

STATE OF ILLINOIS



REQUEST FOR PROPOSAL

TO PROVIDE PROFESSIONAL SERVICES

Relating to Pension Actuarial Services

Issued by the
State of Illinois
Executive Office of the Governor
Governor's Office of Management and Budget

January 11, 2006

PROPOSAL DUE BY 5:00 PM (CST), January 26, 2007

Governor's Office of Management and Budget
603 Stratton
Springfield, Illinois 62706

**REQUEST FOR PROPOSALS (RFP) TO PROVIDE
ACTUARIAL SERVICES TO THE
STATE OF ILLINOIS**

I. INTRODUCTION AND GENERAL INFORMATION

The State of Illinois (the "State"), through the Governor's Office of Management and Budget ("GOMB" or the "Agency"), is requesting proposals for actuarial services. GOMB is responsible for, among other duties, the development and implementation of the Governor's budget, and as such, must evaluate the fiscal impact of various programs of the State and associated entities as well as a variety of complex budgets throughout state government. GOMB often needs expert assistance to assist the State in many disciplines such as healthcare, employee benefits, purchasing management and facilities management.

This RFP follows up on a substantially similar RFP issued in February 2005 and specifically requests assistance from an actuarial firm to analyze various aspects of the employee retirement systems of the State including pension system assets, projected actuarial liabilities, and various funding options and alternatives. A review of the assumptions that are made by the retirement systems and their actuaries may be conducted to confine the certifications submitted by the retirement systems are reasonable on behalf of the employees, annuitants and taxpayers of the State of Illinois. Additionally, and as described in more detail below, GOMB provides staff support to the Governor's Pension Commission and in this capacity requires additional technical and analytical assistance from actuarial experts. GOMB expects to qualify one or more firms to provide these services.

The services of a firm or firms selected under this RFP (an "Actuarial Advisor") are expected to be provided through a contract extending to December 31, 2007, subject to early termination as provided in such contract. This contract can be extended at the State's option for up to two six-month extensions. The State reserves the right to issue additional RFPs and enter into additional contracts for these or any other types of services during this time period. Additionally, the State reserves the right to assign certain of its obligations (not related to the Scope of Services) under the contract entered into pursuant to this RFP to one or more State agencies or entities, as may be appropriate.

Proposals must be received no later than 5:00 p.m. (Central Savings Time), January 26, 2007 to be considered. Four hard copies of your proposal (limited to 10 pages, including any appendices you create but excluding the appendices, certifications and disclosures required herein) should be submitted to either the Springfield or Chicago offices of GOMB care of Actuarial RFP Responses, Governor's Office of Management and Budget at 603 Stratton Building, Springfield, Illinois 62706 or J.R. Thompson Center; Suite 15-100, 100 West Randolph Street, Chicago, Illinois 60601. Please provide one copy of your proposal unbound among the four hard copies. Bidders may also submit electronic copies of their proposals in Adobe.pdf format only in lieu of hard copy for purposes of the submission deadline, provided that the required hard copies described below are transmitted to the State with a postmark or other relevant unalterable third-party delivery confirmation of transmission of not later than the deadline set forth above. Electronic copies are to be transmitted to OMB.ActuarialRFP@illinois.gov. Do not submit any fee-related bid information in electronic form. A hard copy of all required sealed fee-related bid information described in this RFP must be received by GOMB at either the Springfield or Chicago address set forth below by the 5:00 p.m., January 26, 2007 deadline. The State will retain, and is under no obligation to return, all materials submitted in response to this request. Firms mailing a proposal should allow sufficient mail delivery time to ensure timely receipt. Failure to provide all requested information or otherwise comply with these provisions may disqualify your proposal.

Parties that intend to respond are asked to confirm receipt of the entire RFP document via email to OMB.ActuarialRFP@illinois.gov, attention: "Actuarial RFP Responses" no later than **January 19, 2007**. GOMB plans to select finalist(s) as soon as possible after the RFP submission deadline.

Questions related to any aspect of or type of service contemplated within this RFP should be submitted by e-mail to OMB.ActuarialRFP@illinois.gov not later than **January 17, 2007**. Please indicate "Actuarial RFP Question – Firm Name" in the subject line. Answers to questions (in a cumulative format) along with the RFP itself will be posted on the State's website at www.state.il.us/budget.

In the discretion of GOMB, if appropriate and advisable, there may be a bidders' conference call to address any questions about this RFP prior to the RFP submission deadline. Please watch the GOMB website (www.state.il.us/budget) for details on any such conference call, and any other additional information regarding this RFP.

Copies of this RFP document (including certifications) are also available on GOMB's website and on the Illinois Procurement Bulletin at www.purchase.state.il.us. GOMB may also post on its website or send out supplemental information before the response date to firms indicating intent to respond. The State is not liable for any costs incurred by respondents in replying to this RFP and reserves the right to reject any and all proposals with or without cause.

II. SCOPE OF SERVICES

Governor's Pension Commission

The Governor of the State of Illinois convened the Governor's Pension Commission (the "Commission") to review the financial condition of the five Illinois State pension systems: the amount and growth of the liability of the funding plans, their employee benefit and contribution structures, their effect on Illinois current and future financial condition and to make recommendations to improve the affordability of the State's pension systems. Additionally, the Commission reviews the status, effects and considerations associated with the 50-year funding plan adopted by the General Assembly in 1995. The Actuarial Advisor will assist the Commission with the technical and analytical aspects of this ongoing work. Anticipated services include attendance at meetings of the Commission, preparation of information, research, analysis, cost calculations, recommendations and presentations as requested by the Commission.

Assistance With Regard to Pension Obligation Bonds Reimbursement

On June 12, 2003, the State issued \$10 billion of pension funding General Obligation Bonds ("POBs"). The net bond proceeds were allocated among the five State-funded retirement systems to be applied towards the State's remaining 2003 and 2004 scheduled contributions, and also to reduce the retirement systems' unfunded liabilities as provided in P.A. 93-0002. The Actuarial Advisor may assist GOMB to identify and work for federal reimbursement as may be applicable to the use of proceeds from the POBs, and develop an overall strategy for equitable federal reimbursement to each system, including possible participation in negotiations regarding allowable POB funding recovery with each cognizant federal agency.

Evaluations of and Projections for Five State Retirement Systems

In conjunction with the work being done for the Commission, GOMB has sought and continues to seek independent evaluation by the Actuarial Advisor of existing actuarial studies produced on behalf of the five State retirement systems as well as modeling services and projections for potential plan adjustments. For example, GOMB or the Commission may require sensitivity analyses of the actuarial methods and assumptions made in existing valuations, or experience analyses related to the value of pension assets and actuarial liabilities, including economic and demographic factors such as rates of return, employer contribution rates, expected compensation, early retirement, workforce size, mortality and term of service. Additionally, review of the performances of and projections for the five systems to ensure reasonableness and consistency is desired. Additional information about each system is included in **Appendix A**. Finally, the Actuarial Advisor should expect to provide additional advisory services to GOMB or the Commission on actuarial matters of the foregoing nature relating to the State's five retirement systems as may be requested from time to time, including assistance with the formulation, development and presentation of any relevant legislative proposals.

No work shall be commenced without the prior approval of GOMB. All work is to be performed to meet anticipated deadlines and provide deliverables in advance of various budgeting process milestones, often under significant time constraints.

III. RESPONSE TO REQUEST FOR PROPOSALS

All respondents must respond to questions A through G. **Respondents must present proposals in the same sequence and with the same letter scheme as in this Section III.**

Note: Please make specific reference in the response, as well as in any accompanying cover letter or document, to any legitimately and appropriately confidential or proprietary material contained in the response.

- A. Describe your firm and its capabilities, highlighting prior involvement with the State, the State's retirement systems and/or other pension systems of comparable size and complexity. Identify similar projects that your firm has overseen, providing reference names and contact information of clients for which your firm undertook similar projects. Expound upon your subject matter expertise as it would apply to the matters described in the Scope of Services portion of this RFP. Clearly indicate any current or past contracts your firm has held to provide advisory services of a similar nature to GOMB, the Commission, any of the State's five retirement systems or any other State entities.
- B. Provide a list of your firm's relevant clients, especially any government pension funds. Identify any actuarial valuations subject to audit or review in the last three years. If applicable, provide findings of the most recent audit.
- C. Identify the person or persons in your firm who would be the project leader(s) and team members for work under this RFP, and describe in detail each person's background, including educational and professional background, professional actuarial certifications, and their knowledge of and experience in working with government pension funds. Provide a staffing plan for work under this RFP, and indicate the roles and responsibilities of each assigned individual.
- D. Detail any criminal investigation, indictment, prosecution or other proceeding that has ever been brought against your firm (provide attachment if necessary). Also describe any civil litigation pending or concluded within the last three years against your firm (provide attachments if necessary). Also describe the nature of any conflicts of interest that you believe may exist or arise.
- E. Summarize your firm's anti-discrimination and affirmative action/equal opportunity policies. Summarize your firm's female and minority employment practices, including the number of women, minority and disabled professionals in your firm and if they would be used to provide services to the State.
- F. **Provide one copy only of fee-related information, using the matrix format in Appendix E, in a separate sealed envelope** as required by the Illinois Procurement Code. The pricing for your bid should be formulated in two alternatives: 1) with a schedule of hourly rates for professionals whom you believe would be assigned to the matters covered by this RFP, and 2) on the basis of a single blended hourly rate for all professionals (regardless of level) to be assigned to the matters covered by this RFP. All out-of-pocket expenses approved in advance by GOMB under the contract issued pursuant to this RFP will be reimbursed at actual cost. **Do not include any reference to fees in the body of your RFP response. Your firm name should be clearly labeled on the outside of your bid envelope.** Failure to comply with these provisions may result in disqualification of your firm.
- G. All respondents are required to provide all certifications and disclosures under the Illinois Procurement Code (see Appendix B). Failure to complete and sign the forms included in Appendix B to this document may disqualify your firm.

IV. EVALUATION AND SELECTION PROCESS

RFP Responses will be evaluated based on the firm's responses to Section III, questions A - G above, and the following criteria:

- Subject matter expertise, prior State of Illinois experience; experience with the State's retirement systems and/or other pension systems of comparable size and complexity.
- Strength of work plan and description of approach.
- Provision of reports or documentation from similar prior work that details methods and demonstrates ability to meet the services sought by this RFP.
- Demonstration of ability to provide deliverables in a timely manner.
- Assignment of appropriate personnel with experience in areas described above for duration of engagement.
- The firm's ability to provide low cost quality service to the State. Fees and services may be subject to negotiation. GOMB reserves the right to select multiple Advisors to provide Services.

This RFP includes a specific Business Enterprise Program (BEP) utilization goal of 19% based on the availability of certified vendors to perform the anticipated direct subcontracting opportunities of the contract. In addition to the other award criteria established under this RFP, the Vendor will meet the BEP utilization goal or provide evidence satisfactory to GOMB of the the Vendor's good faith effort to meet the goal.

APPENDIX A
PENSION SYSTEMS

The State has five retirement systems (collectively the “Systems”): the State Employees' Retirement System of Illinois (the “SERS”), the Teachers' Retirement System of the State of Illinois (the “TRS”), the State Universities Retirement System (the “SURS”), the Judges Retirement System of Illinois (the “JRS”), and the General Assembly Retirement System (the “GARS”). The retirement systems provide benefits upon retirement, death or disability to employees and beneficiaries.

Members of each System contribute a portion of their annual salary for retirement purposes. The contribution rates range from 4 to 12.5 percent depending on the fund to which contributions are deposited and whether or not the member participates in the federal Social Security program. Benefits paid to retirees generally are based on a fixed benefit plan. Under this type of plan, benefits are generally computed as a percentage of final average salary multiplied by the number of years of service of the employee.

The following chart sets forth the number of participants, assets, liabilities and UAAL for each of the Systems.

Retirement Systems' Pension Fund Statistics
(as of June 30, 2005)

Retirement System	Participants				\$ in millions		
	Active Members	Inactive / Entitled to Benefits	Retirees and Beneficiaries	Total	Assets ¹	Liabilities ²	UAAL
TRS	157,643	88,282	82,491	328,416	\$34,085.2	\$56,075.0	\$21,989.8
SURS	80,102	69,849	39,800	189,751	13,350.2	20,349.9	6,999.7
SERS	69,163	22,260	54,828	146,251	10,494.1	19,304.6	8,810.5
JRS	928	34	900	1,862	565.0	1,236.5	671.5
GARS	182	93	397	672	83.3	212.9	129.6
Total	308,018	180,518	178,416	666,952	\$58,577.8	\$97,178.9	\$38,601.1

¹Net assets are reported at fair market value per Governmental Accounting Standards Board Statement 25.

²Actuarially determined accrued cost of projected benefits.

DESCRIPTIONS OF THE RETIREMENT SYSTEMS

Teachers' Retirement System of the State of Illinois

The General Assembly created the TRS in 1939. TRS administers a cost-sharing, multiple employer public pension plan and provides its members with retirement, disability and survivor benefits. Generally, members of TRS include all full-time, part-time and substitute Illinois public school personnel, excluding personnel employed within the city of Chicago, in positions requiring certification by the Illinois State Board of Education. Individuals employed in certain state agencies relating to education are also members of TRS. Funding for TRS benefit programs is obtained from member contributions, TRS covered employers' contributions, the State, and investment income. The TRS Board of Trustees annually certifies a minimum State contribution based on the statutory formula. The State is obligated to pay this amount on a continuing appropriation. Moreover, TRS uses outside investment managers, a general consultant and TRS staff to invest the trust assets in accordance with investment guidelines established by its Board of Trustees and the fiduciary standards imposed by State law. Upon termination of service, a member is entitled to a refund of total contributions to TRS. The refund does not include interest or contributions for survivor benefits. By accepting a refund, the member forfeits rights to benefits from TRS.

General Assembly Retirement System

The GARS provides retirement annuities, survivors' annuities and other benefits for members of the General Assembly, certain elected state officials and their beneficiaries. Contributions are made by members, employers and returns from the investment of trust assets. Upon termination of service, a member is entitled to a refund of total contributions to GARS, without interest. Acceptance of a refund forfeits all accrued rights and benefits by the member and his or her beneficiaries.

State Employees Retirement System of Illinois

The SERS provides retirement, disability and survivor benefits for, generally, all persons entering State service after serving a six-month qualifying period, unless their position is subject to membership in another state supported system. Contributions are made by members, employers and returns from the investment of trust assets. Upon termination of service, a member is entitled to a refund of total contributions to SERS, without interest. Acceptance of a refund forfeits all accrued rights and benefits by the member and his or her beneficiaries.

Judges' Retirement System of Illinois

The JRS provides retirement annuities, survivors' annuities and other benefits for persons elected or appointed as a judge or associate judge of a State court. Contributions are made by members, employers and returns from the investment of trust assets. Upon termination of service, a member is entitled to a refund of total contributions to JRS, without interest. Acceptance of a refund forfeits all accrued rights and benefits by the member and his or her beneficiaries.

State Universities Retirement System

The SURS generally provides retirement, disability and survivor benefits for all permanent status employees with an appointment of 4 months or one academic term, whichever is less. Employees now have the option of selecting the type of account into which their money is deposited. The three options are: (1) the traditional benefits plan, (2) the portable benefits plan, and (3) the self-managed benefits plan.

Under the traditional benefits plan, the State and members contribute to the retirement fund for each employee. The amount of the employer's contribution is determined each year dependent on many variables but usually ranges between 8 and 10%. Upon termination of services, a member may receive a refund consisting of the amount of the member's contribution plus interest credited (not to exceed 4.5%). Any employer or State matching funds will be forfeited.

Under the portable benefits plan, the State and members contribute to the retirement fund for each employee. The amount of the employer's contribution is determined each year dependent on many variables but usually ranges between 8 and 10%. Upon termination of services, with less than 5 years of service credit, a member is entitled to receive a refund consisting of total contributions plus the full effective rate of interest that has accumulated on the contributions. Upon termination of services with 5 or more years of qualified service, a member may receive a refund consisting of contributions plus interest and an equal match from the State.

Under the self-managed plan, the State and members contribute to the retirement fund of each employee. Upon termination of services with less than 5 years of service, a member forfeits the State contributions. Upon termination of services with 5 or more years of service, a member may receive his or her account balance in a lump sum.

FUNDING FOR THE RETIREMENT SYSTEMS

One measure of the fiscal condition of retirement systems, the degree of funding or the funding ratio, is the ratio of net assets to total liabilities. As with many other states, the five State Systems have a

significant unfunded actuarial accrued liability, which has increased from time to time due to State legislation increasing benefits to participants in the retirement systems without corresponding changes in employee funding, insufficient employer funding, the performance of investments held within each such System and generous early retirement initiatives.

Relevant Legislation

Legislation in 1994 established an actuarially-based funding method for the retirement systems. Pursuant to this law, the State's percent of payroll contribution to each retirement system began increasing in fiscal year 1996 and is scheduled to increase each year through fiscal year 2010. In fiscal years 2011 through 2045, the State's contribution is scheduled to level off to an equal percentage of payroll as necessary to amortize 90 percent of the Systems' unfunded liabilities by the end of the 50-year period. Public Act 93-2 (the legislation authorizing the issuance of the POBs described in Section II above) provides that for each fiscal year, beginning in fiscal year 2005, the State's contribution to each of the Systems shall not exceed an amount equal to: (i) the amount of the required State contribution that would have been calculated for that fiscal year if the System had not received any payments of bond proceeds for UAALs, minus (ii) the portion of the total debt service payments for the fiscal year on the bonds that is the same as the portion of the total bond proceeds for UAALs distributed to the System.

The 1994 amendments to the Pension Code also provided for continuing appropriations for the Systems beginning in fiscal year 1996. In the event that the General Assembly fails to appropriate the amounts certified by the Systems, the Act provides for payments to be made by the Comptroller and the Treasurer in amounts sufficient to meet the requirements of the Act.

In 1997, legislation was enacted that significantly affected the State pension systems. The Pension Code requires the Systems to carry investments "at a value determined in accordance with generally accepted accounting principles." This language enabled the State to comply with the Governmental Accounting Standards Board Statement 25, requiring public pension systems to report assets on a market value basis. The Pension Code was further amended to change the step-rate pension benefit formulas in the SERS and the SURS to a more generous flat-rate formula that began January 1, 1998. This amendment did not alter the SERS alternative pension formula rates covering State Police, Department of Corrections and other State security personnel, but it allowed the pension for all such employees to be calculated based on an employee's salary on the last day of pay.

To defray the cost of the benefit increases, these amendments ended the accumulation of compensable sick leave by State and university employees and required future retirees with less than 20 years of service to pay a share of their group health insurance costs. In addition to the sick leave and health insurance offsets, SERS members covered by the regular pension formula did not receive a cost-of-living salary adjustment in fiscal year 1998. The costs of the pension enhancements are fully funded as a level percent of employee payroll amortized from the date of the formula change through fiscal year 2045.

SURS is the plan sponsor and administrator of a defined contribution plan called the Self Managed Plan ("SMP") established as of January 1, 1998. The SMP is a qualified money purchase pension plan under Section 401(a) of the Internal Revenue Code. The assets of the SMP are maintained under a trust administered by the SURS Board of Trustees in accordance with the Pension Code. Until July 1, 2005, this plan was offered to employees of all SURS employers who elect to participate. SMP eligibility criteria were modified by Public Act 94-4 as described below.

In 1998, the step-rate pension benefit formula in TRS was replaced with a more generous 2.2 flat rate formula for credit earned beginning July 1, 1998. Members can make voluntary payments to upgrade service under the previous step-rate formula.

In 2000, additional changes to the SERS pension benefits were enacted. The "Rule of 85" which was approved pursuant to Public Act 91-927, allows an employee with any combination of age and years of service that totals 85 to retire without any penalty. Previously, employees had to be 60 years of age or

have 35 years of service credit to retire with full benefits. Public Act 92-14, effective June 28, 2001, contained additional pension provisions which upgraded the alternative formula to 2.5 percent for all years of service for a coordinated employee and to 3.0 percent for all years for non-coordinated employees. It increased the maximum annuity from 75 percent to 80 percent of final average salary and expanded eligibility for the alternative formula to include certain employees within the Department of Human Services.

Public Act 92-566, effective June 25, 2002, allowed eligible State employees to purchase up to six months of service in order to qualify for early retirement. To have been eligible, a State employee must have been on active payroll in June 2002, or on lay-off status with a right of re-employment or recall, or on disability leave for not more than two years, and have a minimum of eight years of creditable service exclusive of service time established by Public Act 92-566, and not have previously retired under Article 14 or Article 16-133.3 of the Pension Code. This Act establishes that the unfunded liability from this early retirement initiative shall be amortized over a 10-year period. The fiscal year 2004 State contribution was approximately \$70 million and the remainder is to be amortized in equal payments during the next nine years. 11,039 employees took advantage of this retirement option.

PUBLIC ACT 94-4

Public Act 94-4, effective June 1, 2005 (the "Pension Act"), made certain reductions to plan benefit provisions and consequent funding requirements. The Pension Act prohibits all new benefit increases unless there is a specifically identified adequate additional funding source upon adoption of the benefit. The Pension Act also provided that all benefit increases expire five years after their effective date, unless extended by action of the General Assembly.

The Pension Act provides for significant changes in benefits. The Act eliminated the Money Purchase Option ("MPO") in the TRS and SURS plans for participants employed after July 1, 2005. The MPO provides a member an annuity computed under the defined benefit formula or the MPO, whichever is greater. The MPO matches employee contributions at 140%. That sum is converted to an actuarially equivalent annuity. The Pension Act also requires local employers to fund the additional cost of pension benefits attributable to pay increases greater than 6% during the final four years of employment. Prior to the Pension Act, the State was responsible for funding the full cost of pensions, with pay increases limited to a maximum of 20% per year.

The Pension Act also provided an Early Retirement Option (ERO) for TRS to replace the ERO that expired June 30, 2005. In comparison to the expiring ERO, the new ERO significantly increased required member and school district contributions and increased the service requirement for unreduced benefits from 34 to 35 years. However, TRS members who notified their employers by June 1, 2005 of their intent to participate in the prior ERO, can still do so if they retire by July 1, 2007.

The Pension Act also requires local employers to pay the normal cost related to sick leave granted in excess of the normal allotment. The Pension Act shifted responsibility for setting the interest rate for the SURS MPO from the SURS Board to the Illinois State Comptroller.

The Pension Act also provides for fiscal year 2006 and 2007 contributions in the amounts of \$1,431.7 million and \$1,868.9 million respectively, inclusive of debt service (approximately \$496 million each year) on the POB proceeds received by the Systems in fiscal years 2003 and 2004.

In August 2005, the independent actuary advising the Commission on Government Forecasting and Accountability ("CGFA") reported the projected effects of benefit changes in the Pension Act to both the future accrued actuarial liability as well as annual contributions of the State over time. Exclusive of savings associated with the interest rate assumption of the money purchase formula, as well as savings associated with the sick/leave exclusion, the actuary estimated (when including all other changes listed

above) there would be a \$42.8 billion reduction in the pension liability, and that total State contributions, between fiscal year 2005 and fiscal year 2045, would change from \$301.2 billion (pre-PA94-4) to \$302.2 billion, a cost difference of \$947 million over 40 years. GOMB's current consulting actuary reports however, since these estimates did not include all of the benefit changes summarized above, they would not be the most appropriate estimate.

The actuary advising CGFA further reviewed the interest rate assumption of the Money Purchase formula for the State University Retirement System (SURS). Based upon the existing long-term 9% assumption used by SURS, the actuary advising the CGFA estimated the impact of changing that assumption to either 6% (the statutory rate for the Teachers Retirement System) or 7.5% (the midpoint of the range). Using the 7.5% assumption, the overall estimated net impact of the Pension Act would be a cumulative savings in contributions (including all of the above except sick leave savings) over the remaining forty-year funding period in excess of \$3 billion, as reported by the actuary advising CGFA. Under the 6% assumption, the overall estimated net savings of the Pension Act would be approximately \$7 billion over the same funding period. (For a summary of the actuary's findings, see the August 2005 Monthly Revenue Briefing at: http://www.ilga.gov/commission/cgfa/cgfa_home.html).

Pursuant to its new statutory role under the Pension Act, the Comptroller's Office has engaged a consulting actuary to develop a methodology for estimating the effective rate of interest to be used for the Money Purchase formula of SURS. That actuary reported that SURS assets could expect to earn a long-term return in future years of 7%, net of costs. The actuary adjusted this prospective rate of 7% to reflect historical performance of the SURS fund in arriving at the recommended effective rate of interest of 7.76%. Based on that report, on August 31, 2005, the Comptroller set the one-year Money Purchase interest rate at 8% for 2007, while not changing the 2006 one year rate of 8.5% previously set by the SURS board, citing certain constitutional provisions.

GOMB's current consulting actuary has reviewed the various estimates prepared by the actuaries of each Retirement System, the actuary advising the CGFA, and the consulting actuary to the Comptroller's Office. Of the various estimates presented by these other actuaries, GOMB's current actuary reports that the most appropriate, reasonable and complete estimate of the net savings associated with the Pension Act is the \$3 billion estimate prepared by the actuary advising CGFA. As stated above, that estimate reflects all of the changes in the Pension Act and uses a 7.5% interest rate assumption for the Money Purchase Option, though not encompassing any additional savings associated with exclusions of sick leave grants. GOMB's current consulting actuary also reports that the most appropriate estimate of the liability savings, associated with this \$3 billion in contribution savings, was estimated by the actuary advising CGFA to be approximately \$44 billion (or 8%) by the end of fiscal 2045.

The Governor's management and budgetary actions have resulted in the reduction of headcount to its lowest level in more than 30 years. In addition to the annual payroll savings this headcount reduction effort has generated, SERS, in their June 30, 2005 actuarial valuation, recognized savings of approximately \$5 billion in state contribution requirements between fiscal year 2006 and 2045 as a result of this effort. This \$5 billion contribution savings is in addition to the \$3 billion discussed above.

APPENDIX B
CERTIFICATIONS

The undersigned (“VENDOR”) certifies its compliance or agreement to comply with the following legal requirements, and that it is not barred from being awarded a contract or subcontract due to violation of, or inability or unwillingness to comply with those requirements.

Non-discrimination--Federal Requirements. VENDOR, its employees and subcontractors, agree to comply with applicable provisions of the U.S. Civil Rights Act, Section 504 of the Federal Rehabilitation Act, and rules applicable to each. The Americans with Disabilities Act (42 U.S.C. 12101 et seq.) and rules (28 CFR 35.130) (ADA) prohibit discrimination against persons with disabilities by the State, whether directly or through contractual arrangements, in the provision of any aid, benefit or service. As a condition of receiving this contract, the VENDOR certifies that services, programs and activities provided under this contract are and will continue to be in compliance with the ADA.

(5 ILCS 385/3) Default on Repayment of Educational Loan. No State agency shall contract with an individual for goods or services if that individual is in default on an educational loan. A partnership shall be considered barred if any partner is in default on an educational loan.

(30 ILCS 105/15a) Early Retirement.

- a) VENDOR has informed the director of GOMB in writing if he/she was formerly employed by that agency and has received an early retirement incentive prior to 1993 under section 14-108.3 or 16-133.3 of the Illinois Pension Code, and acknowledges that contracts made without the appropriate filing with the Auditor General are not payable from the “contractual services” or other appropriation line items.
- b) VENDOR has not received an early retirement incentive in or after 2002 under section 14-108.3 or 16-133.3 of the Illinois Pension Code, and acknowledges that contracts in violation of Section 15a of the State Finance Act are not payable from the “contractual services” or other appropriation line items.

(30 ILCS 500/50-5) Bribery.

- a) No person or business entity shall be awarded a contract or sub-contract if that person or business entity: (1) has been convicted under the laws of Illinois or any other state of bribery or attempting to bribe an officer or employee of the State of Illinois or any other state in that officer’s or employee’s official capacity; or (2) has made an admission of guilt of such conduct that is a matter of record but has not been prosecuted for such conduct.
- b) No business shall be barred from contracting with any unit of State or local government as a result of a conviction under this Section of any employee or agent of the business if the employee or agent is no longer employed by the business and; (1) the business has been finally adjudicated not guilty; or (2) the business demonstrates to the governmental entity with which it seeks to contract, and that entity finds that the commission of the offense was not authorized, requested, commanded, or performed by a director, officer or a high managerial agent on behalf of the business as provided in paragraph (2) of subsection (a) of Section 5-4 of the Criminal Code of 1961.
- c) For purposes of this Section, when an official, agent, or employee of a business committed the bribery or attempted bribery on behalf of the business and pursuant to the direction or authorization of a responsible official of the business, the business shall be chargeable with the conduct.

(30 ILCS 500/50-10) Felony Conviction. Unless otherwise provided, no person or business entity

convicted of a felony shall do business with the State of Illinois or any State agency from the date of conviction until 5 years after the date of completion of the sentence for such felony, unless no person held responsible by a prosecutorial office for the facts upon which the conviction was based continues to have any involvement with the business.

(30 ILCS 500/50-10.5) Sarbanes-Oxley Felony Conviction. Unless otherwise provided, no person or business entity, nor any officer, director, partner, or other managerial agent of person or business entity, who has been convicted of a felony under the Sarbanes-Oxley Act of 2002, or a Class 3 or Class 2 felony under the Illinois Securities Law of 1953 shall do business with the State of Illinois or any State agency until at least 5 years have passed since the date of the conviction. VENDOR further certifies that it is not barred from being awarded a contract under 30 ILCS 500/50-10.5, and acknowledges that the contracting State agency shall declare the contract void if this certification is false.

(30 ILCS 500/50-11) Debt Delinquency.

- a) No person shall submit a bid for or enter into a contract with a State agency under this Code if that person knows or should know that he or she is delinquent in the payment of any debt to the State, unless the person has entered into a deferred payment plan to pay off the debt. For purposes of this Section, the phrase "delinquent in the payment of any debt" shall be determined by the Debt Collection Board.
- b) Every bid submitted to and contract executed by the State shall contain a certification by the bidder or contractor that the contractor is not barred from being awarded a contract under this Section and that the contractor acknowledges that the contracting State agency may declare the contract void if the certification completed pursuant to this subsection (b) is false.

(30 ILCS 500/50-12) Illinois Use Tax. VENDOR and all affiliates shall collect and remit Illinois Use Tax on all sales of tangible personal property into the State of Illinois in accordance with provisions of the Illinois Use Tax Act (30 ILCS 500/50-12) and acknowledge that failure to comply can result in the contract being declared void.

(30 ILCS 500/50-13) Interest of State Employee, Spouse and Minor Children.

- a) Prohibition. It is unlawful for any person holding an elective office in this State, holding a seat in the General Assembly, or appointed to or employed in any of the offices or agencies of State government and who receives compensation for such employment in excess of 60% of the salary of the Governor of the State of Illinois (\$90,420.00), or who is an officer or employee of the Capital Development Board or the Illinois Toll Highway Authority, or who is the spouse or minor child of any such person to have or acquire any contract, or any direct pecuniary interest in any contract therein, whether for stationery, printing, paper, or any services, materials, or supplies, that will be wholly or partially satisfied by the payment of funds appropriated by the General Assembly of the State of Illinois or in any contract of the Capital Development Board or the Illinois Toll Highway Authority.
- b) Interests. It is unlawful for any firm, partnership, association, or corporation, in which any person listed in subsection (a) is entitled to receive (i) more than 7 1/2% of the total distributable income or (ii) an amount in excess of the salary of the Governor (\$150,700.00), to have or acquire any such contract or direct pecuniary interest therein.
- c) Combined interests. It is unlawful for any firm, partnership, association, or corporation, in which any person listed in subsection (a) together with his or her spouse or minor children is entitled to receive (i) more than 15%, in the aggregate, of the total distributable income or (ii) an amount in excess of 2 times the salary of the Governor (\$301,400.00), to have or acquire any such contract or direct pecuniary interest therein.

- d) Securities. Nothing in this Section invalidates the provisions of any bond or other security previously offered or to be offered for sale or sold by or for the State of Illinois.
- e) Prior interests. This Section does not affect the validity of any contract made between the State and an officer or employee of the State or member of the General Assembly, his or her spouse, minor child or any combination of those persons if that contract was in existence before his or her election or employment as an officer, member, or employee. The contract is voidable, however, if it cannot be completed within 365 days after the officer, member, or employee takes office or is employed.
- f) Exceptions.
 - (1) Public aid payments. This Section does not apply to payments made for a public aid recipient.
 - (2) Teaching. This Section does not apply to a contract for personal services as a teacher or school administrator between a member of the General Assembly or his or her spouse, or a State officer or employee or his or her spouse, and any school district, public community college district, the University of Illinois, Southern Illinois University, Illinois State University, Eastern Illinois University, Northern Illinois University, Western Illinois University, Chicago State University, Governor State University, or Northeastern Illinois University.
 - (3) Ministerial duties. This Section does not apply to a contract for personal services of a wholly ministerial character, including but not limited to services as a laborer, clerk, typist, stenographer, page, bookkeeper, receptionist, or telephone switchboard operator, made by a spouse or minor child of an elective or appointive State officer or employee or of a member of the General Assembly.
 - (4) Child and family services. This Section does not apply to payments made to a member of the General Assembly, a State officer or employee, his or her spouse or minor child acting as a foster parent, homemaker, advocate, or volunteer for or in behalf of a child or family served by the Department of Children and Family Services.
 - (5) Licensed professionals. Contracts with licensed professionals, provided they are competitively bid or part of a reimbursement program for specific, customary goods and services through the Department of Children and Family Services, the Department of Human Services, the Department of Public Aid, the Department of Public Health, or the Department on Aging.
- g) Penalty. A person convicted of a violation of this Section is guilty of a business offense and shall be fined not less than \$1,000 nor more than \$5,000.

(30 ILCS 500/50-25) Inducements. Any person who offers or pays any money or valuable thing to any person to induce him or her not to bid on a State contract is guilty of a Class 4 felony. Any person who accepts money or other valuable thing for not bidding on a State contract or who withholds a bid in consideration of the promise for the payment of money or other valuable thing is guilty of a Class 4 felony.

(30 ILCS 500/50-30) Revolving Door Prohibition. Chief procurement officers, associate procurement officers, State purchasing officers, their designees whose principal duties are directly related to State procurement, and executive officers confirmed by the Senate are expressly prohibited for a period of 2 years after terminating an affected position from engaging in any procurement activity relating to the agency most recently employing them in an affected position for a period of at least 6 months. The prohibition includes but is not limited to: lobbying the procurement process; specifying; bidding; proposing bid, proposal, or contract documents; on their own behalf or on behalf of any firm, partnership, association, or corporation. This Section applies only to those persons who terminate an affected position on or after January 15, 1999.

(30 ILCS 500/50-40) Reporting Anticompetitive Practices. When, for any reason, any vendor, bidder, contractor, or designee suspects collusion or other anticompetitive practice among any bidders, offerors, contractors, proposers or employees of the State, a notice of the relevant facts shall be transmitted to the Illinois Attorney General and the chief procurement officer. This includes reporting any chief procurement officer, State purchasing officer, designee, or executive officer who willfully uses or allows the use of specifications, competitive bid documents, proprietary competitive information, proposals, contracts, or selection information to compromise the fairness or integrity of the procurement, bidding, or contract process **(30 ILCS 500/50-45)**, or any current or former elected or appointed State official or State employee to knowingly uses confidential information available only by virtue of that office or employment for actual or anticipated gain for themselves or another person **(30 ILCS 500/50-50)**.

(30 ILCS 580) Drug-free Workplace. No grantee or contractor shall receive a grant or be considered for the purposes of being awarded a contract from the State for the procurement of any property or services unless that grantee or contractor will provide a drug free workplace. No individual engaged in the unlawful manufacture, distribution, dispensation, possession or use of a controlled substance may have a contract or grant. False certification or violation of the certification may result in sanctions including, but not limited to, suspension of contract or grant payments, termination of the contract or grant and debarment of contracting or grant opportunities with the State for at least one (1) year but not more than five (5) years. **CONTRACTOR/GRANTEE:** For the purpose of this certification, "grantee" or "contractor" means a corporation, partnership, or other entity with twenty-five (25) or more employees at the time of issuing the grant, or a department, division, or other unit thereof, directly responsible for the specific performance under a contract or grant of \$5,000 or more from the State.

The contractor/grantee certifies and agrees that it will provide a drug free workplace by:

- a) Publishing a statement for the purpose of: (1) 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; (2) specifying the actions that will be taken against employees for violations of such prohibition; and (3) notifying the employee that, as a condition of employment on such contract or grant, the employee will abide by the terms of the statement and 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: (1) the dangers of drug abuse in the workplace; (2) the grantee's or contractor's policy of maintaining a drug free workplace; (3) any available drug counseling, rehabilitation, and employee assistance programs; and (4) the penalties that may be imposed upon employees for drug violations.
- c) Providing a copy of the statement required by subparagraph (a) to each employee engaged in the performance of the contract or grant and to post the statement in a prominent place in the workplace.
- d) Notifying the contracting or granting agency within ten (10) days after receiving notice under subsection (a)(3) above from an employee or otherwise receiving actual notice of such conviction.
- e) Imposing a sanction on, or requiring the satisfactory participation in a drug abuse assistance or rehabilitation program by, any 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 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.

INDIVIDUALS: If VENDOR is an individual, or an individual doing business in the form of a sole

proprietorship, the individual certifies that the individual will not engage in the unlawful manufacture, distribution, dispensation, possession or use of a controlled substance. This requirement applies to contracts of more than \$5,000.

(30 ILCS 582) International Anti-boycott. Every contract entered into by the State of Illinois for the manufacture, furnishing, or purchasing of supplies, material, or equipment or for the furnishing of work, labor, or services, in an amount exceeding \$10,000 shall contain certification, as a material condition of the contract, by which the contractor agrees that neither the contractor nor any substantially-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 or the regulations of the U.S. Department of Commerce promulgated under that Act.

(720 ILCS 5/33E-3) Bid-rigging. A person commits the offense of bid-rigging when he knowingly agrees with any person who is, or but for such agreement would be, a competitor of such person concerning any bid submitted or not submitted by such person or another to a unit of State or local government when with the intent that the bid submitted or not submitted will result in the award of a contract to such person or another and he either (1) provides such person or receives from another information concerning the price or other material term or terms of the bid which would otherwise not be disclosed to a competitor in an independent noncollusive submission of bids or (2) submits a bid that is of such a price or other material term or terms that he does not intend the bid to be accepted.

Bid-rigging is a Class 3 felony. Any person convicted of this offense or any similar offense of any state or the United States which contains the same elements as this offense shall be barred for five years from the date of conviction from contracting with any unit of State or local government. No corporation shall be barred from contracting with any unit of State or local government as a result of a conviction under this Section of any employee or agent of such corporation if the employee so convicted is no longer employed by the corporation and: (1) it has been finally adjudicated not guilty or (2) if it demonstrates to the governmental entity with which it seeks to contract and that entity finds that the commission of the offense was neither authorized, requested, commanded, nor performed by a director, officer or a high managerial agent in behalf of the corporation as provided in paragraph (2) of subsection (a) of Section 5-4 of the Criminal Code.

(720 ILCS 5/33E-4) Bid-rotating. A person commits the offense of bid rotating when, pursuant to any collusive scheme or agreement with another, he engages in a pattern over time (which, for the purposes of this Section, shall include at least 3 contract bids within a period of 10 years, the most recent of which occurs after the effective date of this amendatory Act of 1988) of submitting sealed bids to units of State or local government with the intent that the award of such bids rotates or is distributed among persons or business entities which submit bids on a substantial number of the same contracts. Bid rotating is a Class 2 felony. Any person convicted of this offense or any similar offense of any state or the United States which contains the same elements as this offense shall be permanently barred from contracting with any unit of State or local government. No corporation shall be barred from contracting with any unit of State or local government as a result of a conviction under this Section of any employee or agent of such corporation if the employee so convicted is no longer employed by the corporation and: (1) it has been finally adjudicated not guilty or (2) if it demonstrates to the governmental entity with which it seeks to contract and that entity finds that the commission of the offense was neither authorized, requested, commanded, nor performed by a director, officer or a high managerial agent in behalf of the corporation as provided in paragraph (2) of subsection (a) of Section 5-4 of this Code.

(775 ILCS 5/2-105) Equal Employment Opportunities -- Affirmative Action/Sexual Harassment. Every party to a public contract and every eligible bidder shall:

a) Refrain from unlawful discrimination and discrimination based on citizenship status in employment

and undertake affirmative action to assure equality of employment opportunity and eliminate the effects of past discrimination;

- b) Comply with the procedures and requirements of the Illinois Department of Human Rights' regulations concerning equal employment opportunities and affirmative action; the equal employment opportunity clause of the Department' rules is specifically incorporated herein.
- c) Provide such information, with respect to its employees and applicants for employment, and
- d) Have written sexual harassment policies that shall include, at a minimum, the following information: (i) the illegality of sexual harassment; (ii) the definition of sexual harassment under State law; (iii) a description of sexual harassment, utilizing examples; (iv) the VENDOR's internal complaint process including penalties; (v) the legal recourse, investigative and complaint process available through the Illinois Department of Human Rights and the Illinois Human Rights Commission; (vi) directions on how to contact the Department and Commission; and (vii) protection against retaliation as provided by Section 6-101 of this Act. A copy of the policies shall be provided to the Department upon request. Out of state vendors may utilize the VENDOR's state's equivalent of the Department and Commission.

(775 ILCS 25/2) Discriminatory Club Dues. No private organization which sells goods or services to the State pursuant to the Illinois Procurement Code, nor any private organization which receives any award or grant from the State, nor any public body may pay any dues or fees on behalf of its employees or agents or may subsidize or otherwise reimburse them for payments of their dues or fees to any discriminating club. "Discriminatory club" means a membership club, organization, association, or society, or the premises thereof, which practices discrimination in its membership policy or in access to its services and facilities, except any facility, as to discrimination based on sex, which is distinctly private in nature such as restrooms, shower rooms, bath houses, health clubs and other similar facilities for which the Illinois Department of Human Rights, in its rules and regulations, may grant exemptions based on bona fide considerations of public policy.

(PA 93-0307) Forced Labor. VENDOR complies with the State Prohibition of Goods from Forced Labor Act, and certifies that no foreign-made equipment, materials, or supplies furnished to the State under the contract have been or will be produced in whole or in part by forced labor, convict labor, or indentured labor under penal sanction.

(30 ILCS 500/20-65) Audit/Retention of Records. VENDOR and its subcontractors shall maintain books and records related to performance of this CONTRACT or subcontract and necessary to support amounts charged to the State in accordance with applicable law, terms and conditions of this CONTRACT, and generally accepted accounting practice. VENDOR shall maintain these books and records for a minimum of three (3) years after the completion of the CONTRACT, final payment, or completion of any CONTRACT audit or litigation, whichever is later. All books and records shall be available for review or audit by GOMB, its representatives, the Illinois Auditor General, and other governmental entities with monitoring authority upon reasonable notice and during normal business hours. VENDOR agrees to cooperate fully with any such review or audit. If any audit indicates overpayment to VENDOR, or subcontractor, GOMB shall adjust future or final payments otherwise due. If no payments are due and owing to VENDOR, or if the overpayment exceeds the amount otherwise due, VENDOR shall immediately refund all amounts which may be due to GOMB. Failure to maintain the books and records required by this Section shall establish a presumption in favor of GOMB for the recovery of any funds paid by GOMB under the CONTRACT for which adequate books and records are not available to support the purported disbursement.

BACKGROUND CHECK: The State may conduct criminal and driver history background checks of VENDOR'S officers, employees or agents who would directly supervise or physically perform the

CONTRACT requirements at State facilities. Any such officer, employee or agent deemed unsuitable by the State must be replaced immediately.

AVAILABILITY OF APPROPRIATIONS (30 ILCS 500/20-60): GOMB shall use its best efforts to secure sufficient appropriations to fund this CONTRACT. However, GOMB'S obligations hereunder shall cease immediately, without penalty or further payment being required, if the Illinois General Assembly or federal funding source fails to make an appropriation sufficient to pay such obligation. GOMB shall determine whether amounts appropriated are sufficient. AGENCY shall give VENDOR notice of insufficient funding as soon as practicable. VENDOR'S obligation to perform shall cease upon receipt of the notice.

SOLICITATION AND EMPLOYMENT: VENDOR shall not employ any person employed by GOMB at any time during the term of this CONTRACT to perform any work required by the terms of this CONTRACT. As a condition of this CONTRACT, the VENDOR shall give notice immediately to GOMB'S director if VENDOR solicits or intends to solicit for employment any of GOMB'S employees during the term of this CONTRACT. AGENCY has no authority to contractually refuse to hire VENDOR'S employees who apply to the State for employment.

This information is submitted on behalf of:

(name of VENDOR)

Official authorized to sign on behalf of VENDOR:

Name (printed) _____

Title _____

Signature _____

Date _____

TAXPAYER IDENTIFICATION NUMBER

I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), **and**
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, **and**
3. I am a U.S. person (including a U.S. resident alien).

Name: _____

Taxpayer Identification Number:

Social security number _____

or

Employee identification number _____

(If you are an individual, enter your name and SSN as it appears on your Social Security Card. If completing this certification for a sole proprietorship, enter the owner's name followed by the name to the business and the owner's SSN or EIN. For all other entities, enter the name of the entity as used to apply for the entity's EIN and the EIN.)

Legal Status (check one):

- | | |
|---|---|
| <input type="checkbox"/> Individual | <input type="checkbox"/> Government |
| <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"/> Other: _____ |

Official authorized to sign on behalf of vendor:

Name (printed) _____

Title _____

Signature _____

Date _____

CONFLICTS OF INTERESTS DISCLOSURES

Instructions. The Illinois Procurement Code requires that vendors desiring to enter into certain contracts with the State of Illinois must disclose the financial and potential conflict of interest information that is specified below (**30 ILCS 500/50-13 and 50-35 a,b,h**).

VENDOR shall disclose the financial interest, potential conflict of interest and contract information identified in Sections 1, 2, 3 and 4 below as a condition of receiving an award or contract. Please submit this information along with your bid or offer.

Section 1 applies to all contracts regardless of dollar amount. Sections 2, 3 and 4 apply to contracts with an annual value exceeding \$10,000 that must be procured using one of the authorized competitive methods of source selection.

If the VENDOR is a wholly owned subsidiary of a parent organization, separate disclosures (sections 2, 3, and 4 below) must be made by the Vendor and the parent. For purposes of this form, a parent organization is any entity that owns 100% of the Vendor.

When determining ownership or distributive income shares, use the most current information that you consider reliable, but in no event for a period before your last completed fiscal period.

A designee may submit this form on behalf of the vendor (or its parent). However, that person must have verified the information with each affected individual.

VENDOR Information. This disclosure information is submitted on behalf of (show official name of VENDOR, and if applicable, d.b.a. and parent):

(Name of VENDOR)_____

(d.b.a., if used)_____

(Name of any parent organization)_____

Address_____

Contact Person:

Name:_____

Title:_____

Address:_____

Phone/Fax:_____

Section 1 - Sec. 50-13 Conflicts of Interest.

- (a) Prohibition. It is unlawful for any person holding an elective office in this State holding a seat in the General Assembly, or appointed to or employed in any of the offices or agencies of State government and who receives compensation for such employment in excess of 60% of the salary of the Governor of the State of Illinois (\$90,420.00), or who is an officer or employee of the Capital Development Board or the Illinois Toll Highway Authority, or who is the spouse or minor child of any such person to have or acquire any contract, or any direct pecuniary interest in any contract therein, whether for stationery, printing, paper, or any services, materials, or supplies, that will be wholly or partially satisfied by the payment of funds appropriated by the General Assembly of the State of Illinois or in any contract of the Capital Development Board or the Illinois Toll Highway Authority.
- (b) Interests. It is unlawful for any firm, partnership, association, or corporation, in which any person listed in subsection (a) is entitled to receive (i) more than 7 1/2% of the total distributable income or (ii) an amount in excess of the salary of the Governor (\$150,700.00), to have or acquire any such contract or direct pecuniary interest therein.
- (c) Combined interests. It is unlawful for any firm, partnership, association, or corporation, in which any person listed in subsection (a) together with his or her spouse or minor children is entitled to receive (i) more than 15%, in the aggregate, of the total distributable income or (ii) an amount in excess of 2 times the salary of the Governor (\$301,400.00), to have or acquire any such contract or direct pecuniary interest therein.
- (d) Securities. Nothing in this Section invalidates the provisions of any bond or other security previously offered or to be offered for sale or sold by or for the State of Illinois.
- (e) Prior interests. This Section does not affect the validity of any contract made between the State and an officer or employee of the State or member of the General Assembly, his or her spouse, minor child or any combination of those persons if that contract was in existence before his or her election or employment as an officer, member, or employee. The contract is voidable, however, if it cannot be completed within 365 days after the officer, member, or employee takes office or is employed.
- (f) Exceptions.
 - (1) Public aid payments. This Section does not apply to payments made for a public aid recipient.
 - (2) Teaching. This Section does not apply to a contract for personal services as a teacher or school administrator between a member of the General Assembly or his or her spouse, or a State officer or employee or his or her spouse, and any school district, public community college district, or State University.
 - (3) Ministerial duties. This Section does not apply to a contract for personal services of a wholly ministerial character, including but not limited to services as a laborer, clerk, typist, stenographer, page, bookkeeper, receptionist, or telephone switchboard operator, made by a spouse or minor child of an elective or appointive State officer or employee or of a member of the General Assembly.
 - (4) Child and family services. This Section does not apply to payments made to a member of the General Assembly, a State officer or employee, his or her spouse or minor child acting as a foster parent, homemaker, advocate, or volunteer for or in behalf of a child or family served by the Department of Children and Family Services.
 - (5) Licensed professionals. Contracts with licensed professionals, provided they are competitively bid or part of a reimbursement program for specific, customary goods and services through the departments of Children and Family Services, Human Services, Public Aid, Public Health, or Aging.

CHECK ONE:

- No Conflict of Interest
- Potential Conflict of Interest. If checked, name each conflicted individual, the nature of the conflict, and the name of the state agency that is associated directly or indirectly with the conflicted individual.

Section 2: Disclosure of Financial Interest in the Vendor

All vendors, except for publicly traded corporations subject to SEC reporting requirements and privately held corporations with more than 400 shareholders, must complete subsection "a," below. Publicly traded corporations may complete subsection "b" and privately held corporations with more than 400 shareholders may complete subsection "c" in lieu of completing subsection "a."

(a) **General disclosure.** For each individual having any of the following financial interests in the vendor (or its parent), please mark each that apply and show the applicable name and address. Then complete Sections 3 and 4. If no individual has any of the following financial interests in the vendor (or its parent), check this blank _____, skip Section 3, but complete Section 4.

- Ownership exceeding 5% (____)
- Ownership value exceeding \$90,414.6 (____)
- Distributive Income Share exceeding 5% (____)
- Distributive Income Share exceeding \$90,414.6 (____)

Name: _____

Address: _____

For each individual identified above, show:

the dollar value of the ownership interest: \$ _____

or

the proportionate share of the ownership interest: _____ %*

and

the type of ownership/distributable income share:

sole proprietorship _____ stock _____ partnership _____ other (explain) _____

** For partnerships with >50 but <400 partners, the proportionate share of ownership interest of each individual identified above may be shown in the following ranges:*

1% _____ 1 up to 2% _____ 2 up to 3% _____ 3 up to 4% _____ 4 up to 5% _____ and in additional 1% increments as appropriate _____%

** For partnerships with >400 partners, the proportionate share of ownership may be shown in the following ranges: 0.5% or less _____ >0.5 to 1.0% _____ >1.0 to 1.5% _____ and as appropriate in additional 0.5 increments _____%*

(b) **Publicly traded corporations subject to SEC reporting requirements.** These Vendors may submit their 10k disclosure (*include proxy if referenced in 10k*) in satisfaction of the financial and conflict of interest disclosure requirements set forth in subsections **50-35 a** and **b** of the Procurement Code. FORM SEC 20f or 40f, supplemented with the names of those owning in excess of 5% and up to the

ownership percentages disclosed in those submissions, may be accepted as being substantially equivalent to 10k. Vendor may skip Section 3 of this form, but must complete Section 4.

Check here if submitting a 10k _____, 20f _____, or 40f _____.

- (c) **Privately held corporations with more than 400 shareholders.** These Vendors may submit the information identified in 17 CFR 229.401 and list the names of any person or entity holding any ownership share in excess of 5% in satisfaction of the financial and conflict of interest disclosure requirements set forth in subsections **50-35 a** and **b** of the Procurement Code. Vendor may skip Section 3 of this form, but must complete Section 4.

Check here if submitting 17 CFR information _____.

Section 3: Disclosure of Potential Conflicts of Interest.

For each individual having the level of financial interest identified in Section 2(a) above, indicate which, if any, of the following potential conflict of interest relationships apply. If "Yes," please describe each situation (label with appropriate letter) using the space at end of this Section 3 (attach additional pages as necessary).

- a. State employment, currently or in previous 3 years, including contractual employment of services (directly with individuals identified in Section "1" in their individual capacity unrelated to Vendor's contract. Identify contracts with Vendor in Section "4"). Yes ___ No ___
- b. State employment of spouse, father, mother, son, or daughter, including contractual employment for services in the previous 2 years. Yes ___ No ___
- c. Elective status; holding elective office of the State, United States, or any unit of local government authorized by the State Constitution or statutes or in previous 3 years. Yes ___ No ___
- d. Relationship to anyone holding elective office currently or in previous 2 years; spouse, father, mother, son, or daughter. Yes ___ No ___
- e. Appointive office; holding appointive government office of State, United States, or unit of local government authorized by State Constitution or statutes, which office entitles holder to compensation in excess of expenses incurred in discharge of office currently or 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 previous 3 years, as or by any registered lobbyist of State government. Yes ___ No ___
- h. Relationship to anyone who is or was a registered lobbyist in previous 2 years; spouse, father, mother, son, or daughter. Yes ___ No ___
- i. Compensated employment, currently or in previous 3 years, by any registered election or re-election committee registered with Secretary of State or any county clerk in State, or any political action committee registered with either Secretary of State or 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, or any political action committee registered with either the Secretary of State or the Federal Board of Elections. Yes ___ No ___

Explanation of potential conflicts of interest:

Section 4: Current and Pending Contracts and Offers (bids and proposals).

(a) VENDOR shall identify each contract it has with other units of State of Illinois government by showing agency name and other descriptive information such as purchase order or contract reference number (attach additional pages as necessary). Show "none" if appropriate.

(b) VENDOR 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 showing agency name and other descriptive information such as bid or project number (attach additional pages as necessary). Show "none" if appropriate.

This information is submitted on behalf of:

(name of **VENDOR**)

Official authorized to sign on behalf of **VENDOR**:

Name (printed) _____

Title _____

Signature _____

Date _____

APPENDIX C

Minority, Female, Persons with Disability Status and Subcontracting

The Agency takes all necessary and reasonable steps to ensure nondiscrimination in matters relating to the solicitation and award of contracts. In addition, this section of the solicitation implements the policy and the requirements of the Business Enterprise for Minorities, Females, and Persons with Disabilities Act, 30 ILCS 575.

VENDOR ASSURANCE. The Vendor makes the following assurance and agrees to include the assurance in each subcontract that the Vendor signs with a subcontractor or supplier:

The Vendor shall not discriminate on the basis of race, color, national origin, sexual orientation or sex in the performance of this contract. Failure by the Vendor to carry out these requirements is a material breach of this contract, which may result in the termination of this contract or such other remedy, as the Agency deems appropriate.

CONTRACT GOAL TO BE ACHIEVED BY THE VENDOR. This contract includes a specific Business Enterprise Program (BEP) utilization goal of 19% based on the availability of certified vendors to perform the anticipated direct subcontracting opportunities of this contract. In addition to the other award criteria established for this contract, the Agency will award this contract to a Vendor that meets the goal or makes good faith efforts to meet the goal.

CERTIFIED VENDOR LOCATOR REFERENCES. Vendors may consult the CMS BEP Certified Vendor Directory, as well as the directories of other certifying agencies. Subcontracting vendors must be certified by CMS as BEP vendors before the time of contract award.

BIDDING PROCEDURES. Compliance with this Attachment is required prior to the award of the contract and the failure of the Vendor to comply will render the bid/proposal non-responsive.

The following subsections are guidelines for the Vendor's response to Appendix C and Appendix D (the Utilization Plan). A format for the Utilization Plan is included as the last two pages of this Attachment. Vendor should include any additional information that will add clarity to the Vendor's proposed utilization of certified vendors to meet the targeted goal. **The Utilization Plan must be submitted in a separate, sealed envelope or container in the Offer Container.**

- a) The bid/proposal as initially submitted must contain an acknowledgement of this Attachment and a verification that the Utilization Plan has been provided at the time of proposal submission. Failure to submit a Utilization Plan shall render the bid non-responsive.
- b) The Utilization Plan must demonstrate that the Vendor has either met the contract goal or that it has made good faith efforts to do so. The Utilization Plan must provide the name and contact information of the Vendor's official responsible for compliance with this Attachment.
- c) The Utilization Plan shall include, for each certified vendor proposed for the performance of work to achieve the contract goal, the following:
 - (1) The name and address of each certified vendor to be used;
 - (2) A detailed description of the commercially useful work to be done by each certified vendor;
 - (3) The price to be paid to each certified vendor for the identified work specifying the quantity, unit price and total subcontract price;
 - (4) A letter of intent between the Vendor and the certified vendor(s) detailing the work to be

performed by the certified vendor and the agreed upon rates or prices, conforming to the Utilization Plan;

- (5) If applicable, an executed Joint Venture agreement specifying the terms and conditions of the relationship between the partners and their relationship and responsibilities to the contract. The joint venture agreement must clearly evidence that the certified vendor will be responsible for a clearly defined portion of the work and that its responsibilities, risks, profits and contributions of capital and personnel are proportionate to its ownership percentage. It must include specific details related to the parties' contributions of capital, personnel and equipment and share of the costs of insurance and other items; the scopes to be performed by the certified vendor's own forces and under its supervision; and the commitment of management, supervisory personnel and operative personnel employed by the certified vendor to be dedicated to the performance of the contract. Each joint venture partner must execute the proposal to the Agency.
- d) An agreement between a Vendor and a certified vendor in which the certified vendor promises not to provide subcontracting quotations to other vendors is prohibited.
- e) The Agency may request additional information to demonstrate compliance. The Vendor agrees to cooperate promptly with the Agency in submitting to interviews, allowing entry to places of business, providing further documentation, or soliciting the cooperation of a proposed certified vendor. Failure to cooperate may render the proposal non-responsive.
- f) The goal is also applicable to change orders and allowances within the scope of work provided by the certified vendor.
- g) The contract will not be finally awarded until the Vendor's Utilization Plan is approved.

CALCULATING CERTIFIED VENDOR PARTICIPATION. The Utilization Plan documents work anticipated to be performed by all certified vendors and paid for upon satisfactory completion. The selected Vendor is only able to count toward the contract goal the value of payments made for the work actually performed by certified BEP vendors. Credit during contract performance will be given for payments to CMS certified BEP vendors. Counting guidelines are summarized below:

- a) The value of the work actually performed by the certified vendor's forces shall be counted towards the goal. The entire amount of that portion of the contract that is performed by the certified vendor's forces, including supplies purchased or equipment leased by the BEP vendor shall be counted, except supplies purchased and equipment rented from the Vendor.
- b) A joint venture shall count the portion of the total dollar value of the contract equal to the distinct, clearly defined portion of the work of the contract that the certified vendor performs with its forces toward the goal. A joint venture shall also count the dollar value of work subcontracted to other certified vendors. Work performed by the forces of a non-certified joint venture partner shall not be counted toward the goal.
- c) When a certified vendor subcontracts part of the work of its contract to another firm, the value of the subcontracted work shall be counted toward the contract goal only if the certified vendor's subcontractor is a certified vendor. Work that a certified vendor subcontracts to a non-certified vendor will not count towards the goal.
- d) A Vendor shall count towards the goal 100% of its expenditures for materials and supplies required under the contract and obtained from a certified vendor manufacturer, regular dealer or supplier.
- e) A Vendor shall count towards the goal the following expenditures to certified vendors that are not manufacturers, regular dealers or suppliers:
 - (1) The fees or commissions charged for providing a *bona fide* service, such as professional, technical, consultant or managerial services and assistance in the procurement of essential

personnel, facilities, equipment, materials or supplies required for performance of the contract, provided that the fee or commission is determined by the Agency to be reasonable and not excessive as compared with fees customarily allowed for similar services.

- (2) The fees charged for delivery of materials and supplies required by the contract (but not the cost of the materials and supplies themselves) when the hauler, trucker, or delivery service is not also the manufacturer of or a regular dealer in the materials and supplies, provided that the fee is determined by the Agency to be reasonable and not excessive as compared with fees customarily allowed for similar services. The certified vendor trucking firm must be responsible for the management and supervision of the entire trucking operation for which it is responsible on the contract, and must itself own and operate at least one fully licensed, insured and operational truck used on the contract.
 - (3) The fees or commissions charged for providing any bonds or insurance specifically required for the performance of the contract, provided that the fee or commission is determined by the Agency to be reasonable and not excessive as compared with fees customarily allowed for similar services.
- f) A Vendor shall count towards the goal only expenditures to firms that perform a commercially useful function in the work of the contract.
- (1) A firm is considered to perform a commercially useful function when it is responsible for execution of a distinct element of the work of a contract and carries out its responsibilities by actually performing, managing, and supervising the work involved. The certified vendor must also be responsible, with respect to materials or supplies used on the contract, for negotiating price, determining quality and quantity, ordering the materials or supplies, and installing the materials (where applicable) and paying for the material or supplies. To determine whether a firm is performing a commercially useful function, the Agency shall evaluate the amount of work subcontracted, whether the amount the firm is to be paid under the contract is commensurate with the work it is actually performing and the credit claimed for its performance of the work, industry practices, and other relevant factors.
 - (2) A certified vendor does not perform a commercially useful function if its role is limited to that of an extra participant in a transaction or contract through which funds are passed in order to obtain certified vendor participation. In determining whether a certified vendor is such an extra participant, the Agency shall examine similar transactions, particularly those in which certified vendors do not participate, and industry practices.
- g) A Vendor shall not count towards the goal expenditures that are not direct, necessary and proximately related to the work of the contract. Only the amount of services or goods that are directly attributable to the performance of the contract shall be counted. Ineligible expenditures include general office overhead or other Vendor support activities.

GOOD FAITH EFFORT PROCEDURES. If the Vendor cannot meet the goal, the Vendor must document in the Utilization Plan its good faith efforts that could reasonably have been expected to meet the goal. The Agency will consider the quality, quantity, and intensity of the Vendor's efforts.

- a) The following is a list of types of action that the Agency will consider as evidence of the Vendor's good faith efforts to meet the goal. Other factors or efforts brought to the attention of the Agency may be relevant in appropriate cases.
- (1) Soliciting through all reasonable and available means (e.g., attendance at pre-bid meetings, advertising and/or written notices) the interest of all certified vendors that have the capability to perform the work of the contract. The Vendor must solicit this interest within sufficient time to allow the certified vendors to respond to the solicitation. The Vendor must determine with

certainty if the certified vendors are interested by taking appropriate steps to follow up initial solicitations and encourage them to bid.

- (2) Selecting portions of the work to be performed by certified vendors in order to increase the likelihood that the goal will be achieved. This includes, where appropriate, breaking out contract work items into economically feasible units to facilitate certified vendor participation, even when the Vendor might otherwise prefer to perform these work items with its own forces.
 - (3) Providing interested certified vendors with adequate information about the plans, specifications, and requirements of the contract in a timely manner to assist them in responding promptly to the solicitation.
 - (4) Making a portion of the work available to certified vendors and selecting those portions of the work or material needs consistent with their availability, so as to facilitate certified vendor participation.
 - (5) a. Negotiating in good faith with interested certified vendors. Evidence of such negotiation includes the names, addresses, and telephone numbers of certified vendors that were considered; a description of the information provided regarding the plans and specifications for the work selected for subcontracting and evidence as to why additional agreements could not be reached for certified vendors to perform the work.
b. A Vendor using good business judgment will consider a number of factors in negotiating with certified vendors and will take a firm's price and capabilities into consideration. However, the fact that there may be some additional costs involved in finding and using certified vendors is not in itself sufficient reason for a Vendor's failure to meet the goal, as long as such costs are reasonable. Also, the ability or desire of a Vendor to perform the work of a contract with its own organization does not relieve the Vendor of the responsibility to make good faith efforts. Vendors are not, however, required to accept higher quotes from certified vendors if the price difference is excessive or unreasonable.
 - (6) Thoroughly investigating the capabilities of certified vendors and not rejecting them as unqualified without sound reasons. The certified vendor's memberships in specific groups, organizations, or associations and political or social affiliations are not legitimate causes for the rejection or non-solicitation of bids in the Vendor's efforts to meet the goal.
 - (7) Making efforts to assist interested certified vendors in obtaining lines of credit or insurance as required by the Agency, the Vendor or to perform the scope of work.
 - (8) Making efforts to assist interested certified vendors in obtaining necessary equipment, supplies, materials, or related assistance or services.
 - (9) Effectively using the services of available minority/women community organizations; minority/women vendors' groups; local, state, and federal minority/women business assistance offices; and other organizations that provide assistance in the recruitment and placement of certified vendors.
- b) In evaluating the Vendor's good faith efforts, the good faith efforts of other vendors to meet the goal on this solicitation or similar contracts may be considered.
 - c) If the Agency determines that the Vendor has made good faith efforts to meet the goal, the Agency will award the contract provided that the Vendor is otherwise eligible for award. If the Agency determines that the Vendor has not made good faith efforts, the Agency will notify the Vendor of that preliminary determination. The preliminary determination shall include a statement of reasons why good faith efforts have not been found, and may include additional good faith efforts that the Vendor could take. The Vendor shall have 5 business days to make the suggested good faith efforts and any other additional good faith efforts to meet the goal. The Vendor shall submit an amended Utilization

Plan if additional certified vendor commitments to meet the goal are secured. If additional certified vendor commitments sufficient to meet the goal are not secured, the Vendor shall report the final good faith efforts made in the time allotted. All additional efforts taken by the Vendor will be considered. If the Agency determines that good faith efforts have not been made, it will notify the Vendor in writing of the reasons for its determination within 5 business days of receipt of the final Utilization Plan.

CONTRACT COMPLIANCE. Compliance with this Attachment is an essential part of the contract. The following administrative procedures and remedies govern the Vendor's compliance with the contractual obligations established by the Utilization Plan. After approval of the Plan and award of the contract, the Utilization Plan becomes part of the contract. If the Vendor did not succeed in obtaining enough certified vendor participation to achieve the goal, and the Utilization Plan was approved and contract awarded based upon a determination of good faith, the total dollar value of certified vendor work calculated in the approved Utilization Plan as a percentage of the awarded contract value shall become the contract goal.

- a) The Utilization Plan may not be amended without the Agency's prior written approval.
- b) The Vendor may not make changes to its contractual BEP certified vendor commitments or substitute BEP certified vendors without the prior written approval of the Agency. Unauthorized changes or substitutions, including performing the work designated for a certified vendor with the Vendor's own forces, shall be a violation of this Attachment and a breach of the contract, and shall be cause to terminate the contract, and/or seek other contract remedies or sanctions. The facts supporting the request for changes must not have been known nor reasonably should have been known by the parties prior to entering into the subcontract. The Vendor must negotiate with the certified vendor to resolve the problem. Where there has been a mistake or disagreement about the scope of work, the certified vendor can be substituted only where agreement cannot be reached for a reasonable price or schedule for the correct scope of work.
- c) Substitutions of a certified vendor shall be permitted under the following circumstances:
 - (1) Unavailability after receipt of reasonable notice to proceed;
 - (2) Failure of performance;
 - (3) Financial incapacity;
 - (4) Refusal by the certified vendor to honor the bid or proposal price or scope;
 - (5) Material mistake of fact or law about the elements of the scope of work of a solicitation where a reasonable price cannot be agreed;
 - (6) Failure of the certified vendor to meet insurance, licensing or bonding requirements;
 - (7) The certified vendor's withdrawal of its bid or proposal; or
 - (8) Decertification of the certified vendor.
- d) If it becomes necessary to substitute a certified vendor or otherwise change the Utilization Plan, the Vendor must notify the Agency in writing of the request to substitute a certified vendor or otherwise change the Utilization Plan. The request must state specific reasons for the substitution or change. The Agency will approve or deny a request for substitution or other change in the Utilization Plan within 5 business days of receipt of the request.
- e) Where the Vendor has established the basis for the substitution to the Agency's satisfaction, it must make good faith efforts to meet the contract goal by substituting a certified vendor. Documentation of a replacement vendor, or of good faith efforts to replace the certified vendor, must meet the requirements of the initial Utilization Plan. If the goal cannot be reached and good faith efforts have

been made, the Vendor may substitute with a non-certified vendor.

- f) If a Vendor plans to hire a subcontractor for any scope of work that was not previously disclosed in the Utilization Plan, the Vendor must obtain the approval of the Agency to modify the Utilization Plan and must make good faith efforts to ensure that certified vendors have a fair opportunity to bid on the new scope of work.
- g) A new subcontract must be executed and submitted to the Agency within 5 business days of the Vendor's receipt of the Agency's approval for the substitution or other change.
- h) The Vendor shall maintain a record of all relevant data with respect to the utilization of certified vendors, including but without limitation, payroll records, invoices, canceled checks and books of account for a period of at least 5 years after the completion of the contract. Full access to these records shall be granted by the Vendor upon 48 hours written demand by the Agency to any duly authorized representative thereof, or to any municipal, state or federal authorities. The Agency shall have the right to obtain from the Vendor any additional data reasonably related or necessary to verify any representations by the Vendor. After the performance of the final item of work or delivery of material by a certified vendor and final payment to the certified vendor by the Vendor, but not later than 30 calendar days after such payment, the Vendor shall submit a statement confirming the final payment and the total payments made to the BEP vendor under the contract.
- i) The Agency will periodically review the Vendor's compliance with these provisions and the terms of its contract. Without limitation, the Vendor's failure to comply with these provisions or its contractual commitments as contained in the Utilization Plan, failure to cooperate in providing information regarding its compliance with these provisions or its Utilization Plan, or provision of false or misleading information or statements concerning compliance, certification status or eligibility of certified vendors, good faith efforts or any other material fact or representation shall constitute a material breach of this contract and entitle the Agency to declare a default, terminate the contract, or exercise those remedies provided for in the contract or at law or in equity.
- j) The Agency reserves the right to withhold payment to the Vendor to enforce these provisions and the Vendor's contractual commitments. Final payment shall not be made on the contract until the Vendor submits sufficient documentation demonstrating compliance with its Utilization Plan.

UTILIZATION PLAN
Response to Appendix C

The following Utilization Plan is _____'s (the Vendor) response to Appendix C – Minority, Female, Persons with Disability Status and Subcontracting and is submitted as part of our proposal.

_____ (the Vendor) makes the following assurance and agrees to include the assurance in each subcontract with a subcontractor or supplier utilized on this contract: *We shall not discriminate on the basis of race, color, national origin, sexual orientation or sex in the performance of this contract. Failure to carry out these requirements is a material breach of this contract, which may result in the termination of this contract or such other remedy, as the Agency deems appropriate.*

We acknowledge the requirements of Appendix C, Minority, Female, Persons with Disability Status and Subcontracting, and are submitting this Utilization Plan with the proposal.

We understand that compliance with Appendix C is an essential part of this contract and that the Utilization Plan will become a part of the contract, if awarded.

Vendor's person responsible for compliance with Appendix C:

Name

Title

Telephone: () _____ extension ____

Email: _____

We submit one (1) of the following statements:

- We are certified with BEP and plan to fully meet the BEP utilization goal through self-performance.
- We attach Section I, to demonstrate our Plan fully meets the BEP utilization goal of 19% through subcontracting.
- We attach Section I, to detail that we do not fully meet the BEP utilization goal of 19%. We also attach Section II, Demonstration of Good Faith Efforts.

SECTION I
Utilization of Certified Vendors

Please submit a separate Section I for each proposed certified vendor.

To achieve the BEP utilization goal through subcontracting, the following is proposed:

(1) The proposed certified vendor's company name and address

At the time of submission, the above certified vendor is:

- Certified with the CMS Business Enterprise Program (BEP)
- Has submitted application for certification with BEP
- Certified as a disadvantaged, minority, or woman business enterprise with the following governmental agency or private organization:

(2) A detailed description of the commercially useful work to be done by this certified vendors is as follows: _____

(3) The total estimated cost to the state for this contract is \$_____. The portion of the contract which will be subcontracted to this certified vendor is \$_____, or ___% of the total cost of the contract.

(4) A notarized signed letter of intent between _____ (the Vendor) and _____ (the certified vendor) detailing the work to be performed by the certified vendor and the agreed upon rates or prices, conforming to the Utilization Plan is included as Appendix D.

(5) A joint venture agreement is not required, as the arrangement between _____ and _____ is that of contractor/sub-contractor and not a joint venture.

OR,

A joint venture agreement between _____ and _____ is included in lieu of Appendix D.

(6) The Vendor has not prohibited or otherwise limited _____ (certified vendor) from providing subcontractor quotes to other potential bidders/vendors.

We understand that the Agency may require additional information to verify our compliance and we agree to cooperate immediately in submitting to interviews, allowing entry to any of our office locations, providing further documentation, or soliciting the cooperation of our proposed certified vendor. We will maintain appropriate records relating to our utilization of the certified vendor including: invoices, cancelled checks, books of account, and time records.

SECTION II

Demonstration of Good Faith Efforts to Achieve BEP Subcontracting Goal

If the BEP subcontracting goal was not achieved, the Good Faith Efforts checklist (Section II A) and contacts log (Section II B) must be submitted with the solicitation response (or as otherwise specified by CMS). **Failure to do so may render the Vendor’s solicitation response non-responsive and cause it to be rejected, or render the Vendor ineligible for contract award, at CMS’ sole discretion.** The Vendor will promptly provide evidence in support of its Good Faith Efforts to CMS upon request.

A. Good Faith Efforts Checklist

Insert on each line below the initials of the authorized Vendor representative who is certifying on behalf of the Vendor that the Vendor has completed the activities described below. **If any of the items below were not completed, attach a detailed written explanation why each such item was not completed.** If any other efforts were made to obtain BEP participation in addition to the items listed below, attach a detailed written explanation.

- ___ Identified portions of the project work capable of performance by available BEP vendors, including, where appropriate, breaking out contract work items into economically feasible units to facilitate BEP participation even when the Vendor could perform those scopes with its own forces.

- ___ Solicited through reasonable and available means (e.g., written notices, advertisements) BEP vendors to perform the types of work that could be subcontracted on this project, within sufficient time to allow them to respond.

- ___ Provided timely and adequate information about the plans, specifications and requirements of the contract. Followed up initial solicitations to answer questions and encourage BEP vendors to submit proposals or bids.

- ___ Negotiated in good faith with interested BEP vendors that submitted proposals or bids and thoroughly investigated their capabilities.

- ___ Made efforts to assist interested BEP vendors in obtaining bonding, lines of credit, or insurance as may be required for performance of the contract (if applicable).

- ___ Utilized resources available to identify available certified vendors, including but not limited to BEP assistance staff; local, state and federal minority or women business assistance offices; and other organizations that provide assistance in the recruitment and placement of diverse businesses.

B. Good Faith Efforts Contacts Log For Soliciting BEP Subconsultant, Subcontractor or Supplier Participation

Use this form to document all contacts and responses (telephone, e-mail, fax, etc.) regarding the solicitation of BEP subconsultants, subcontractors and suppliers. Duplicate as needed. (It is not necessary to show contacts with certified vendors with which the Vendor reached an agreement to participate on this project, as shown on Section I of this Plan.)

Certified Vendor Firm Name	Date/Method of Contact	Scope of Work Solicited	Reason Agreement Not Reached
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List the governmental agency or private organization with whom the certified vendor is currently certified as a disadvantaged, minority, or woman business enterprise.

The prime vendor and the certified vendor above hereby agree that upon the execution of a contract for the above-named project between the prime vendor and Central Management Services, the certified vendor will perform the scope of work for the price as indicated above.

Prime Vendor (Company Name and D/B/A):

Certified Vendor (Company Name and D/B/A):

Signature

Signature

Printed Name

Printed Name

Title: _____ Date: _____

Title: _____ Date: _____

Subscribed and sworn before me this
____ day of _____, 2006.

Subscribed and sworn before me this
____ day of _____, 2006.

Notary Public

Notary Public

My Commission expires: _____

My Commission expires: _____

APPENDIX E

Pricing Grid

Please review **Section III, “Response to Request for Proposals”** of this RFP before completing the fee schedule grid. Fees should include all out-of-pocket expenses.

Hourly Rate by Professional			
<u>Individual Hourly Rate:</u>	Hourly Rate:	Cumulative Estimated Total Hours:	Maximum Cost:

Blended Hourly Rate				
<u>Blended Hourly Rate:</u>	Number of Professionals:	Hourly Rate:	Cumulative Estimated Total Hours:	Maximum Cost: