

**ILLINOIS STATE BOARD OF INVESTMENT**  
**Request for Competitive Proposal: Core Open Ended Real Estate Investment Management Services**

**I. OVERVIEW.**

The Illinois State Board of Investment (the “Board” or “ISBI”) hereby issues a request for competitive proposals (“RFP”) from qualified real estate investment advisory firms interested in providing **core open-ended real estate investment management services** (“Respondent(s)” or “Investment Manager(s)”). All forms needed for submitting a response to this RFP are available on the Board’s website at: <http://www.isbi.illinois.gov/RFP.htm>. **Respondents to this RFP are responsible for monitoring the Board’s website for information pertaining to the RFP, while the RFP is outstanding.**

The Board is a non-appropriated state agency that is responsible for managing and investing the pension assets of the Illinois General Assembly Retirement System, the Judges’ Retirement System of Illinois and the State Employees’ Retirement System of Illinois. ISBI’s net assets totaled \$11.4 billion as of June 30, 2011. More information regarding ISBI can be found by reviewing its enabling statute at 40 ILCS 5/22A and its website at: <http://www.isbi.illinois.gov>.

**II. RFP TIMELINE.**

- |                                          |                             |
|------------------------------------------|-----------------------------|
| A. Date of Issue:                        | July 25, 2011               |
| B. Deadline to Submit Written Questions: | July 29, 2011, 3:00PM CST   |
| C. Q & A Document Posted:                | August 5, 2011              |
| D. Final Filing Date:                    | August 12, 2011, 3:00PM CST |
| E. Potential Interviews:                 | September 22 or 23, 2011    |
| F. Finalist Notified By:                 | September 22 or 23, 2011    |

**III. ISBI RFP PROCEDURES**

The Board will provide notice of this RFP in one or more industry periodicals at least 14 days before the response to the RFP is due. Notice will also be provided to the Board’s universe of Investment Managers. Qualified Investment Managers that do not receive an RFP from ISBI are encouraged to compete and may obtain the RFP document from the ISBI website. Neither this RFP nor any response to this RFP should be construed as a legal offer.

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

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

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

Respondents are advised that proposal materials are subject to the Illinois Freedom of Information Act (5 ILCS 140). After completion of the RFP, selection by the Board and successful negotiation of a contract, if any, proposals submitted may be viewed and copied by any member of the public, including news agencies and competitors. Respondents claiming a statutory exception to the Illinois Freedom of Information Act for information within the Respondents' proposals must identify relevant language as confidential, and identify in the email transmission of the proposal whether confidential information is included. Further, each page of confidential documentation must be labeled as such. The Respondent must also specify which statutory exemption applies for each piece of confidential information. The Freedom of Information Act can be found at the Illinois General Assembly's website (<http://www.ilga.gov/>).

ISBI reserves the right to make determinations of confidentiality. If ISBI disagrees with a Respondent's confidential designation, it may either reject the proposal or discuss its interpretation of the exemptions with the Respondent. If agreement can be reached, the proposal will be considered. If agreement cannot be reached, ISBI will remove the proposal from consideration.

Following review and evaluation of complete responses from interested Respondents, the field of candidates will be narrowed to a smaller list of the most highly qualified Respondents. The Board's Staff will meet with representatives of each Respondent to obtain an independent assessment of the Respondent's capabilities. Additional information may be requested from the Board's Staff or the Consultant at this time.

Following the interviews with the selected Respondents, the Board's Staff will prepare Respondent recommendations for approval by the Board. The finalists may appear before the Board to present their firms' qualifications. The Board shall accept or modify the recommendation and make the final selection, if satisfied with the Respondents' capabilities.

If in any case an Emerging Investment Manager(s) meets criteria established by the Board and Consultant for a specific search, the Emerging Investment Manager(s) shall receive an invitation by the Board, or the Board's Investment Policy Committee and/or Emerging Manager Committee, to present the firm(s) for final consideration. In the case where multiple Emerging Investment Managers meet the search criteria, the Board's Staff may choose the most qualified firm or firms to present to the Board.

The Board shall conduct the RFP process and any potential retainer in accordance with applicable provisions of the Illinois Pension Code, the State Officials and Employees Ethics Act and any other relevant authority under the Illinois Compiled Statutes. All ex parte communications between the Board and its Staff and interested parties, including Respondents, or non-interested parties shall be recorded or disclosed, in accordance with the State Officials and Employees Ethics Act. Board Members and Staff shall comply with all Illinois gift ban restrictions.

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

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

#### **IV. PROPOSAL SUBMISSION**

The Board's Consultant shall oversee the RFP process. If an Investment Managers is interested in submitting a proposal, the Investment Managers must submit an electronic copy of the complete proposal by **3:00 PM, CDT, August 12, 2011** to:

SEARCH CONTACTS: Cara Wood  
The Townsend Group  
[cwood@townsendgroup.com](mailto:cwood@townsendgroup.com)

**AND**

[ISBI.backstop@illinois.gov](mailto:ISBI.backstop@illinois.gov)

Procedural and substantive questions concerning the RFP must be submitted in writing via e-mail to the Search Contacts by **3:00 PM, CDT, July 29, 2011**. Responses to questions properly submitted will be consolidated in a single Q & A document and posted on the Board's website on or about **August 5, 2011**. The Q & A document will not identify the source of the query.

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

If Staff and/or Consultant has/have a question(s) regarding how to interpret a Respondent's proposal, Staff and/or Consultant is/are authorized to request additional information from that Respondent.

**ANY PROPOSAL RECEIVED AFTER THE AUGUST 12, 2011 DUE DATE AND TIME WILL NOT BE CONSIDERED.**

#### **PROPOSALS MUST CONTAIN THE FOLLOWING DOCUMENTS:**

- A. Transmittal Letter. A transmittal letter must be submitted on the Respondent's official business letterhead. The letter must identify all documents provided collectively as a response to the RFP, and must be signed by an individual authorized to bind the Respondent contractually. An unsigned proposal shall be rejected. The letter must also contain the following:

- Statement that the proposal is being made without fraud or collusion; that the Respondent has not offered or received any finder's fees, inducements or any other form of remuneration, monetary or non-monetary, from any individual or entity relating to the RFP, the Respondent's proposal or the Board's Consultant selection.
  - Statement that discloses any current business relationship or any current negotiations for prospective business with the Board or any ISBI Board Members or ISBI Staff.
- B. Minimum Qualification Certification. The Respondent must complete the certification and provide all supporting documentation.
- C. Questionnaire. The Respondent must address the questionnaire items in the RFP in the order in which they appear in the RFP. Further, each question number and question in the RFP shall be repeated in its entirety before stating the answer. Please note that certain questions may require additional documentation. This additional documentation should be submitted as attachments to the questionnaire.
- D. Vendor Disclosure Attachment(s).

**V. SCOPE OF SERVICES**

The Board seeks an Investment Manager to provide core open-ended real estate investment management services. The Investment Manager selected will perform the following services:

- A. Manage a diversified pool of core real estate assets with the objective to provide an income-oriented rate of return with the intent to out-perform the NFI-ODCE Index over a full market cycle.
- B. Report to the Board's Staff, Custodian and Consultant no less frequently than quarterly on the composition and relative performance of the investments in their designated portfolio; significant changes in the portfolio or to fund management during the quarter; the rationale for any significant disparity between the performance of their portfolios and the appropriate performance benchmarks; and the economic and investment outlook with regard to real estate.
- C. Prepare special analysis as requested by ISBI Staff or its Consultants to monitor portfolio performance and risk or for other purposes as requested.
- D. Attend Board and/or Investment Committee meetings as requested.
- E. Provide educational presentations, research or other materials for the Board and/or Staff as requested.

Services shall be provided to the Board on a confidential basis. The firm selected shall refrain from using or disclosing any information regarding the Board unless the Board specifically consents to a particular use or release of information.

**VI. MINIMUM QUALIFICATION REQUIREMENTS AND CERTIFICATION**

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

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

1. Respondent and its proposed team have all authorizations, permits, licenses and certifications required by federal and state laws and regulations to perform the services specified in this RFP at the time Respondent submits a response to the RFP. (Yes/No):\_\_\_\_\_
  
2. Respondent is an investment adviser registered with the Securities and Exchange Commission under the federal Investment Advisers Act of 1940 (or a bank, as defined in the Investment Advisers Act of 1940). (Yes/No):\_\_\_\_\_   
If yes, please provide Form ADV I and II.
  
3. Respondent has both (i) reviewed the Board’s Vendor Disclosure Policy (attached as ***Exhibit A***) **and** (ii) provided all disclosures required under the Policy. If Respondent has no disclosures to report, Respondent has indicated that fact in the firm’s response. (Yes/No):\_\_\_\_\_
  
4. Respondent agrees to act as a fiduciary defined by the Illinois Pension Code with respect to the core open end real estate fund and to provide the services as detailed in the Scope of Services section of this RFP and any other requirements as stated in this RFP. (Yes/No):\_\_\_\_\_
  
5. Respondent carries at least **\$2 million** in errors and omissions insurance or comparable instruments to cover negligent acts or omissions. (Yes/No):\_\_\_\_\_
  
6. Respondent maintains sufficient procedures and capabilities necessary to ensure the timely and accurate backup and full recovery for all computers and other data storage systems related to an ISBI account(s). (Yes/No): \_\_\_\_\_   
If yes, please provide a complete description of these procedures and capabilities.
  
7. Respondent has reviewed the Board’s Investment Policy (the “Policy”), which includes the Board’s Responsible Contractor Policy, Sudan Divestment Policy and Iran Divestment Policy, found via the Board’s website (<http://www2.illinois.gov/isbi/Pages/Reporting.aspx>), and agrees that, if retained, Respondent can provide real estate investment management services in furtherance of the Policy. (Yes/No):\_\_\_\_\_

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

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

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

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

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

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

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

## VII. *QUESTIONNAIRE*

### **Firm**

- 1) Please provide the name of the organization as well as the affiliate/subsidiary that will be responsible for the investment management of the proposed fund (if different).
- 2) Please provide the year your firm was established and give a brief history of your firm. Include the year your firm was registered with the SEC as an investment adviser.
- 3) Please describe the ownership structure of the Firm, including the type of entity (i.e. bank Trust Company). Include a list identifying any individual who owns in excess of 5% of the parent company or subsidiary (if applicable).
- 4) Please provide the name, title, address, phone number, fax number, and email address of the individual who will be the primary contact for the ISBI relationship.
- 5) Please provide the address and website of the firm's headquarters as well as a listing of all of the affiliated branch offices that contribute to the management of the proposed fund (include the primary function of the branch i.e. acquisition, asset management, client service, etc.).
- 6) Please describe any material developments or changes to the ownership of your firm in the last 5 years. Include mergers, acquisitions, reorganizations, new product introductions, new or closed offices, et al.
- 7) Please explain any known or potential changes in firm ownership or key management or investment personnel.
- 8) Please comment on the financial solvency of your firm. Do you have any firm debt? What is the amount of firm debt? What are the plans, with timeframe described, to pay off the outstanding debt?
- 9) Please provide a brief description of your firm's plans for growth, such as asset growth, personnel growth, succession planning, over the next three to five years.

### **Personnel**

- 10) Please list (in chart form) the number of professional personnel that serve the firm (or subsidiary) in a real estate investment capacity as of March 31, 2011. If an individual serves in more than one capacity (i.e., acquisitions as well as dispositions), only count that individual once under their primary job responsibilities.





**Client Breakdown**

18) Please provide the firm's and product's breakdown by clients as of the current date (as measured by % of assets under management) using the following format. Please provide a brief explanation as to the contents of "other."

	<b>Corporate</b>	<b>Foundation/ Endowment</b>	<b>HNW/ Family</b>	<b>Insurance/ Financial</b>	<b>Mutual Fund</b>	<b>Public</b>
<b>Firm</b>						
<b>Product</b>						

	<b>Religious</b>	<b>Taft- Hartley</b>	<b>Sub- Advisory</b>	<b>Wrap*</b>	<b>Other</b>
<b>Firm</b>					
<b>Product</b>					

19) Please provide the firm's and product's breakdown by clients as of the current date (as measure by # of clients under management) using the following format. Please provide a brief explanation as to the contents of "other."

	<b>Corporate</b>	<b>Foundation/ Endowment</b>	<b>HNW/ Family</b>	<b>Insurance/ Financial</b>	<b>Mutual Fund</b>	<b>Public</b>
<b>Firm</b>						
<b>Product</b>						

	<b>Religious</b>	<b>Taft- Hartley</b>	<b>Sub- Advisory</b>	<b>Wrap*</b>	<b>Other</b>
<b>Firm</b>					
<b>Product</b>					

20) Please provide the approximate client turnover in the *firm* using the format below.

	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b># of Clients Gained</b>					
<b>Assets (\$MM) Gained</b>					
<b># of Clients Lost</b>					
<b>Assets (\$MM) Lost</b>					

21) Please provide the approximate client turnover in the *product* using the format below.

	2006	2007	2008	2009	2010
<b># of Clients Gained</b>					
<b>Assets (\$MM) Gained</b>					
<b># of Clients Lost</b>					
<b>Assets (\$MM) Lost</b>					

22) Please provide the following information on the product's client breakdown:

	Assets (in Millions)
<b>Average Client Size:</b>	
<b>Largest:</b>	
<b>Smallest:</b>	

**Open End Core Fund**

23) What is the inception date of the proposed fund?

24) Briefly describe the investment strategy pursued by the proposed fund. Include the fund's near and long term investment return objectives. Has the objective changed in the last 3 years? 5 years?

25) Please describe the legal structure of the fund and specify what types of investors are permitted to invest in the fund.

26) Please identify the types of investments that the fund is permitted to make. Include a description of any prohibited investments.

27) Please describe the diversification policy/risk controls employed by the fund management team. Include concentration limits as well as specific targets and ranges for property type, geographic region and leverage with a explanation of the fund's methodology for measuring the exposures (i.e NAV, GAV, NCREIF region, etc.).

28) Describe any changes to these policies/targets in the last 5 years.

29) Has the fund ever violated the policies described in question 27? If so, please describe the actions that were taken to correct the violation.

30) Please describe the fund's policy with regard to cash.

- 31) Please provide a detailed description of the fund's asset valuation policy and methodology.
- 32) Please define the fund's valuation procedures, methodology, and frequency as it relates to debt (include both fund level debt as well as property level).
- 33) Please describe the fund's redemption policy.
- 34) Please describe the fund's contribution/queue policy. Include an estimate as to the length of time that it will take to draw capital for commitments made during the third quarter of 2011.
- 35) Please confirm that the fund's abides by the Real Estate Information Standards (REIS) with regard to financial statements/client reporting. Briefly describe the information communicated to fund clients and the frequency.

### **Compliance**

- 36) Please attach a copy of your firm's Code of Ethics.
- 37) Please provide a brief description of any past or pending regulatory action, litigation, or other legal proceedings involving the firm or any registered employees and/or principals as defendants in the last five years.
- 38) Are you currently or have you been in the last five years out of compliance with the DOL? If yes, please explain thoroughly.
- 39) Are you currently or have you been in the last five years out of compliance with the SEC? If yes, please explain thoroughly.
- 40) Are you currently or have you been in the last five years out of compliance with any regulatory agency? If yes, please explain thoroughly.
- 41) Has your firm been audited by the SEC, DOL, or any regulatory agency in the past five years?
- 42) When was your last audit, please be specific by month and year, by the SEC, DOL or any regulatory agency?
- 43) Please explain any and all findings on your most recent SEC audit, including minor deficiencies. Please attach a copy of the SEC Review findings and firm responses.
- 44) Do you have a dedicated compliance officer?
- 45) Does your compliance officer serve other roles within the firm? If so, please describe.

- 46) Who is the firm's independent auditor? How long has the firm's independent auditor been serving in this capacity?
- 47) Who is the firm's legal counsel or do you use an in-house legal team?
- 48) Please provide brief biographies for your legal counsel, indicating how long they have been serving in this capacity.

**Fees**

- 49) What is your standard fee schedule for this product?
- 50) What is your proposed fee schedule for this mandate specifically?
- 51) What is the current Most Favored Nations Policy?
- 52) How do you ensure compliance with this policy?

**Attachments and Disclosures**

Please check off items included as attachments. If any **required** items are excluded, please indicate an alternate means for our review of requested items.

**Required**

**Included?**

- ADV Part II
- SEC Review Findings Letter
- Disaster Recovery and Business Continuity Plans
- Code of Ethics
- Proof of E&O Insurance
- Vendor Disclosure Policy Attachments
- Equal Employment Opportunity Chart

**Include, if Applicable**

**Included?**

State or Local Registration for M/WBE

**Chief Compliance Officer Signature**

I, chief compliance officer of \_\_\_\_\_, have reviewed all of the aforementioned statements and documents. To the best of our ability, we believe all statements and documents to be accurate, truthful and timely.

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Signature

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Print Name

## Exhibit A

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

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

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

1. Political Contribution Disclosure

All (i) vendors submitting bidding proposals to ISBI and (ii) vendors retained by ISBI, as well as each of the aforesaid vendors' solicitors, finders, officers, directors, partners, principals, and lobbyists, must provide written disclosures of all political contributions made during the preceding five years to a Board Member or a Board Member's Campaign Committee, and provide disclosures in writing of any future political contributions made to Board Members or a Board Member's Campaign Committee.

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

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

PROVIDE RESPONDENT'S POLITICAL CONTRIBUTION DISCLOSURES IN AN ATTACHMENT.

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

2. Public Act 95-0971 Disclosures

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

ISBI constitutes a “State Agency” under the Act. On January 30, 2008, the Board resolved to apply the Act’s requirements to the Board’s contracts.

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

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

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

**IF RESPONDENT IS A BUSINESS ENTITY, RESPONDENT MUST ATTACH REGISTRATION CERTIFICATION IN AN ATTACHMENT.**

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

All bidding materials from potential ISBI vendors must be accompanied by a disclosure of any ownership of the vendor in excess of 5%, as well as a disclosure of any distributive income share in excess of \$100,000.00 of the bidding entity and its parent entity. If the vendor is a publicly traded entity subject to Federal 10K reporting, it may submit its 10K disclosure to satisfy the 5% ownership disclosure. Distributive income share, in this instance, is a fee, commission, bonus or any other form of remuneration conferred by the bidding entity or its parent contingent on the bidding entity’s selection for procurement of services by ISBI.

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

PLEASE PROVIDE OWNERSHIP DISCLOSURES IN AN ATTACHMENT.

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

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

- a. State employment, currently or in the previous three years, including contractual employment services;
- b. State employment by spouse, father, mother, son, daughter or immediate family including contractual employment for services in the previous two years;

c. Elective Status: the holding of elective office of the State of Illinois, the government of the United States, any unit of local government authorized by the Constitution of the State of Illinois or the statutes of the State of Illinois currently or in the previous three years;

d. Relationship to anyone (spouse, father, mother, son, daughter or immediate family) holding elective office currently or in the previous two years;

e. Employment, currently or in the previous three years, as or by any registered lobbyist of the State government;

f. Relationship to anyone (spouse, father, mother, son, daughter or immediate family) who is or was a registered lobbyist of the State government in the previous two years;

g. Compensated employment, currently or in the previous three years, by any registered election or re-election committee registered with the Secretary of State or any county clerk in the State of Illinois, or any political action committee registered with either the Secretary of State or the Federal Board of Elections;

h. Relationship to anyone (spouse, father, mother, son, daughter or immediate family) who is or was a compensated employee in the last two years of any registered election or re-election committee registered with the Secretary of State or any county clerk in the State of Illinois, or any political action committee registered with either the Secretary of State or the Federal Board of Elections.

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

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

These disclosures are not intended to prohibit or prevent any contract. The disclosures are used to fully and publicly disclose any potential conflict to ISBI so that ISBI may adequately discharge its duty to protect its participants.

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

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

Failure to make any disclosure required by this provision may render the contract, bid, proposal, response or relationship voidable by the Board and may result in the termination of any existing

relationship, suspension from future contracts, bids, proposals, responses or relationships for a period up to ten years. Reinstatement must be reviewed and commented on in writing by the Executive Director. The Board shall determine in writing whether and when to reinstate the party at issue. The comment and determination must be a part of the associated file.

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

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

**ADOPTED: September 7, 2005**

**AMENDED: December 16, 2005**

**AMENDED: January 30, 2009**