment Option	Share Class	Account Sales Charge (Load)	Annual Service Fee (Trail)	Program Management Fee	Underlying Investment Fee	Other Fees (please specify)	Total Fees (excluding state admin fees)
<i>Example:</i>							
0-2 Age-Based Portfolio	C	.00%	.FF%	.0X%	.0Y%	N/A	.ZZ%
3-5 Age-Based Index Portfolio	F	.00%	.00%	.0X%	.0B%	N/A	.CC%
<i>Add additional rows as necessary</i>							
Range				.0X%	.0B - .0Y%		.CC% - .ZZ%
Average				.0X%	.0D%		.EE%

Note: The portfolios listed in the above chart (e.g., “0-2 Age-Based Portfolio”) are provided for illustrative purposes only. Respondent is expected to customize the chart’s rows according to the investment lineup contained in its Proposal.

- Please indicate whether the fees specified above will be reduced as the asset base increases and provide the exact breakpoints for those fees. Also, indicate if any other fees will decrease as assets or accounts increase.
- For all underlying mutual funds, SMAs, or EFTs proposed for the Bright Start and/or Bright Directions investment lineup(s), please provide the fund name, ticker, and fund expense ratio in a table as follows (complete for as many funds as applicable):

Investment Portfolio	Fund	Ticker	Share Class	Fund Expense Ratio	Additional Fund Expenses (if any)

- If the Cost Proposal includes annual account fees, please specify any exceptions or waivers to the fees.
- Please specify whether the Respondent plans to collect sub-transfer agency fees on part or all its investment lineup. If sub-transfer agency fees are to be collected, please specify on which funds the sub-transfer agency fees will be collected and the amount of each.

6. Identify any additional expenses or costs. Any expense or cost not identified in Respondent's Cost Proposal will not be considered.
7. The Treasurer anticipates executing a five-year Agreement. Describe how Respondent's fees would change if the length of the contract were extended for an additional 2, 3, or 5 years.
8. Please confirm Respondent's acceptance of contractual terms P.7 and P.8 ("Most Favored Pricing" and "More Favorable Terms Prohibited") in Section VIII of this RFP.

Appendix C: Certifications & Disclosures

A. 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 50-5 of the Illinois Procurement Code (30 ILCS 500/50-5). Section 50-5 prohibits a contractor from entering into a contract with a State agency if the contractor has been convicted of bribery or attempting to bribe an officer or employee of the State of Illinois, or if the contractor has made an admission of guilt of such conduct with is a matter of record. The contractor further acknowledges that the chief procurement officer may declare the related contract void if this certification is false.

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 NON-DISCRIMINATION.

CONTRACTOR certifies that it is in compliance with the State and Federal Constitutions, the U.S. Civil Rights Act, Section 504 of the Federal Rehabilitation Act, and all applicable rules that prohibit unlawful discrimination in performance of this Agreement and all other activities, including employment and other contracts. 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 State and Federal Constitutions, the U.S. Civil Rights Act, Section 504 of the Federal Rehabilitation Act, and all applicable laws that prohibit unlawful discrimination.

6.0 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 ADA.

7.0 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.

8.0 FELONY.

CONTRACTOR certifies that it has not been barred from being awarded a contract under Section 50-10 of the Illinois Procurement Code (30 ILCS 500/50-10). Section 50-10 prohibits a contractor from entering into a contract with a State agency if the contractor has been convicted of a felony and 5 years have not passed from the completion of the sentence for that felony. The contractor further acknowledges that the chief procurement officer may declare the related contract void if this certification is false.

9.0 FORMER EMPLOYMENT.

CONTRACTOR has informed the Treasurer's Office in writing if CONTRACTOR was formerly employed by the Treasurer's Office and has received an early retirement incentive under Section 14-108.3 or 16-133.3 of the Illinois Pension Code (30 ILCS 105/15a).

10.0 INDUCEMENT.

CONTRACTOR has not paid any money or valuable thing to induce any person to refrain from bidding on a State contract, nor has CONTRACTOR accepted any money or other valuable thing, or acted upon the promise of same, for not bidding on a State contract (30 ILCS 500/50-25).

11.0 REVOLVING DOOR PROHIBITION.

CONTRACTOR certifies that neither it nor its employees and agents are in violation of section 50-30 of the Illinois Procurement Code (30 ILCS 500/50-30). Section 50-30 prohibits for a period of (2) years after terminating an affected position certain State employees and their designees from engaging in any procurement activity relating to the State agency most recently employing them for a specified period of time.

12.0 REPORTING ANTICOMPETITIVE PRACTICES.

CONTRACTOR shall report to the Illinois Attorney General and the Chief Procurement Officer any suspected collusion or other anticompetitive practice among any bidders, offerors, contractors, proposers or employees of the State (30 ILCS 500/50-40, /50-45, /50-50).

13.0 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).

14.0 TAXPAYER IDENTIFICATION NUMBER AND LEGAL STATUS OF CONTRACTOR.

CONTRACTOR shall be in compliance with applicable tax requirements and shall be current payment of such taxes. Under penalty of perjury, CONTRACTOR certifies that # _____ is its correct Taxpayer Identification Number and that it is doing business as a (please check one):

- | | |
|---|--|
| <input type="checkbox"/> Individual | <input type="checkbox"/> Government Entity |
| <input type="checkbox"/> Sole Proprietor | <input type="checkbox"/> Nonresident alien |
| <input type="checkbox"/> Partnership/Legal Corporation | <input type="checkbox"/> Estate or trust |
| <input type="checkbox"/> Tax Exempt | <input type="checkbox"/> Pharmacy (Non-Corp.) |
| <input type="checkbox"/> Corporation providing or billing medical and/or health care services | <input type="checkbox"/> Pharmacy/Funeral Home/Cemetery (Corp.) |
| <input type="checkbox"/> Corporation NOT providing or billing medical and/or health care services | <input type="checkbox"/> Limited Liability Company (select applicable tax classification.) |
| <input type="checkbox"/> Other: _____ | <input type="checkbox"/> C = corporation |
| | <input type="checkbox"/> P = partnership |

15.0 LICENSE; AUTHORIZED BIDDER OR OFFEROR

CONTRACTOR, directly or through its employees, shall have and maintain any license required by this Agreement. CONTRACTOR further certifies that it is a legal entity authorized to do business in Illinois prior to the submission of the bid, offer, or proposal pursuant to section 20-43 of the Illinois Procurement Code (30 ILCS 500/20-43).

16.0 APPROPRIATION.

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

17.0 RECORDS RETENTION; RIGHT TO AUDIT.

CONTRACTOR agrees to maintain books and records related to the performance of the contract and necessary to support amounts charged to the State under the contract for a minimum of three years from the last action on the contract or after termination of the Agreement, whichever is longer. Contractor further agrees to cooperate fully with any audit and to make the books and records available for review and audit by the Auditor General, chief procurement officers, internal auditor 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. The three-(3)-year period shall be extended for the duration of any audit in progress during the term. 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.

18.0 CONFLICTS OF INTEREST.

CONTRACTOR has disclosed, and agrees that it is under a continuing obligation to disclose, to the Treasurer financial or other interests (public or private, direct or indirect) that may be a potential conflict of interest that would prohibit CONTRACTOR from entering into or performing the Agreement. Conflicts of interest include, but are not limited to, conflicts under Section 1400.5020 of the Treasurer's Procurement Rules (44 Ill. Adm. Code 1400.5020) and Sections 50-13, 50-20, and 50-35 of the Illinois Procurement Code (30 ILCS 500/50).

19.0 LATE PAYMENTS.

Late payment charges, if any, shall not exceed the formula established in the Illinois Prompt Payment Act (30 ILCS 540/1) and the Illinois Administrative Code (74 Ill. Adm. Code 900).

20.0 LIABILITY.

The State's liability for damages is expressly limited by and subject to the provisions of the Illinois Court of Claims Act (705 ILCS 505/1) and to the availability of suitable appropriations.

21.0 DEBT DELINQUENCY.

CONTRACTOR certifies that it, or any affiliate, is not barred from being awarded a contract or subcontract under section 50-11 of the Illinois Procurement Code (30 ILCS 500/50-11). Section 50-11 prohibits a contractor from entering into a contract with the Treasurer's Office if it knows or should know that it, or any affiliate, is delinquent in the payment of any debt to the State as defined by the Debt Collection Board. CONTRACTOR further acknowledges that the Treasurer's Office may declare the Agreement void if this certification is false or if CONTRACTOR or any affiliate is determined to be delinquent in payment of any debt during the term of the Agreement.

22.0 EDUCATIONAL LOAN DEFAULT.

CONTRACTOR certifies that it is not barred from being awarded a contract under the Educational Loan Default Act (5 ILCS 385). Section 3 of the Educational Loan Default Act prohibits an individual from entering into a contract with the Treasurer's Office if that individual is in default of an educational loan. CONTRACTOR further acknowledges that the Treasurer's Office may declare the Agreement void if this certification is false or if CONTRACTOR is determined to be in default of an educational loan during the term of the Agreement.

23.0 FORCE MAJEURE.

Failure by either party to perform its duties and obligations shall be excused by unforeseeable circumstances beyond its reasonable control, including acts of nature, acts of the public enemy, riots, labor or material shortages, labor disputes, fire, flood, explosion, legislation, and governmental regulation.

24.0 ANTITRUST ASSIGNMENT.

CONTRACTOR hereby assigns, sells and transfers to the State of Illinois all right, title and interest in and to any claims and causes of action arising under antitrust laws of Illinois or the United States relating to the subject matter of the Agreement.

25.0 PROHIBITION OF GOODS FROM FORCED LABOR.

CONTRACTOR certifies that it is not barred from being awarded a contract under the State Prohibition of Goods from Forced Labor Act (30 ILCS 583). Section 10 of the State Prohibition of Goods from Forced Labor Act prohibits a contractor from entering into a contract with the Treasurer's Office if that contractor knew that the foreign-made equipment, materials, or supplies furnished to the State were produced in whole or part by forced labor, convict labor, or indentured labor under penal sanction. CONTRACTOR further acknowledges that the Treasurer's Office may declare the Agreement void if this certification is false or if CONTRACTOR is determined to have known that the foreign-made equipment, materials, or supplies furnished to the State during the term of the Agreement were produced in whole or part by forced labor, convict labor, or indentured labor under penal sanction.

26.0 PROHIBITION OF GOODS FROM CHILD LABOR.

CONTRACTOR certifies in accordance with Public Act 94-0264 that no foreign-made equipment, materials, or supplies furnished to the State under the contract have been produced in whole or in part by the labor of any child under the age of 12.

27.0 SARBANES-OXLEY ACT AND ILLINOIS SECURITIES LAW.

CONTRACTOR certifies that it is not barred from being awarded a contract or subcontract under section 50-10.5 of the Illinois Procurement Code (30 ILCS 500). Section 50-10.5, amongst other things, prohibits a contractor from bidding or entering into a contract or subcontract with the Treasurer's Office if the contractor or any officer, director, partner, or other managerial agent of the contractor has been convicted in the last 5 years 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 or if the contractor is in violation of Subsection (e). CONTRACTOR further acknowledges that the Treasurer's Office may declare the agreement void if this certification is false or if CONTRACTOR is determined to have been convicted of a felony under the Illinois Sarbanes-Oxley Act of 2002 or a Class 3 or Class 2 felony under the Illinois Securities Law of 1953 during the term of the agreement.

28.0 DISPUTES.

Any claim against the State arising out of this Agreement must be filed exclusively with the Illinois Court of Claims (705 ILCS 505/1). The State shall not enter into binding arbitration to resolve any agreement dispute. The State of Illinois does not waive sovereign immunity by entering into this Agreement. Any provision containing a citation to an Illinois statute (cited "ILCS") may not contain the complete statutory language. The official text, which is incorporated by reference, may be found in the appropriate chapter and section of the Illinois Compiled Statutes. An unofficial version may be viewed at www.ilga.gov.

29.0 THIRD PARTY PAYMENTS.

CONTRACTOR certifies that no fee was paid to a third-party in expectation of being awarded a contract by the Treasurer.

30.0 BOARD OF ELECTIONS REGISTRATION.

_____ The CONTRACTOR certifies that they are **not required to register** as a business entity with the State Board of Elections pursuant to the Illinois Procurement Code (30 ILCS 500/20-160). Further, the CONTRACTOR acknowledges that all contracts or subcontracts between State agencies and a business entity that do not comply with this Section shall be voidable under Section 50-60 of the Illinois Procurement Code (30 ILCS 500/50-60).

(or)

_____ The CONTRACTOR certifies that they **have registered** as a business entity with the State Board of Elections and acknowledges a continuing duty to update the registration pursuant to the Illinois Procurement Code (30 ILCS 500/20-160). Further, the CONTRACTOR acknowledges that all contracts or subcontracts between State agencies and a business entity that do not comply with this Section shall be voidable under Section 50-60 of the Illinois Procurement Code (30 ILCS 500/50-60).

31.0 COLLECTION AND REMITTANCE OF ILLINOIS USE TAX.

The CONTRACTOR certifies that it is not barred from being awarded a contract under section 50-12 of the Illinois Procurement Code (30 ILCS 500/50-12). Section 50-12 prohibits a contractor from entering into a contract or subcontract with a State agency if the CONTRACTOR or affiliate has failed to collect and remit Illinois Use Tax on all sales of tangible personal property into the State of Illinois in accordance with the provisions of the Illinois Use Tax Act. The CONTRACTOR further acknowledges that the contract or subcontract may be voided if this certification is false.

32.0 ENVIRONMENTAL PROTECTION ACT VIOLATIONS.

The CONTRACTOR certifies that it is not barred from being awarded a contract or subcontract under section 50-14 of the Illinois Procurement Code (30 ILCS 500/50-14). Section 50-14 prohibits a CONTRACTOR from entering into a contract or subcontract with a State agency if the CONTRACTOR has been found by a court or the Pollution Control Board to have committed

a willful or knowing violation of the Environmental Protection Act within the last (5) years. The CONTRACTOR further acknowledges that the contracting State agency may declare the related contract or subcontract void if this certification is false.

33.0 LEAD POISONING PREVENTION ACT VIOLATIONS.

The CONTRACTOR certifies that it is not barred from entering into a contract or subcontract under section 50-14.5 of the Illinois Procurement Code (30 ILCS 500/50-14.5). Section 50-14.5 prohibits a CONTRACTOR from entering into a contract or subcontract with the State of Illinois or a State agency if the CONTRACTOR, while the owner of a residential building, committed a willful or knowing violation of the Lead Poisoning Prevention Act. The CONTRACTOR further acknowledges that the Treasurer may declare the related contract or subcontract void if this certification is false.

34.0 BOND ISSUANCES.

The CONTRACTOR certifies that it is not barred from being awarded a contract or subcontract under section 50-21 of the Illinois Procurement Code (30 ILCS 500/50-21). Section 50-21 prohibits State agencies from entering into contracts or subcontracts with respect to the issuances of bonds or other securities by the State or a State agency with any entity that uses an “independent consultant” as defined in section 50-21.

35.0 POLITICAL CONTRIBUTIONS.

The CONTRACTOR certifies that it is not barred from being awarded a contract or subcontract under section 50-37 of the Illinois Procurement Code (30 ILCS 500/50-37). Section 50-37 prohibits business entities whose contracts with State agencies, in the aggregate, annually total more than \$50,000, or whose aggregate pending bids and proposals on State contracts total more than \$50,000, and any affiliated entities or affiliated persons of such business entity, from making any contributions to any political committee established to promote the candidacy of the office holder responsible for awarding the contract on which the business entity has submitted a bid or proposal during the period beginning on the date the invitation for bids or request for proposals are issued and ending on the day after the date the contract is awarded.

36.0 LOBBYING RESTRICTIONS.

The CONTRACTOR certifies that it is not barred from being awarded a contract or subcontract under section 50-38 of the Illinois Procurement Code (30 ILCS 500/50-38). Section 50-38 prohibits a CONTRACTOR from billing the State for any lobbying costs, fees, compensation, reimbursements, or other remuneration provided to any lobbyist who assisted the CONTRACTOR in obtaining the contract or subcontract.

37.0 DISCLOSURE OF BUSINESS OPERATIONS WITH IRAN (30 ILCS 500/50-36).

Each bid, offer, or proposal submitted for a State contract, other than a small purchase defined in Section 20-20 [of the Illinois Procurement Code], shall include a disclosure of whether or not the

bidder, offeror, or proposing entity, or any of its corporate parents or subsidiaries, within the 24 months before submission of the bid, offer, or proposal had business operations that involved contracts with or provision of supplies or services to the Government of Iran, companies in which the Government of Iran has any direct or indirect equity share, consortiums or projects commissioned by the Government of Iran and:

(1) more than 10% of the company's revenues produced in or assets located in Iran involve oil-related activities or mineral-extraction activities; less than 75% of the company's revenues produced in or assets located in Iran involve contracts with or provision of oil-related or mineral – extraction products or services to the Government of Iran or a project or consortium created exclusively by that Government; and the company has failed to take substantial action; or

(2) the company has, on or after August 5, 1996, made an investment of \$20 million or more, or any combination of investments of at least \$10 million each that in the aggregate equals or exceeds \$20 million in any 12- month period that directly or significantly contributes to the enhancement of Iran's ability to develop petroleum resources of Iran.

You must check one of the following items and if item 2 is checked you must also make the necessary disclosure:

There are no business operations that must be disclosed to comply with the above cited law.

The following business operations are disclosed to comply with the above cited law:

CONTRACTOR

By:

Signature

Name

Title

Date

B. Disclosure Form A

FINANCIAL INTEREST AND POTENTIAL CONFLICTS OF INTEREST

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 financial and potential conflicts of interest information as specified below.

Contractor/offeror 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/offeror (or its parent), please check all that apply and show their name and address:

Ownership exceeding 5% (____)
Ownership value exceeding \$106,447.20 (____)
Distributive Income Share exceeding 5% (____)
Distributive Income Share exceeding \$106,447.20 (____)

Name: _____

Address: _____

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

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

If the proportionate share of the named individual(s) in the ownership of the contractor/offeror (or its parent) is 5% or less, and if the value of the ownership interest of the named individual(s) is \$106,447.20 or less, check here (____)

If the proportionate share of ownership exceeds 5% or the value of the ownership interest exceeds \$106,447.20, 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).

- | | | | |
|----|--|--------------|-------------|
| a. | State employment, currently or in the previous 3 years, including contractual employment of services | Yes
_____ | No
_____ |
| b. | State employment for spouse, father, mother, son, or daughter, including contractual employment for services in the previous 2 years. | Yes
_____ | No
_____ |
| 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. | Yes
_____ | No
_____ |
| d. | Relationship to anyone holding elective office currently or in the previous 2 years; spouse, father, mother, son, or daughter. | Yes
_____ | No
_____ |
| 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. | Yes
_____ | No
_____ |
| f. | Relationship to anyone holding appointive office currently or in the previous 2 years; spouse, father, mother, son, or daughter. | Yes
_____ | No
_____ |
| g. | Employment, currently or in the previous 3 years, as or by any registered lobbyist of the State government. | Yes
_____ | No
_____ |
| h. | Relationship to anyone who is or was a registered | Yes | No |

lobbyist in the previous 2 years; spouse, father, mother, son, or daughter. _____

i. Compensated employment, currently or in the previous 3 years, by any registered election or re-election committee registered with the Secretary of State or any county clerk in the State of Illinois, or any political action committee with either the Secretary of State or the Federal Board of Elections. Yes _____ No _____

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 _____

C. Disclosure Form B

OTHER CONTRACT AND PROCUREMENT RELATED INFORMATION

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 _____