

**Teachers' Retirement System
of the State of Illinois**



**REQUEST FOR PROPOSALS FOR
DEFERRED COMPENSATION CONSULTING SERVICES**

Issued September 11, 2023

Responses due October 3, 2023, by 2:00 pm CDT

Table of Contents

I. Introduction	3
II. Summary Description of TRS.....	3
III. Optional Supplemental Deferred Compensation Plan	4
IV. Services Required	4
V. Proposal Content.....	6
VI. Submission of Proposals.....	8
VII. Evaluation Process	9
VIII. Anticipated Timeline.....	10
IX. General Conditions.....	10
Appendix A: Vendor Type Verification Form	13
Appendix B: Statement of Minimum Qualifications	14
Appendix C: Reference Authorization Letter	15
Appendix D: Questionnaire	16
Appendix E: Fee Proposal.....	19
Appendix F: Sample Agreement.....	20
Exhibit A: SSP Investment Policy	37
Exhibit B: SSP Investment Array	47

I. Introduction

The Teachers' Retirement System of the State of Illinois (the System or TRS) is requesting proposals from qualified consulting firms to provide deferred compensation consulting services to the Teachers' Retirement System. The objective of this Request for Proposal is to solicit competitive proposals from qualified firms in sufficient detail to permit objective evaluation of all proposals which may result in a contract to provide deferred compensation consulting services to the Teachers' Retirement System.

TRS is committed to increasing racial, ethnic, and gender diversity in all aspects of its utilization of vendors to provide goods and services to the System, to the greatest extent feasible, and within the bounds of financial and fiduciary prudence. To that end, the System strongly encourages qualified minority, female, disabled, and veteran-owned firms to submit proposals to this RFP.

This Request for Proposal is neither a contract nor meant to serve as a contract. A proposer's preparation or submittal of a proposal or subsequent participation in presentations or contract negotiations creates no obligation on the System to award a contract or to pay any associated costs. All proposals and related materials will be retained by the System and will be subject to disclosure as required in accordance with the Illinois Freedom of Information Act.

II. Summary Description of TRS

The General Assembly created the Teachers' Retirement System of the State of Illinois (TRS or the System) in 1939. TRS administers a multiple-employer governmental defined benefit plan to provide its members with retirement, disability, and death benefits. Membership in the defined benefit plan is mandatory for all full-time, part-time, and substitute Illinois public school personnel employed outside the city of Chicago in positions requiring certification by the Illinois State Board of Education. Persons employed at certain state agencies relating to education are also TRS members. TRS also offers an optional deferred compensation plan for eligible members operated in accordance with the Pension Code, 40 ILCS 5/16-204, and Section 457(b) of the Internal Revenue Code. The System serves over 400,000 members and had over \$67 billion in assets held in trust for its membership as of July 31, 2023.

The retirement system is administered as a qualified plan under the Internal Revenue Code. TRS benefits and investments are governed by Articles 1, 16, and 20 of the Illinois Pension Code, 40 ILCS 5. Funding comes from member contributions, contributions by TRS-covered employers, the state of Illinois, and investment income. The System's most recent Annual Comprehensive Financial Report as well as a variety of other information about TRS is available on the TRS website at <https://www.trsil.org>.

A Board of Trustees (the Board) is responsible for the general administration of the System, including the duties granted to it under Article 16 of the Illinois Pension Code, 40 ILCS 5/16. Under the direction of the Executive Director employed by the Board, the day-to-day administration of the System is delegated to the System's staff. The main office is in Springfield, Illinois and there are satellite offices in Lisle and Chicago, Illinois.

Using the combined resources of external investment managers, internal staff, and consultants, TRS invests the trust assets in accordance with the general fiduciary rules of both state and federal laws. The market value of the TRS total fund as of July 31, 2023 was \$67 billion.

III. Optional Supplemental Savings Plan

The Illinois Pension Code, 40 ILCS 5/16-204, requires TRS to offer an optional defined contribution benefit to active members of the System. The TRS Board of Trustees established the Teachers' Retirement System of the State of Illinois 457(b) Deferred Compensation Supplemental Savings Plan ("SSP" or "Plan"), effective October 29, 2019, for the benefit of eligible members. The Plan is an eligible deferred compensation plan under Section 457(b) of the Internal Revenue Code. Information about the SSP is available on the TRS website here:

[Bring More to Your Retirement with the TRS Supplemental Savings Plan | Teachers' Retirement System of the State of Illinois \(trsil.org\)](#)

The purpose of the Plan is to provide eligible individuals the opportunity to save on a regular and long-term basis for their retirement by allowing participants to designate a portion of their compensation to be deferred and invested until such time as the participants may withdraw such amounts as provided under the terms of the Plan.

The Plan is authorized to collect optional participant and employer contributions into individual participant accounts. The Plan supplements the existing TRS defined benefit plan and does not replace the defined benefit plan. TRS members who participate in the Plan must continue to participate in the defined benefit plan.

The Plan currently offers 12 investment options to participants in the core lineup that covers a broad range of asset classes as well as target date fund options. The Plan must be operated in full compliance with all applicable state and federal laws and utilizes generally accepted practices in creating and maintaining the deferred compensation benefit for the best interest of the participants.

The Plan began accepting contributions from eligible members electing to participate in the Plan in March 2022. Beginning in January 2023, TRS implemented a new feature enacted by the Illinois legislature, whereby new eligible TRS members are automatically enrolled into the Plan, unless they choose to opt out. As of August 2023, the Plan has nearly 1,500 participants with over \$8.5 million in assets. Over 960 TRS employers have signed agreements to participate in the Plan. There are approximately 150,000 active TRS members eligible to participate.

IV. Services Required

The successful Deferred Compensation Consultant will assist TRS staff with the management of the SSP. The consultant will act as a fiduciary to the System under state law and by contract and provide the following services:

1. Strategic Direction

- Assist TRS to construct and maintain a deferred compensation investment program that is “best in class” for US public pension systems
- Provide recommendations for and assist in the monitoring and enhancement of the Plan structure
- Review SSP Investment Policy Statement and Plan Document and recommend revisions, as necessary
- Provide insight into deferred compensation industry trends and implementation of legislation

2. Investment Fund Research

- Work closely with staff to recommend suitable investment options for the Plan
- Prepare a periodic review of the investment program including development of important strategic and policy-related recommendations
- Maintain fiduciary oversight and monitoring of investments including watchlist recommendations
- Provide market and economic updates/commentary, investment analysis and benchmarking of investments including fees and expenses
- Prepare peer comparisons to other target date funds to ensure current investment array is at market standards
- Produce periodic in-depth analysis of target date funds and other investment products offered in the investment array

3. Monitoring/Reporting

- Monitor performance of deferred compensation investments
- Provide quarterly performance reporting to the board and appropriate committees
- Support staff in the selection, retention, and ongoing monitoring of deferred compensation vendors and investment products consistent with the investment program and System goals
- Provide new product education for the board and staff, and provide general board education as requested
- Attend board and committee meetings as requested
- Attend other staff and/or board meetings upon request
- Present industry updates and report on regulatory trends or changes

4. Back Office Support

- Assist staff in implementing best practices commensurate with the scope of the program
- Provide recommendations to improve existing back office processes and communications
- Assist TRS staff with any reporting, accounting, or performance issues related to deferred compensation vendors
- Assist with drafting RFP(s) for deferred compensation vendors
- Provide assistance in contract review and negotiation, including necessary amendments

- Identify and screen deferred compensation vendor candidates, including conducting site visits and other meetings with finalists as well as recommending finalists, with pros and cons
- Provide staff support as required/requested
- Provide assistance on special projects upon request
- Provide other related services as required by TRS
- Provide access to a secure-protected portal that stores quarterly performance reporting, due diligence reports, and other fiduciary and plan documentation.

The successful firm will be an integral part of the TRS deferred compensation team and may be asked to provide a variety of research, analysis, and advice on related topics. The services are anticipated to begin on or about January 1, 2024, upon successful execution of a written agreement with the System. In accordance with the Illinois Pension Code, the agreement may not exceed five years in duration and may not be renewed or extended. At the conclusion of the five-year engagement, the incumbent consultant may be invited to bid for a new contract. See 40 ILCS 5/1-113.14(d).

V. Proposal Content

At a minimum, the proposal must include the following information to be considered for the engagement. For ease of review, each requirement should be addressed in a separate section preceded by an index tab to identify the subject of the section. The proposal should be formatted on consecutively numbered pages and include a table of contents. Failure to provide information in the prescribed format may result in rejection of the proposal. All responses will be subject to verification for accuracy. **Proposals containing false or misleading information will be rejected.**

A. Cover Letter

A cover letter, which will be considered an integral part of the proposal package, in the form of a standard business letter, must be signed by an individual authorized to bind the proposer contractually. This cover letter must indicate the signer is so authorized and must indicate the signer's title or position. An unsigned proposal will be rejected. The cover letter must also include:

This cover letter must indicate the signer is so authorized and must indicate the signer's title or position. An unsigned proposal will be rejected. The cover letter must also include:

1. A statement that the proposal meets all requirements of this RFP, and that the offer tendered by the proposal will remain in full force and effect until and may be accepted by the Board of Trustees of the Teachers' Retirement System of the State of Illinois, at any time prior to December 31, 2023.
2. A statement certifying that the proposer either: (a) it is not required to register or (b) it is registered as a business entity with the State Board of Elections pursuant to the Procurement Code, 30 ILCS 500/20-160 and acknowledges a continuing duty

to update such registration pursuant to the Procurement Code; and that proposer acknowledges that any Agreement awarded as a result of this RFP is voidable under Section 50-60 of the Procurement Code if the proposer fails to comply with the business entity registration requirements. **30 ILCS 500/20-160; 30 ILCS 500/50-60.**

3. A statement that the proposal is being made without fraud or collusion; that the proposer has not offered or received any finder's fees, inducements, or any other form of remuneration, monetary or non-monetary, from any individual or entity; and that the proposer has not conferred or promised to confer, on any individual or entity, any payment, loan, advance, services, or any other form of remuneration in connection with the award of this engagement.
4. A disclosure of any current business relationship or any current negotiations for prospective business with TRS, or with any member of the Board of Trustees or TRS staff, or any party currently rendering services to TRS. Provide a statement explaining why such relationships do not constitute a conflict of interest.
5. **A statement that the proposer is willing to enter into an agreement in the form attached to the RFP as Appendix F including all certifications and representations contained therein, and that the proposer acknowledges and understands that certain general provisions in the sample agreement mandated by Illinois state law to be included in contracts with agencies of the State of Illinois are not subject to negotiation.**
6. A statement that the proposer acknowledges that all documents submitted in response to this RFP may be subject to disclosure under the Illinois Freedom of Information Act, 5 ILCS 140, and the Illinois Open Meetings Act, 5 ILCS 120. TRS must comply with the Illinois Freedom of Information Act (5 ILCS 140/1 et seq.) TRS cannot represent or guarantee that any information submitted in response to this Invitation for Bids will be confidential. No documentation will be provided under FOIA until the contract has been awarded.
7. An attestation by the signer that the information provided in the Proposal is true and accurate, and that the signer is aware that pursuant to the Illinois Pension Code, 40 ILCS 5/1-135, any person who knowingly makes any false statement or falsifies or permits to be falsified any record of a retirement system or pension fund created under this Code (i.e., the System) in an attempt to defraud the retirement system or pension fund is guilty of a Class 3 felony.

B. Vendor Type Verification Form

Proposers must complete and return the Vendor Type Verification form in the form contained in Appendix A.

C. Statement of Minimum Qualifications

Proposers must complete and return the Minimum Qualifications Certification in the form contained in Appendix B.

D. Reference Checks

Reference checks may be conducted for each finalist. Please provide reference authorization letter in the format prescribed in Appendix C.

E. Questionnaire

The questionnaire contained in Appendix D to this RFP must be completed and returned as part of the proposal.

F. Fee Proposal

Proposers must submit their fee in the format prescribed in Appendix E. Any deviation from the prescribed format which in the opinion of TRS is material may result in the rejection of the proposal. The proposed fee shall include all costs and expenses for providing the services to TRS as described in this RFP. Once finalists are selected, fees may be subject to a “best and final” offer process to be determined at the discretion of the System. The fee proposal must expressly state that the proposed fees are guaranteed for the term of any resulting contract.

G. Contract

This Request for Proposal is neither a contract nor meant to serve as a contract. It is anticipated that one or more of the proposals submitted in response to this Request for Proposal may be selected as the basis for negotiation of a contract with the proposer. Such a contract is presently contemplated to contain, at a minimum, the terms and conditions set forth in the sample agreement included as Appendix F but will also incorporate the terms of the proposal submitted, as finally negotiated and approved by the System. TRS reserves the right to negotiate additions, deletions, or modifications to the sample agreement and/or the terms of proposals submitted. Certain provisions in the sample agreement are required by the State of Illinois and are therefore not subject to negotiation. **Thus, it is critically important that firms submitting proposals clearly and thoroughly identify any and all contractual concerns in their written proposal.** A proposer that waits until contract negotiation to object to TRS contract terms may be precluded from further consideration.

VI. Submission of Proposals

All proposals must be received at the email address designated below **no later than 2:00 P.M. CDT on October 3, 2023**. Proposals should be in an Adobe Acrobat format and should be emailed to Heidi Darow at bidsubmissions@trsil.org. Subject must contain **“Response to Request for Proposals for Deferred Compensation Consultant Services – Name of Responder.”** Failure to clearly identify the proposal in the subject line may result in the rejection of the proposal. Only

email submissions will be accepted. TRS is not responsible for receipt of any proposal which is improperly labeled. An email confirmation will be sent confirming receipt of the proposal.

All costs for developing proposals and attending presentations and/or interviews are entirely the responsibility of the proposer and shall not be chargeable to TRS. Only one proposal from an individual, firm, partnership, corporation, or combination thereof, will be considered for this assignment.

The proposals become the property of TRS upon submission. All costs for developing proposals and attending presentations and/or interviews are entirely the responsibility of the proposer and shall not be chargeable to TRS.

Only one proposal from an individual, vendor, partnership, corporation, or combination thereof, will be considered for this assignment.

VII. Evaluation Process

A. Pre-Evaluation Review

All proposals will be reviewed to determine if they contain all the required submittals specified in this RFP. Those not submitting all required information in the prescribed format will be rejected.

B. Proposal Evaluation

Proposals that pass the pre-evaluation review will undergo an evaluation process conducted by TRS staff. TRS will consider the following various elements in the decision process, ranked in no specific order, and will render a decision based on the perceived best value for the engagement. Cost will be one of the determining factors in this decision but will not be the primary determinative. Proposals will be evaluated based on criteria including:

- Understanding of the services requested
- Soundness of the approach and quality of the proposed services
- Firm qualifications including established record of success in similar work
- Individual qualifications of the assigned staff
- Degree to which the proposed candidate meets the minimum qualifications
- Cost

During the evaluation process, proposers may be requested to provide additional information and/or clarify contents of their proposal. Other than information requested by TRS, no proposer will be allowed to alter the proposal or add new information after the filing date.

Finalists may be scheduled for one or more oral presentations or interviews with TRS staff. Not all proposers may be asked to participate. Finalist interviews will be approximately 1 hour and may be scheduled at the TRS office or on-site at the finalist's office or designated alternate location at the discretion of TRS. Further, finalists may be asked to present their credentials

and program specifics to the Board of Trustees at a public meeting. No expenses or costs associated with interviews or Board presentations will be paid or reimbursed by TRS. TRS may require contract and fee negotiations to be completed prior to any presentation or interview. Once finalists are selected, fees may be subject to a “best and final” offer process to be determined at the discretion of the System.

VIII. Anticipated Timeline

Subject to change at TRS discretion

Date RFP Issued	September 11, 2023
Deadline for Submitting RFP Response	October 3, 2023
Proposal Evaluation	October 2023
Candidate Interviews	October/November 2023
Finalist/Board Presentations	December 12-13, 2023
Firm Selected/Contract Begins	January 1, 2024

IX. General Conditions

A. Clarification of the RFP

To maintain the integrity of the RFP process, interested proposers are expected to respond to this RFP to the best of their understanding. Proposers must not contact TRS staff, Trustees or related entities about this RFP. If a proposer discovers an error in this RFP, the proposer should immediately notify TRS of such error in writing to Heidi Darow at the following email address: purchasing@trsil.org. If deemed necessary or appropriate in the System’s discretion, TRS may clarify or modify any part of this RFP by posting notice on the TRS website prior to the proposal deadline.

B. Restrictions on Communication

Proposers must not discuss or share the contents of their proposals with other potential proposers. TRS policy and the Illinois state ethics law strictly limit communication during the search process. **Any attempt to initiate contact with TRS staff or TRS Trustees, other than as specifically stated in this RFP, may disqualify the proposer from further consideration.**

C. Prior Deficiencies

A proposer that is or has been deficient in current or recent contract performance in dealing with TRS or other clients may be disqualified unless the deficiency is shown to have been beyond the reasonable control of the proposer. TRS may reject a proposal from any proposer that is in default on any debt owed to, or contract with, TRS or other clients, or that is in default as surety or otherwise, upon any obligation to TRS, or has failed to perform faithfully any previous contract with TRS. Proposers that are newly formed business concerns having substantially the same owners, officers, directors, or beneficiaries as a previously existing non-

responsible proposer may be disqualified unless the new organization can prove it was not set up for the purpose of avoiding an earlier declaration of non-responsibility.

D. Reservation of Rights

TRS reserves the right to withdraw this RFP, to accept or reject any or all proposals submitted, and to waive any immaterial deviation, defect, or irregularity, whenever it would be in the best interest of TRS to do so. Waiver of an immaterial deviation shall in no way modify the Request for Proposal or excuse a proposer from full compliance with all RFP requirements.

Proposals that contain false or misleading statements or that provide references which do not support an attribute or condition claimed by the proposer will be rejected. Issuance of the Request for Proposal creates no obligation to award a contract or to pay any costs incurred in the preparation of a proposal. Nothing in this RFP or any resulting contract shall preclude TRS from procuring services similar to those described herein from other sources.

E. Selection, Negotiation, Additional Information

TRS is not bound to accept the lowest priced proposal. TRS reserves the right to negotiate with any proposer or proposers. TRS reserves the right to request additional information of clarification on any matter included in the proposal. The selected proposal will be the most advantageous offer for TRS determined by evaluation and comparison of other factors in addition to cost or price.

Prior to award, TRS may negotiate with the highest ranked respondent(s) for the purposes of:

- Resolving minor differences in the services proposed compared to the services requested in this RFP
- Clarifying details, responsibilities, and proposed activities
- Emphasizing important issues
- Receiving assurances from respondent(s), and
- Exploring ways to improve the final contract

TRS reserves the right at any time to cancel this RFP and to either not award or contact or re-issue the RFP with changes if it is in the best interest of TRS to do so.

F. No Confidentiality

Proposals and all materials submitted in response to this RFP cannot be considered confidential. All proposals and related materials will be retained by TRS and will be subject to disclosure as required in accordance with the Illinois Freedom of Information Act, 5 ILCS 140.

G. Equal Opportunity

TRS does not discriminate because of race, color, religion, creed, sex, sexual orientation, age, marital status, military status, certain unfavorable discharges from military service, political affiliation, citizenship, ancestry, national origin, physical or mental handicap or disability or any other characteristic protected by law. It is the System's intent to comply with all state, federal, and local equal employment and opportunity laws and public policies.

Appendix A: Vendor Type Verification Form

Please complete the information below as it applies to you/your company. This form must be included with your proposal.

Female Owned Business - Must be 51% independently owned by female(s) _____

Minority Owned Business - Must be 51% independently owned by minority(s) _____

Persons with Disability Business - Must be 51% independently owned by disabled person(s) _____

Combination of Above – Any combination of one or more of the three classes above which collectively represents at least 51% ownership _____

Veteran Owned Business - Must be 51% independently owned by veteran(s) _____

None of the above _____

Representative Signature Date

Appendix B: Statement of Minimum Qualifications

(Firm Name) _____ certifies that it meets the following minimum qualifications.

Please initial each as applicable.

1. _____ The responder's key professionals and/or organization have no material conflicts of interest with the TRS board, trustees, staff, its custodian or its investment managers.

2. _____ As of June 30, 2023, and for at least five (5) most recent continuous years, the firm has at least three (3) institutional fund clients with similar size, complexity and asset mix to TRS.

3. _____ As of June 30, 2023, the primary contact dedicated to the Teachers' Retirement System contract has five (5) years of experience in providing consulting services to institutional fund clients

Signed: _____ Date: _____
Title: _____

Appendix C: Reference Authorization Letter
[On prospective firm letterhead]

[Month, Day, Year]

[Reference Name]

[Reference Title]

[Company Name]

[Reference Address]

[City, State, Zip]

Dear [Reference Name]:

(Prospective Firm Name) has submitted a proposal to the Teachers' Retirement System of the State of Illinois ("System") with regard to providing Deferred Compensation Consulting Services. The System is conducting its due diligence with regard to *(Prospective Firm Name)*. Through this written authorization, *(Prospective Firm Name)* hereby authorizes any individual, business, corporation, retirement system, state agency, or other entity to release any facts and information it may have concerning *(Prospective Firm Name)*, its principals, employees and agents, to the System.

A copy of this authorization may be used as if it were an original. Thank you for your assistance.

Sincerely,

(Prospective Firm Name)

(Authorized Signature and Title)

cc: R. Stanley Rupnik, CFA, Executive Director & CIO, TRS

Appendix D: Questionnaire

The following questionnaire must be completed and included with your response to this RFP. Type your responses in the same order as the questionnaire, listing the question first followed by your answer.

1. Contact and Firm Information

Name of Firm: _____

Mailing Address: _____

City: _____ State: _____ Zip Code: _____

Phone: _____ Fax: _____

Federal Employer Identification Number: _____

Contact Person(s):

Name: _____ Phone: _____

Title: _____ Fax: _____

Email: _____ Website: _____

2. General Firm Information

- a) Provide a brief history and description of your firm including ownership. Provide a narrative describing any special expertise or experience your firm has in working with governmental clients in the deferred compensation arena or in providing this type of service to entities such as TRS.
- b) Describe the financial condition of your firm and include a copy of the firm's financial statement for the most recent annual reporting period.
- c) Describe any significant developments in your organization that have occurred since January 1, 2023 (changes in ownership, personnel, reorganization, etc.) Describe any anticipated near-term changes as well.
- d) Provide details on any primary consultant, officer, or principal involvement in any business litigation, regulatory, or other legal proceedings or government investigation involving allegations of fraud, negligence, criminal activity, or breach of fiduciary duty relating to investment consulting activities.
- e) Describe in detail any potential conflicts of interest your firm including affiliate organizations may have in providing consulting services to TRS.
- f) Provide the levels of insurance coverage, including the amounts of errors and omission insurance and any other fiduciary professional liability insurance your firm currently carries, and list the insurance carriers supplying the coverage.
- g) Provide a copy of your firm's Ethics Policy.
- h) Identify any current or former professional or personal relationship of any nature whatsoever with any current or former member of the TRS Board. Identify any other matters that would be required to be disclosed pursuant to the "Conflict of Interest" provision contained in the sample agreement enclosed in this RFP.

3. Clients

- a) Provide a comprehensive list of institutional clients, highlighting those gained in the last three years.
- b) Provide a list of all institutional clients lost since January 2023 and the reasons for the loss.
- c) Provide the name, address, phone number, contact name and title of three clients to TRS that can be contacted as references. Indicate the length of your relationship and services provided.

4. Personnel

- a) List your firm's key professionals. Identify those who will be assigned to the TRS account.
- b) Describe the duties and responsibilities of each professional that would be dedicated to the TRS deferred compensation plan.
- c) Describe your firm's backup procedures in the event the key consultants assigned to the TRS account should leave the firm.
- d) What percentage of time of those who have direct responsibility for the TRS account would be devoted to the TRS account?
- e) Provide biographies/resume of the key individuals who would be assigned to the TRS account.

5. Firm Capabilities

- a) Describe key strengths and competitive advantages of the firm that will provide superior service.
- b) Describe the firm's ability to deliver timely and pertinent information to TRS staff and the process to provide this information.
- c) Describe the firm's capabilities and experience in providing education to staff and to a board of trustees. Provide samples of information provided in the past to clients.
- d) Please include any other information for consideration.

6. Services

The scope of services will include four general themes and include a) strategic direction; b) investment fund research; c) reporting/monitoring; and d) back-office support.

- a) Strategic Direction
 - i. Describe the prospective process for determining the optimal structure/design and considerations for a plan that has been in operation for less than 2 years.
 - ii. Describe your anticipated service model to TRS such as interactions with staff, expectations of TRS staff/management, frequency of in-person meetings, frequency of conference calls, team dynamics, or other elements the proposer wishes to describe.
- b) Investment Fund Research
 - i. Describe best practices in evaluating investment funds for a deferred compensation plan.
 - ii. Describe how the firm maintains best practices.

- iii. How do you maintain fiduciary oversight and monitoring of investments including watchlist recommendations.
 - iv. How do you provide market and economic updates/commentary, investment analysis and benchmarking of investments including fees and expenses.
 - v. Describe your experience in preparing peer comparisons to other target date funds to ensure current investment array is at market standards.
 - vi. Describe your experience in producing periodic in-depth analysis of target date funds and other investment products offered in the investment array.
- c) Reporting/Monitoring
- i. Define best practices for monitoring and reporting for a deferred compensation plan.
 - ii. Describe how the firm meets these criteria in a timely and effective manner.
 - iii. Describe your experience in producing industry updates and reporting on regulatory trends or changes.
- d) Back Office Support
- i. Define best practices for back-office processes.
 - ii. Describe how the firm can assist TRS in achieving best practices.
 - iii. Discuss most recent (within last 3 years) client engagements and the firm's role and methodology in the selection of deferred compensation administrative, compliance, communication, investment management, recordkeeping, and/or directed trustee services.
 - iv. Describe your ability to provide access to a secure-protected portal that stores quarterly performance reporting, due diligence reports, and other fiduciary and plan documentation.

Appendix E: Fee Proposal

Fee proposal shall be provided in the format included below. An hourly rate and a flat fee retainer cost proposal is required and should include all out-of-pocket expenses attributable to the performances of services, i.e. all travel expenses including but not limited to lodging, transportation, meals, telephone, facsimile, Internet, or other communication devices, postage, delivery, copying, clerical time, and overtime.

<u>Term</u>	<u>Hourly Rate</u>	<u>Flat Fee Retainer</u>
FY 2024-2025 (1/1/2024-12/31/2024)		
FY 2025-2026 (1/1/2025-12/31/2025)		
FY 2026-2027 (1/1/2026-12/31/2026)		
FY 2027-2028 (1/1/2027-12/31/2027)		
FY 2028-2029 (1/1/2028-12/31/2028)		

Representative Signature

Date

**Appendix F: [SAMPLE] AGREEMENT FOR PROFESSIONAL SERVICES
(Deferred Compensation Consulting Services)
(SAMPLE AGREEMENT)**

This [SAMPLE] AGREEMENT FOR PROFESSIONAL SERVICES (this “Agreement”) is made and entered into this ____ day of _____, 2023, by and between the Teachers’ Retirement System of the State of Illinois (“TRS” or the “System”), a retirement system established under and pursuant to the laws of the State of Illinois, and *[INSERT NAME/ADDRESS/LEGAL STATUS OF CONTRACTOR], a *[INSERT LEGAL STATUS OF CONTRACTOR] (“Contractor”).

WHEREAS, the System has need to obtain professional consulting services to assist the System in administration of a deferred compensation plan established and operated by the System; and

WHEREAS, the System has determined through a Request for Proposal (RFP) process that Contractor meets all qualifications described in the RFP to perform the services set forth herein; and

WHEREAS, the TRS Board of Trustees resolved on XXX, to engage Contractor to perform the work specified in this Agreement;

NOW THEREFORE, Contractor agrees to provide professional services to the System pursuant to the terms of this Agreement as more fully detailed below:

1. **Services:** In accordance with the terms of this Agreement, and under the direction of the staff Deferred Compensation Committee and the Board Deferred Compensation Committee, the Executive Director and Chief Investment Officer or a designee, the services and deliverables (the “Services”) to be provided by the Contractor shall include, but are not limited to, the following:

[DESCRIBE SERVICES]

2. **Compensation:**

- a) Contractor’s annual retainer for Services provided under this Agreement shall be as follows, payable in arrears in quarterly installments:

[AS AGREED]

- b) Such fee shall include all normal business expenses, including all overhead expenses associated with Contractor’s business, such as clerical time and overtime, computer usage, telephone calls, tele-facsimiles, photocopying, and mailing an express delivery expenses.

- c) All out-of-pocket expenses attributable to performance of the Services under this Agreement and attendance of Contractor's personnel at meetings of the System's Board of Trustees and the Investment Committee thereof as requested, including without limitation, transportation, lodging, and meals during the period of travel, shall be at Contractor's own expense, and the System shall have no obligation to reimburse Contractor for any such out-of-pocket expenses.

Further, Contractor is independently responsible for its other overhead and business expenses, including costs of personnel, software and equipment, telecommunications and Internet services, postage, delivery, and copying.

- d) Contractor represents, warrants and agrees none of Contractor's deferred compensation consulting clients with total defined benefit portfolio values equal to or less than the System's total defined benefit portfolio value (an "other client") pay, or will pay, fees which are less than the rates described in this Section 2. Contractor agrees to provide prompt prior written notice of the provision of any fee terms to any of Contractor's new or existing clients which result in or have the potential to result in another client receiving more favorable fee terms than the System's. If more favorable fee terms are provided to another client, the System shall receive the benefit of the lower rates as of the effective date of the rates' inception with the other client.

3. **Billing:** Contractor shall submit quarterly invoices for Services provided hereunder in accordance with terms outlined below:

- a) The amount shown on the invoice shall be in accordance with the fee or rate schedule provided herein.
- b) By submitting an invoice, Contractor certifies that the Services provided meet all requirements of the Agreement, that the amount billed is as allowed in the Agreement, and that any expenses billed are reimbursable under this Agreement. Invoices shall be signed by Contractor and shall set out Contractor's social security number or FEIN.
- c) Invoices submitted by Contractor for the Services performed prior to July 1 must be presented to the System no later than July 15 of that year in order to ensure payment under this Agreement. Failure by Contractor to seek payment of invoices prior to July 15 may require Contractor to seek payment in the Illinois Court of Claims.
- d) Contractor shall not bill for any taxes unless accompanied by proof that TRS is subject to the tax. If necessary, Contractor may request the applicable Illinois tax exemption number and federal tax exemption information.

4. **Payment:** Payments will be paid in accordance with the Prompt Payment Act, 30 ILCS 540. Payment will be made in the amount earned to the date of the applicable invoice, less previous partial payments. Final payment may be adjusted by the System if such adjustment is supported by a System audit. All recordkeeping shall be in accordance with sound generally

SSP Investment Array

accepted accounting principles (GAAP). TRS shall not be liable to pay for Services rendered, including related expenses, incurred prior to the Effective Date of this Agreement.

5. **Term of the Agreement:** The Services under this Agreement shall be provided between XXX and XXX (not to exceed five years) unless earlier terminated in accordance with Section 35 of this Agreement (the "Term"). The Term of this Agreement shall not be renewed or extended.
6. **Amendment and Changes:** This Agreement may be amended in writing from time to time by mutual consent of the parties. All amendments to this Agreement must be in writing and fully executed by the parties. The System's deferred compensation investment policy statement (the "Investment Policy Statement") in effect as of the date of this Agreement, which document is attached hereto and fully incorporated herein as Exhibit A, may be amended from time to time by the System by written notice furnished to the Contractor.
7. **Applicable Law:** This Agreement and Contractor's Services hereunder are hereby made, and Contractor must perform the Services in compliance with all applicable federal and state laws. This Agreement shall be construed and governed in accordance with the laws of the State of Illinois to the extent that such laws are not pre-empted by the laws of the United States of America. By entering into this Agreement, each party agrees to submit to the exclusive jurisdiction of the state and federal courts of Illinois and agrees that any action or proceeding against the System arising out of or in connection with this Agreement shall be instituted in the Illinois Court of Claims. The System shall not enter into binding arbitration to resolve any dispute arising out of this Agreement. The System does not waive sovereign immunity by entering into this Agreement.
8. **Authorization:** Each party to this Agreement represents and warrants that: (a) it has the right, power, and authority to enter into and perform its obligations under this Agreement; (b) it has taken all requisite action (corporate, statutory, or otherwise) to approve execution, delivery, and performance of this Agreement; and (c) this Agreement constitutes a legal, valid, and binding obligation upon itself in accordance with its terms.
9. **Bankruptcy:** Contractor shall promptly notify the System if Contractor becomes insolvent, files a petition in bankruptcy, becomes a party to an involuntary bankruptcy proceeding, or makes an assignment for the benefit of creditors. In such an event, the System may immediately cancel all or any portion of this Agreement upon written notice.
10. **Building Security:** Contractor shall comply with the System's security procedures during the time Contractor's personnel are on the premises.
11. **Certifications:** Contractor certifies that it is not legally prohibited from contracting with TRS or the State of Illinois, has no known conflicts of interest, and further specifically certifies as follows:
 - a) **Educational Loan:** Contractor, in accordance with the Educational Loan Default Act, is not in default on an educational loan. **5 ILCS 385.**

- b) **Ethics:** Contractor acknowledge that employees and trustees of TRS are subject to the State Officials and Employees Ethics Act, that TRS has adopted a gift ban more restrictive than required by state law, and agrees to refrain from bestowing or offering gifts of any monetary or non-monetary value to TRS employees or trustees. **5 ILCS 430.**
- c) **Bribery:** Contractor has not been convicted of bribing or attempting to bribe an officer or employee of the State of Illinois or any other state, nor made an admission of guilt of such conduct that is a matter of record. TRS shall declare this Agreement void if this certification is false. **30 ILCS 500/50-5.**
- d) **Felony:** If Contractor has been convicted of a felony, at least five years has passed after the date of completion of the sentence for that 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. TRS shall declare this Agreement void if this certification is false. **30 ILCS 500/50-10.**
- e) **Sarbanes-Oxley:** If Contractor 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, 815 ILCS 5, at least five years has passed from the date of conviction. Contractor is not barred from being awarded a contract under 30 ILCS 500/50-10.5, and acknowledges that TRS shall declare this Agreement void if this certification is false. **30 ILCS 500/50-10.5.**
- f) **Debt Delinquency:** Contractor and its affiliates are not delinquent in the payment of any debt to the State, or if delinquent, have entered into a deferred payment plan to pay off the debt. Contractor further certifies that it is not barred from being awarded a contract under 30 ILCS 500/50-11, and acknowledges that TRS may declare this Agreement void if this certification is false, or if Contractor later becomes delinquent and has not entered into a deferred payment plan to pay off the debt. **30 ILCS 500/50-11; 30 ILCS 500/50-60.**
- g) **Illinois Use Tax:** Contractor is not barred from being awarded a contract under 30 ILCS 500/50-12, and acknowledges that TRS may declare this Agreement void if this certification is false. Contractor shall collect and remit Illinois Use Tax on all sales of tangible personal property into the State of Illinois in accordance with the provisions of the Illinois Use Tax Act, and acknowledges that failure to comply can result in this Agreement being declared void. **30 ILCS 500/50-12.**
- h) **Environmental Protection:** Contractor has not committed a willful or knowing violation of the Environmental Protection Act (EPA) relating to civil penalties within the last five years, and is therefore not barred from being awarded a contract. If this certification is later determined to be false, Contractor acknowledges that the System may declare this Agreement void. **30 ILCS 500/50-14.**
- i) **Lead Poisoning:** Contractor is not in violation of the Illinois Procurement Code provision prohibiting owners of residential buildings who have committed a willful or

knowing violation of the Lead Poisoning Prevention Act from doing business with the State until the violation is mitigated. **30 ILCS 500/14.5, 410 ILCS 45.**

- j) **Conflict of Interest:** Contractor does not have any public or private interest, direct or indirect, and shall not acquire directly or indirectly any such interest which does or may conflict in any manner with Contractor's obligations under this Agreement. Contractor has disclosed, and agrees it is under a continuing obligation to disclose to TRS, financial or other interests, public or private, direct or indirect, that may be a potential conflict of interest or which would prohibit Contractor from entering into or continuing to perform under this Agreement. Contractor further certifies that, in the performance of this Agreement, no person having any such interest shall be employed by Contractor. If any elected or appointed State officer or employee, or spouse or minor child of same has any ownership or financial interest in Contractor or this Agreement, Contractor certifies that it has disclosed that information to TRS, and any waiver of the conflict has been issued in accordance with applicable law and rule. Membership in the Teachers' Retirement System of the State of Illinois does not constitute a conflict of interest within the meaning of this paragraph. **30 ILCS 105/8.40, 30 ILCS 500/50-13, 30 ILCS 500/50-15, 30 ILCS 500/50-35.**
- k) **Inducement:** Contractor has not offered or paid any money or valuable thing to induce any person not to bid for a State contract, and has not accepted any money or valuable thing, or acted upon the promise of same, for not bidding on a State contract. **30 ILCS 500/50-25.**
- l) **Non-Solicitation:** Contractor has not employed or retained any company or person, other than a bona fide employee working solely for Contractor, to solicit or secure this Agreement, and has not paid or agreed to pay any company or person, other than a bona fide employee working solely for Contractor, any fee, commission, percentage, brokerage fee, gifts, or any other consideration contingent upon or resulting from the award of making of this Agreement.
- m) **Revolving Door:** Contractor is not in violation of the "revolving door prohibition" on procurement activity relating to a State agency. **30 ILCS 500/50-30.**
- n) **Anticompetitive Practices:** Contractor will report to the Illinois Attorney General and the Chief Procurement Officer any suspected collusion or other anticompetitive practice among any bidders, offerors, contractors, proposers, or employees of the State. **30 ILCS 500/50-40, 30 ILCS 500/50-45, 30 ILCS 500/50-50.**
- o) **Business Entity Registration:** Contractor certifies either: (a) it is not required to register or (b) it is registered as a business entity with the State Board of Elections pursuant to the Procurement Code, 30 ILCS 500/20-160 and acknowledges a continuing duty to update such registration pursuant to the Procurement Code. Contractor acknowledges that this Agreement is voidable under Section 50-60 of the Procurement Code if Contractor fails to comply with the business entity registration requirements. **30 ILCS 500/20-160; 30 ILCS 500/50-60.**

- p) **ERI:** Contractor has informed the System in writing if Contractor was formerly employed by the System and received an early retirement incentive prior to 1993 under 40 ILCS 5/14-108.3 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. Contractor has not received an early retirement incentive in or after 2002 under 40 ILCS 5/14-108.3 or 40 ILCS 5/16-133.3 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 105/15a.**
- q) **Drug Free Workplace:** Contractor will provide a drug free workplace and will not engage in the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance during the performance of this Agreement. This certification applies to contracts of \$5,000 or more with individuals, and to entities with 25 or more employees. **30 ILCS 580.**
- r) **International Boycott:** Neither Contractor, nor any substantially owned affiliate, is or shall participate in an international boycott in violation of the U.S. Export Administration Act of 1979 or applicable regulations of the U.S. Department of Commerce. This certification applies to contracts that exceed \$10,000. **30 ILCS 582.**
- s) **Forced Labor:** In accordance with the State Prohibition of Goods from Forced Labor Act, no foreign-made equipment, materials, or supplies furnished under this Agreement have been or will be produced in whole or in part by forced labor, convict labor, or indentured labor under penal sanction. **30 ILCS 583.**
- t) **Child Labor:** In accordance with the State Prohibition of Goods from Child Labor Act, no foreign-made equipment, materials, or supplies furnished under this Agreement have been or will be produced in whole or part by the labor of any child under the age of 12. **30 ILCS 584.**
- u) **Bid Rigging/Rotating:** Contractor has not been convicted of bid rigging or bid rotating or any similar offense of any state or of the United States. **720 ILCS 5/33E-3, E-4.**
- v) **Nondiscrimination/Equal Employment Opportunity:** Contractor will comply with applicable provisions of the State and Federal constitutions, laws, and regulations pertaining to unlawful discrimination, harassment, and equal employment opportunity, including but not limited to the U.S. Civil Rights Act, Section 504 of the Federal Rehabilitation Act, the Americans with Disabilities Act, the Public Works Employment Discrimination Act, and the Illinois Human Rights Act. **42 USC 12101 et seq., 775 ILCS 5, 775 ILCS 10.**
- w) **Discriminatory Club:** Contractor does not pay dues or fees, or subsidize or otherwise reimburse its employees or agents for any dues or fees to any discriminatory club. **775 ILCS 25.**

- x) **Affiliates:** Contractor shall disclose the names and addresses of (i) itself; (ii) any entity that is a parent of, or owns a controlling interest in Contractor; (iii) any entity that is a subsidiary of, or in which a controlling interest is owned by, Contractor; (iv) any persons who have an ownership or distributive income share in Contractor that is in excess of 7.5%; or (v) who serves as an executive officer of Contractor. **40 ILCS 5/1-113.14(c)(5).**

12. Compliance with Law and Policies: In acting as an investment consultant hereunder, Contractor, its employees, agents, and subcontractors shall act at all times in accordance with all applicable requirements of the Illinois Pension Code, 40 ILCS 5/1, and 40 ILCS 5/16-179, TRS investment procurement administrative rules (80 Ill. Admin. 1650.3000 – 1650.3045) and any other applicable requirements under the laws of the State of Illinois, and all federal, state, and local laws, rules, ordinances, regulations, orders, federal circulars, and all license and permit requirements in the performance of this Agreement. Contractor shall, at all times during the Term of this Agreement, maintain compliance with all applicable tax requirements and be current in payment of such taxes. Contractor acknowledges receipt of the System’s Investment Policy in effect as of the date of this Agreement, which document is attached hereto and fully incorporated herein as Exhibit A. Contractor understands and agrees that such Investment Policy is subject to change and agrees that it shall act at all times in accordance with any written investment policies of the System in their most current version, which documents, in their most current version, shall be deemed fully incorporated herein by reference.

13. Confidential Data and Information: Contractor, including its personnel, agents, and subcontractors, may have access to, collect, or receive confidential data, member records, or other information owned or maintained by the System in the course of carrying out its responsibilities under this Agreement that is (a) marked as “Confidential” or “Proprietary”; (b) is otherwise reasonably identifiable as the confidential or proprietary information of the System; or (c) should reasonably be understood to be the confidential or proprietary information of the System given the nature of the information and the circumstances surrounding its disclosure (collectively, “Confidential Information”). The System hereby designates all information about TRS or its portfolio received or accessed by Contractor pursuant to this Agreement as Confidential Information unless otherwise designated in writing by the System. Contractor shall not unnecessarily communicate such Confidential Information within Contractor’s operations. No such Confidential Information shall be used for competitive purposes nor disclosed or disseminated except as authorized by law and with the written consent of the System, either during the period of this Agreement or thereafter. Contractor shall only access and use the Confidential Information of the System as required to and for the limited purpose of performing its obligations under this Agreement; provided, that Contractor may disclose the Confidential Information on an anonymized and aggregated basis for purposes of providing market analyses and other services to its clients, including the System, and provided further, that Contractor may disclose the Confidential Information of the System to its employees, agents, and subcontractors who need to know such information in order to perform their obligations related to this Agreement and who are contractually bound by confidentiality obligations that are at least as protective as those in this Agreement. Contractor shall use at least the same degree of care in safeguarding the System’s Confidential Information as it uses in safeguarding its own Confidential Information, but shall not use less than reasonable care and diligence. Contractor must return all such Confidential Information,

in whatever form it is maintained, promptly at the end of the Agreement or earlier at the request of the System, or shall notify the System in writing of its destruction, subject to any retention obligations mandated by law, rule, or regulation. Except with respect to personal data for which there are no exceptions, the foregoing obligations do not apply to Confidential Information: that is lawfully in the receiving party's possession prior to acquisition under this Agreement; that was received in good faith from a third party not subject to any confidentiality obligation; that is or becomes publicly known through no breach of confidentiality obligation; or that is independently developed by the receiving party without the use or benefit of the System's data or information. Contractor shall be responsible for any breach of this Agreement by its employees, agents, subcontractors and any third party to whom it discloses Confidential Information in accordance with this Agreement.

14. **Consultant Disclosures:** In accordance with Illinois law and prior to the award of this Agreement, Contractor has made all required disclosures surrounding minority persons, women, persons with a disability, and businesses owned by the above, relative to Contractor's staff, contracts, and searches made by Contractor, and surrounding compensation and economic opportunity received from investment advisors, and will update such disclosures each January 1 hereafter as required by law. **40 ILCS 5/1-113.21; 40 ILCS 5/1-113.22; 40 ILCS 5/1-113.23.**
16. **Employment Status:** Contractor and all personnel that Contractor assigns to perform Services under this Agreement are not employees of the System and amounts paid pursuant to this Agreement do not constitute compensation paid to any employee of the System. The System assumes no liability for the actions of Contractor or its personnel under this Agreement and this Agreement is not subject to the State Employee Indemnification Act, as amended, 5 ILCS 350. Contractor is an independent contractor in the performance of this Agreement, and is not an agent, employee, partner, or in joint venture with the System. All payments by the System shall be made on that basis. All personnel performing Services pursuant to this Agreement are employees of Contractor, are treated as employees of Contractor for tax reporting purposes, and are provided all benefits of such employment that are provided or accrue to Contractor's employees, including, without limitation, health insurance, life insurance, disability insurance, workers' compensation, vacation, paid holidays, sick leave, and the like.
17. **Entire Agreement:** This Agreement constitutes the entire agreement between the parties concerning the subject matter of this Agreement, and supersedes all prior proposals and contracts between the parties concerning the subject matter of this Agreement. Any provision of this Agreement officially declared void, unenforceable, or against public policy, shall be ignored and the remaining provisions shall be interpreted to give effect to the parties' intent. In the event of a conflict between the System's and Contractor's terms, conditions, and attachments, the System's terms, conditions, and attachments shall prevail.
18. **Execution of Originals:** This Agreement may be executed in two or more counterparts, any one of which shall be an original without reference to the others.
19. **FEIN Certification:** Under penalties of perjury, Contractor certifies that the legal name of business, taxpayer identification number, and legal status listed below are correct.

Contractor's legal name of business: _____

Taxpayer Identification Number: _____

Legal status of business: _____

Tax classification: S = S Corporation
[Check only if legal status is C = Corporation
a limited liability company] P = Partnership

20. **Fiduciary:** In addition to, but not in lieu of any and all applicable fiduciary standards imposed under federal or state law, Contractor is a fiduciary with respect to the System and Contractor shall perform its duties under this Agreement with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in an enterprise of like character and with like aims. Termination of this Agreement does not release Contractor from any of its fiduciary duties and obligations with respect to the System. The Contractor's fiduciary obligations shall include, but are not limited to, the fiduciary duty of loyalty to take action and otherwise perform solely in the interest, and for the exclusive benefit of, the System and its beneficiaries. Except as expressly permitted under this Agreement or as disclosed in Part 2 of the Contractor's Form ADV, the Contractor shall not: (a) deal with the assets of the Master Trust in the Contractor's own interests or for its own account, or the account of its principals, employees, agents, subcontractors or its affiliates; (b) act in any transaction involving the assets of the Master Trust on behalf of a party, or represent a party, whose interests are adverse to the interest of the System or the System's beneficiaries, taken as a whole; (c) take any action or render any Services when the Contractor's independence of judgment on behalf of the System is or could reasonably be affected; or (d) receive any consideration for its own account, or for the account of any of its principals, employees, agents, subcontractors or affiliates, from any party dealing with the System in connection with a transaction involving the assets of the Master Trust other than as contemplated hereunder.
21. **Finder's Fee:** Contractor certifies that no finder's fee or finder's commission, or third-party placement, marketing, solicitor's, consulting, or contingency fee, or any other consideration has been paid or shall be paid to any individual or organization, other than a bona fide employee working solely for Contractor, resulting from or related to the establishment of this investment consulting relationship with the System. Contractor shall fully disclose any direct or indirect fees, commissions, penalties, or other compensation, including reimbursement for expenses that may be paid by or on behalf of Contractor in connection with the provision of Services to the System, and acknowledges a continuing duty to update such disclosure promptly after a modification of those payments or an additional payment.
22. **Inability to Perform:** Contractor agrees that if, due to death, illness, departure, or any other occurrence, any principal or principals of Contractor become unable to perform the Services set forth in this Agreement, neither Contractor nor the surviving principals shall be relieved of their obligations to complete performance hereunder. Contractor may substitute other

professionals to perform such Services only upon approval of the System. Contractor shall immediately notify the System of any occurrence resulting in the inability of any principal or principals of Contractor to perform the Services set forth in this Agreement, in which event the System, at its own option, may immediately terminate this Agreement upon written notice to Contractor.

23. **Indemnification:** Contractor shall indemnify, defend, save and hold harmless the System, its board members, trustees, officers, agents and employees, in both individual and official capacities, from and against any and all suits, actions, claims, demands, damages, losses, costs, and expenses, including attorney's fees and all expenses, arising out of or resulting from: (a) any claim that the Services provided, delivered or made available by Contractor infringe upon or misappropriate the Intellectual Property Rights (as defined in Section [36]) or other property rights of a third party; (b) a material breach by Contractor or Contractor's officers, directors, employees, agents, or subcontractors of this Agreement, including the fiduciary standard of care; or (c) the fraud, negligence, or intentional misconduct of Contractor or Contractor's officers, directors, employees, agents or subcontractors. This paragraph is applicable to the full extent allowed by the laws of the State of Illinois and not beyond any extent that would render this paragraph void or unenforceable.

24. **Insurance:**

- a) Contractor shall, at its sole cost and expense, procure and maintain on its own behalf, workers' compensation insurance in amounts equal to all statutory requirements. Contractor shall also carry, on its own behalf, commercial general liability insurance of at least \$5 million per occurrence. Contractor shall also carry, on its own behalf, professional liability insurance of at least \$5 million. Contractor shall furnish the System a true and correct copy of each paid-up policy evidencing such insurance, or a certificate of the insurer certifying that such policy has been issued, prior to execution of this Agreement. Contractor shall also provide renewal certificates of insurance so long as this Agreement is in effect. Each policy shall provide that it may not be canceled or materially changed without sixty days prior written notice to the System.
- b) Contractor shall promptly notify the System in writing of any claims under any required insurance policies which, if valid, would have the effect of materially reducing the amount of insurance available under such policies or reducing the amount of insurance available under such policies to an amount lower than the limits provided herein and of any material developments relating to such claims.
- c) Contractor expressly understands and agrees that insurance coverage required by this Agreement or otherwise provided by Contractor shall in no way supersede, reduce, or otherwise limit Contractor's obligation to indemnify, defend, and hold harmless the System, its board members, officers, agents and employees, in both individual and official capacities, as provided in this Agreement.

25. **Nonexclusive Agreement:** Contractor understands, acknowledges, and agrees that Contractor does not have an exclusive agreement with the System to provide the Services hereunder, and

that the System may engage others to provide the Services without any obligation to Contractor.

26. **Notices:** Notices and any other communication provided for herein shall be given in writing to the contacts designated below by registered or certified mail, return receipt requested, by receipted hand delivery, by courier (UPS, Federal Express, or other similar and reliable carrier), by email, or by fax showing the date and time of successful receipt. Each such notice shall be deemed to have been provided at the time it is actually received. By giving notice, either party may change the following contact information:

Contractor: [Company Name]
Attention:
[Mailing Address]
[City, State Zip Code]
Phone:
Fax:
Email:

TRS: Teachers' Retirement System of the State of Illinois
Attention: Heidi Darow, Purchasing Manager
2815 W. Washington St., P.O. Box 19253
Springfield, Illinois 62794-9253
Phone: 217-814-2049
Fax: 217-753-0969
Email: Purchasing@trsil.org

27. **No Waiver:** Except as specifically waived in writing, failure by either party to exercise or enforce a right or obligation under this Agreement shall not affect any subsequent ability to exercise or enforce a right or obligation.
28. **Performance Review:** Contractor's performance of the Services pursuant to this Agreement is subject to annual review by the System's investment staff according to pre-established criteria, with the results of such performance review presented to the Investment Committee of the System's Board of Trustees.
29. **Records Retention:** Contractor and its subcontractors agree to comply with Section 20-65 of the Illinois Procurement Code, 30 ILCS 500/20-65, and shall maintain adequate books and records relating to the performance of this Agreement and necessary to support amounts charged to the System under this Agreement. Books and records, including information stored in databases or other computer systems, shall be maintained by Contractor and its subcontractors for a period of six (6) years from the later of the date of final payment under the Agreement or completion of the Agreement. Such six-year period shall be extended for the duration of any audit in progress at the time of that period's expiration. Such books and records shall be available for review or audit by the Illinois Auditor General, other governmental entities with monitoring authority, and the System, upon reasonable notice and during normal business hours. Contractor and its subcontractors shall cooperate fully with any

such review or audit. Failure to maintain such books and records shall establish a presumption in favor of the System for the recovery of any funds paid by the System under this Agreement for which adequate books and records are not available. Contractor shall not impose a charge or pass on fees or costs for reasonable copying and administrative costs associated with a review or audit of such books and records, however audits requiring CPA involvement or extraordinary measures may result in a request for reimbursement of costs. Contractor shall take reasonable steps to ensure that its subcontractors are in compliance with this provision.

30. **Reporting:** Contractor, in conjunction with the System's investment staff, shall submit periodic written reports, on at least a quarterly basis, for review by the Investment Committee of the System's Board of Trustees at its regularly scheduled meetings.
31. **Severability:** Any provision, covenant, or condition of this Agreement which is held by a court of competent jurisdiction to be invalid or not enforceable in any jurisdiction, shall be ineffective to the extent of such invalidity or unenforceability without invalidating or rendering unenforceable the remaining provisions hereof and any such invalidity or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.
32. **Solicitation of Employees:** Contractor agrees not to recruit, solicit, employ, or induce TRS personnel, directly or indirectly, to apply for employment with Contractor, during and for one year following the conclusion of this Agreement.
33. **Subcontracting and Assignment:**
 - a) This Agreement may not be assigned or transferred in whole or in part without a written amendment duly executed by both parties. This Agreement shall be binding on the parties and their respective successors and permitted assigns. Any assignment in contravention of this Section shall be null and void and of no further effect.
 - b) If Contractor intends to utilize one or more subcontractors in performance of this Agreement, Contractor shall provide prior written notice to the System identifying the names and addresses of all such subcontractors to be utilized by Contractor in the performance of this Agreement, together with a description of the work to be performed by the subcontractor and the anticipated amount of money that each subcontractor will receive from Contractor for such work. This Agreement shall apply to and bind all subcontractors utilized by Contractor in the performance of this Agreement as fully and completely as Contractor is hereby bound and obligated. For purposes of this Section, subcontractors are those specifically hired to perform all or part of the work or to provide equipment or supplies covered by the Agreement.
34. **Third Parties Operating Policy and Technology Use Policy:** Contractor shall also comply with the System's Third Parties Operating Policy and TRS Technology Use Policy which shall be provided to Contractor.

35. Termination:

- a) This Agreement may be terminated at any time by the mutual consent of the System and Contractor.
- b) Either party may, without the consent of the other party, terminate this Agreement upon 60 days' prior written notice to the other party.
- c) Notwithstanding any contrary provision in this Agreement, this Agreement may be terminated at the option of the System whenever the System determines that such termination is in its best interests, upon 15 days' prior written notice to Contractor.
- d) Upon notice of termination, Contractor shall cease work under this Agreement except work that TRS directs in writing to be completed, and take all necessary or appropriate steps to limit disbursements and minimize costs, and cooperate in good faith with TRS during the transition period between notification of termination and substitution of any replacement contractor. Contractor shall be entitled to payment for satisfactory Services provided under the Agreement. In the event the System and Contractor cannot agree to the amount of payment due Contractor, Contractor will receive a percentage of payment provided under the Agreement equal to the percentage of work completed prior to termination of the Agreement. Contractor shall immediately return to TRS any payments for the Services that were not rendered by Contractor.
- e) Termination of this Agreement shall not relieve either party of any obligations hereunder which were incurred prior to the date upon which the termination is effective.

36. Use and Ownership: Unless otherwise specified in this Agreement, and except for Pre-Existing Contractor Materials (as defined below in Section [37]), Contractor acknowledges and agrees that, as between the parties, the System is the sole and exclusive owner of all the right, title, and interest, in and to the Services provided under the Agreement, including all associated Intellectual Property Rights. Contractor hereby assigns and transfers to the System all right, title, and interest in and to such work including any related Intellectual Property Rights, and/or waives any and all claims that Contractor may have to such work including the so-called "moral rights" in connection with the work. Confidential Information contained in such work shall be subject to all confidentiality provisions of this Agreement. The term "Intellectual Property Rights" means any rights (whether owned or licensed) existing now or in the future under patent law, copyright law, trademark law, data and database protection law, trade secret law, and any and all similar proprietary rights. The term "Intellectual Property Rights" means those rights as they exist as of the Effective Date, and all such rights subsequently acquired.

37. Grant of Rights to the System in Pre-Existing Contractor Materials: To the extent that Contractor incorporates Pre-Existing Contractor Materials into the Services, Contractor, under its Intellectual Property Rights, hereby grants to the System a perpetual, irrevocable, worldwide, non-exclusive, transferrable, sublicensable, fully paid-up, royalty-free license to access, use, and exploit as it sees fit the Pre-Existing Contractor Materials as incorporated into

Services. The term “Pre-Existing Contractor Materials” means work or materials that: (a) are identified with in this Agreement; and (b) embody Pre-Existing IP. The term “Pre-Existing IP” means, collectively: (i) Intellectual Property Rights that, as between the parties, Contractor owns prior to the Effective Date; and (ii) Intellectual Property Rights that Contractor develops independently of its obligations under this Agreement after the Effective Date.

38. **Bankruptcy Code Section 365(n):** The licenses granted to the System herein are rights to “intellectual property” for purposes of Section 365(n) of the U.S. Bankruptcy Code, and the System shall be entitled to exercise all rights provided by Section 365(n). Contractor agrees that it shall not interfere with the System’s exercise of such rights, and further agrees that the System shall maintain the licenses under the terms of this Agreement, even if Contractor ceases operations or is purchased or merges into another entity.
39. **No Implied Rights:** Nothing in this Agreement shall be construed to grant either party any rights other than those expressly provided herein. Any rights granted to a party under this Agreement must be expressly provided herein, and there shall be no implied rights pursuant to this Agreement, based on any course of conduct or other construction or interpretation thereof. All rights and licenses not expressly granted herein are reserved.
40. **Non-Publicity:** Contractor agrees that (a) it shall not use the System’s (and its affiliates’) names, logos, tag lines, or any other identifying information in any manner, including, but not limited to, in advertisements, publications, press releases, articles, websites, or social media, without the System’s prior written approval, which may be withheld, conditioned, or withdrawn for any reason.
41. **Remedies Cumulative:** No right or remedy in this Agreement conferred upon or reserved to either party is intended to be exclusive of any other right or remedy, and each and every right and remedy shall be cumulative and in addition to any other right or remedy under this Agreement, or under applicable law, whether now or hereafter existing. The election by a party of any remedy provided for in this Agreement or otherwise available to such party shall not preclude such party from pursuing any other remedies available to such party at law, in equity, by contract or otherwise.
42. **Contractor’s Representations:** The Contractor hereby represents, warrants, and agrees as follows:
 - a) The Contractor is a registered investment adviser within the meaning of the Investment Advisers Act of 1940 (the “Advisers Act”), and will promptly advise the System if at any time during the Term of this Agreement the Contractor ceases being so registered or if its registration thereunder is suspended.
 - b) Prior to the execution of this Agreement, the Contractor has disclosed to the System any action, event or occurrence that would be reportable in Section 11 (“Disciplinary Questions”) of the Contractor’s next ADV filing with the Securities and Exchange Commission (the “SEC”), irrespective of whether the Contractor is actually required to make such a filing.

ere

- c) The employees, agents and subcontractors of the Contractor responsible for discharging the Contractor's duties and obligations under this Agreement are and will be individuals experienced in the performance of the various functions contemplated by this Agreement. The Contractor has conducted appropriate background checks and due diligence on all such persons in its employment, and, except as previously disclosed to and acknowledged in writing by the System none of such individuals has within the past 10 years, been convicted of any felony, found liable in a civil or administrative proceeding relating to such person's professional conduct, pleaded no contest, or agreed to any consent decree with respect to any matter involving breach of trust, breach of fiduciary duty, fraud, violations of any federal or state securities laws or banking laws or the FINRA Code of Conduct. The Contractor shall immediately notify the System if this representation and warranty is no longer accurate in any material respect.
- d) As of the date of this Agreement, the Contractor has provided the System with a true copy of its code of ethics or ethics policy and represents and warrants that, except as previously disclosed to and acknowledged by the System, there have been no material violations of or material waivers of such code or policy during the past three (3) years.
- e) The Contractor has put in place appropriate management systems and controls that are subject to regular review and testing and that include, without limitation, appropriate disaster recovery procedures, in accordance with the requirements of the Advisers Act and the rules thereunder.
- f) Unless otherwise agreed to in this Agreement, the Services do not, and will not, include open-source software, and in no event shall the Services include any open-source software licensed under a "reciprocal" or "copyleft" open-source license that would require the System to subsequently license or otherwise make available source code to a third party.
- g) With respect to any deliverables that comprise or contain software or other computer-readable files, such deliverables shall be free of viruses, material defects, worms, Trojan horses, destructive mechanisms, hidden or locked files, code that would cause any of the deliverables to replicate, transmit or activate itself without control of a person operating the computer equipment on which it resides, code that would alter, damage or erase any data or computer programs without control of a person operating the computer equipment on which it resides (except to the extent expressly contemplated in the RFP), any key, node lock, time-out, "back door," "trap door," "booby trap," "drop dead device," "data scrambling device," or other similar illicit code. No software or other files will be installed, executed or copied on the System's equipment without the prior written approval of the System.
- h) Contractor has implemented and shall maintain an information security program that includes reasonable and appropriate physical, technical and administrative measures to safeguard System Information consistent with good industry practice and applicable

law. "System Information" shall mean any data or information transferred, made available, or provided to Contractor by or on behalf the System in connection with this Agreement. Contractor agrees that System Information shall be deemed "Confidential Information" and shall be used by Contractor only in connection with its performance under this Agreement.

43. **Reporting Requirements:** The Contractor agrees to provide the System with notice of the following information in writing, as promptly as practicable, but in no event more than 15 days after the event of:

- a) The loss of any deferred compensation consulting account which was more than 20% of the Contractor's assets under advisement at time of withdrawal. The amount of the withdrawal and client type description should be included in this notification. Project clients are not included in this requirement.
- b) (A) The addition or departure of any personnel who have a significant role in advising the System, including therein the names, biographies and assets represented by such persons, (B) the addition or departure of any partner, executive or director of the Contractor or any other person that owns five percent or more of the Contractor's equity interests, in each case if not otherwise described in Section 43(a)(2)(A); and (C) the identity of any other persons or entities acquiring or disposing of 5% or more of the Contractor's equity interests.
- c) Any action, event or occurrence that would be reportable in response to the Disciplinary Questions of the Contractor's next ADV filing with the SEC, irrespective of whether the Contractor is actually required to make such a filing.
- d) Any investigation of the Contractor by a regulatory authority related to its performance of duties as an investment adviser; *provided, that* the foregoing shall not include notice of any routine or periodic reviews or examinations by a regulatory authority unless required to be disclosed pursuant to Section 43(a)(5) below.
- e) Receipt by the Contractor of any deficiency letter delivered to it by the SEC or other regulatory authority related to its performance of duties as an investment adviser following an examination of the Contractor by such regulatory authority as well as notice of any subsequent actions taken by the Contractor to remedy any related deficiencies.
- f) On an annual basis, prepare and promptly provide the System with a complete copy of the Contractor's most recent total ADV as filed with the SEC, unless the Contractor is not required to submit an ADV filing with the SEC, in which case the Contractor shall provide the System with equivalent information as would be provided in an ADV filing.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the dates below.

[SIGNATURE BLOCK]

SAMPLE

Exhibit A

SSP INVESTMENT POLICY STATEMENT
Adopted August 15, 2023

Teachers' Retirement System of the State of Illinois

**457(b) Deferred Compensation
Supplemental Savings Plan**

Investment Policy Statement

As adopted by

the Board of Trustees

on August 15, 2023

Table of Contents

I. Purpose and Introduction	39
Purpose	39
Introduction	39
Fiduciary Standard	39
II. Roles and Responsibilities	39
Board	40
DC Plan Committee	40
Deferred Compensation Plan Oversight Committee	40
Investment Consultant	40
Recordkeeper	40
III. Investment Objectives	41
Selection of the Investment Options	41
Monitoring of Investment Options	42
Selection and Monitoring of the Default Investment Options	42
Selection of Target Date Funds	43
Monitoring of Target Date Funds	43
Selection of Fixed Interest/Stable Value Options	44
Monitoring of Fixed Interest/Stable Value Option	44
Replacement of Investment Options	44
Brokerage Account	45
IV. Summary Statement	46

Purpose and Introduction

Purpose

The purpose of this Investment Policy Statement (“IPS”) is to outline objectives that will guide the Teachers’ Retirement System of the State of Illinois (“TRS” or “the System”) Board of Trustees (“Board”) in its selection and monitoring of the investment providers and investment options for the TRS 457(b) Deferred Compensation Supplemental Savings Plan (“SSP” or “Plan”). It is intended to incorporate sufficient flexibility to accommodate current and future economic and market conditions, as well as any changes in applicable statutory and regulatory requirements. It is also intended to help assure that the Deferred Compensation Plan Committee of the Board (“DC Plan Committee”), Staff, Staff’s internal Deferred Compensation Plan Oversight Committee (“DCPOC”), Investment Consultants, Investment Providers, and the Recordkeeper are given adequate guidance to administer, monitor, and implement the IPS on behalf of the Board as may be directed or delegated.

Introduction

40 ILCS 5/16-204 authorizes the System to offer an optional supplemental defined contribution plan to eligible TRS members. Based on this authority, the Board established and adopted the Plan. The Plan supplements, but does not replace, the existing TRS defined benefit plan. Eligible members choose whether they wish to contribute to the Plan.

Fiduciary Standard

Trustees and Staff carry out their functions solely in the interest of the members and benefit recipients and for the exclusive purpose of providing benefits and defraying reasonable expenses incurred in performing such duties, as required by law, 40 ILCS 5/1-109. The Trustees and Staff must act in accordance with the provisions of State Statute and with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims by diversifying the available investment options of the Plan so as to minimize the risk of participant large losses, unless under such circumstances it is clearly prudent not to do so, and in accordance with the provisions of Article 16 governing the Plan.

Trustees and Staff shall be indemnified and held harmless by the System for any reasonable cost or expenses incurred as a result of any actual or threatened litigation or administrative proceeding arising out of the performance of their respective duties in accordance with 40 ILCS 5/1-107.

Roles and Responsibilities

The Board relies on the DC Plan Committee, DCPOC, the Investment Consultant, and Recordkeeper, among others, in executing its investment responsibilities under the IPS. Each entity’s role is identified below:

- **Board:** The Board of Trustees, through the DC Plan Committee with the assistance of the DCPOC, generally oversees the implementation of the IPS; establishes and adopts changes to the IPS; monitors the performance, cost, and management of the Plan investment options, investment providers, and investment consultants; oversees searches for new investment options, investment providers, and investment consultants; and ensures that proper internal monitoring is developed to oversee the investment options and investment providers of the Plan. It is the Board's intention to review the Plan and this IPS at least annually.
- **DC Plan Committee:** The DC Plan Committee reviews and makes recommendations to the Board on investment actions including, but not limited to, the selection, retention, monitoring, and termination of investment options and providers, as well as other Plan-related investment matters.
- **Deferred Compensation Plan Oversight Committee:** The DCPOC is responsible for: working with the Plan's Investment Consultant to monitor the performance of the investment options and investment providers pursuant to the provisions of the IPS; communicating with the Board, its Officers and Committee Chairs; and reviewing, recommending, and implementing policy and operational procedures internally and with the Recordkeeper that will enhance the operation of the Plan.
- **Investment Consultant:** The Board may, in its sole discretion, retain the services of outside consultants and other professionals in a fiduciary capacity to the Plan. The functions of these professionals may include, but are not limited to, rendering their recommendations and insights on Plan investments as well as the policies regarding investment option selection and monitoring; providing reviews of the marketplace competitiveness of the Plan's investment options; providing reviews of the Plan's utilization and asset allocation; and providing guidance on changes to applicable law and public policy. The professionals should be free of and/or disclose potential conflicts of interest, including those related to the Board or Staff, investment managers, or other service providers.
- **Recordkeeper:** The contracted Recordkeeper of the Plan performs all delegated administrative, recordkeeping, accounting, and reporting functions in a manner that coordinates effectively with the Plan's trade/settlement processing, custody, daily valuation, and performance reporting relating to the assets and transactions of the Plan. The Recordkeeper is responsible for, among other things: monitoring and recording all investment transactions of the Plan participants and their beneficiaries; preparing investment activity reports for the Plan; and overseeing the Plan's relationship with the custodian for the Plan and the Plan's investment product providers, including with respect to investment accounting and operational issues.

Investment Objectives

The Plan's investment option menu is established in accordance with principles of diversification and is designed to provide an array of options such that Plan participants have the right to direct their SSP account contributions among investments consistent with their own risk and reward preferences and individual situations.

Investment options offered under the Plan are designed to:

1. Provide returns comparable to appropriate benchmarks for the investment category;
2. Provide a range of investment opportunities in various asset classes, so as to allow for diversification and cover a wide risk/return spectrum;
3. Maximize returns within reasonable and prudent levels of risk;
4. Minimize expenses such as administrative and investment costs as compared to expenses of investments of similar nature.

While offering a diverse array of investment options is an important Plan consideration, efforts will be made to keep the total number of investment options to a prudent level, in order to balance the benefits of broad diversification with the risks of having too much choice or redundancy. The investment option menu will also include a range of professionally diversified investment options to provide Plan participants with one-step investment diversification based on their goals, risk tolerance, and/or target retirement year.

Plan participants receive information and have access to education concerning the Plan's investment options and features and their attendant responsibilities should they elect to participate in the Plan.

Selection of the Investment Options

In selecting investment options and investment providers for the Plan, the Board shall consider some or all of the following criteria, as the Board may deem appropriate:

- the option's track record;
- performance as compared to an appropriate benchmark and/or an appropriate peer group(s);
- risk measures versus those of the benchmark and/or peer group;
- risk-adjusted return measures as compared to those of the benchmark and/or peer group;
- organizational structure and stability of fund personnel;
- manager tenure;

- the fees and expenses assessed by the investment option, as well as the impact of offering the investment option on the overall fees and expenses associated with managing the Plan; and
- qualitative characteristics, including, but not limited to, management strategy, turnover, and recent portfolio activity in view of current market conditions.

Pursuant to provisions of Illinois law (40 ILCS 5/1-109.1), the Board shall consider the use of emerging investment managers in designing the Plan’s investment option menu, taking into account all asset classes, increase the racial, ethnic, and gender diversity of its fiduciaries, to the greatest extent feasible within the bounds of financial and fiduciary prudence, and take affirmative steps to remove any barriers to full participation in investment opportunities.

The Board shall consider and evaluate sustainability factors in evaluating investment decisions within the bounds of financial and fiduciary prudence. These sustainability factors may include, but are not limited to, corporate governance and leadership, environmental, social capital, human capital and business model, and innovation.

Monitoring of Investment Options

The Board has fiduciary responsibility for monitoring the Plan’s investment options. As part of its monitoring process, the Board may consider the following:

Criteria	Measure	Goal(s)
Performance (net of fee)	<ul style="list-style-type: none"> • 3-, 5-, & 10-year record • 3-, 5-, & 10-year record 	<ul style="list-style-type: none"> • reasonable vs. peer group and/or benchmark
Risk	<ul style="list-style-type: none"> • 3- or 5-year standard deviation 	<ul style="list-style-type: none"> • reasonable vs. peer group and/or benchmark
Risk-adjusted performance	<ul style="list-style-type: none"> • 3- or 5-year Sharpe ratio 	<ul style="list-style-type: none"> • reasonable vs. peer group and/or benchmark
Expense ratios	<ul style="list-style-type: none"> • Total expenses 	<ul style="list-style-type: none"> • Consistent with peer group median
Investment objective/style	<ul style="list-style-type: none"> • Style purity 	<ul style="list-style-type: none"> • Option should maintain reasonable correlation to appropriate benchmark as evidenced by R-squared

The Board may, from time to time, modify these criteria and goals, or may consider other criteria and goals, all within the Board’s sole discretion as it deems appropriate.

Selection and Monitoring of the Default Investment Options

The Board is authorized to designate the Plan’s default investment options (*i.e.*, the options into which contributions will automatically be directed when SSP participants do not affirmatively direct an investment option). In designating a default investment option for the Plan, the Board

will apply the general selection and monitoring principles described in this IPS. Plan participants will receive notice that, in the absence of their affirmative investment election, including in the event of automatic enrollment, they will be defaulted to the default investment option, and if this occurs, they will be deemed to have given investment direction to invest their SSP account in the default investment option.

Selection of Target Date Funds

The Board selected target date funds as the default investment option for the Plan. The target dates fund investment options are selected for the Plan using the following steps as general guidelines with the understanding that the target date universe is very broad, and each family of funds differs from the others. Less emphasis will be placed on category averages based on glide path dispersion between target date fund families.

The selection process may include, but is not limited to, the steps below:

- Determine what the primary objectives are in relation to risk management - whether or not minimizing risk on a static scale at retirement is desired (i.e., managing the glide path “to” retirement) versus maximizing to maximize savings “through” life expectancy with a more aggressive glide path after retirement;
- Consider Plan demographics to help define overall risk tolerance. Factors that may be considered are average age of population, overall investment knowledge, and current plan usage of target date, hybrid funds, or asset allocation suites;
- Determine diversification of asset classes. The Board may consider a broad range of asset classes and whether or not the target date or asset allocation suite chosen should include various types of asset classes that would normally not be considered under a core line up. These asset classes typically have lower correlations to the core line up and may include, but not be limited to, the following: real estate, commodities, high yield debt, emerging market equity and debt, inflation hedging, and long/short equity strategies;
- Inception of the target date fund and asset allocation suites should be at least three years, though the Board may consider less;
- A review of expense fees in comparison to averages and as related to overall plan cost; and
- Performance comparison to a custom style benchmark in addition to category averages.

Monitoring of Target Date Funds

The monitoring process may include, but is not limited to, the steps below. Less emphasis will be placed on category averages based on glide path dispersion between target date fund families.

- Review of the glide path to ensure consistency with the reasons that the funds were chosen;

- Review performance relative to custom style benchmark in addition to category averages;
- Review underlying holdings in comparison to relative Morningstar peer groups or applicable strategy; and
- Review qualitative assessment on management of the funds in an effort to demonstrate consistency with overall strategy.

Selection of Fixed Interest/Stable Value Options

In selecting any fixed interest/stable value investment option, the Board may consider some or all of the following criteria, as the Board deems appropriate in its sole discretion (should the Board choose to offer such an option):

- financial strength ratings of the guarantor provided by the major ratings agencies;
- interest rate history and minimum guaranteed contract rate;
- contract liquidity provisions;
- current and historical market to book value ratio (stable value funds only); and
- comparison between fixed interest accounts (i.e., those backed by general assets) and stable value accounts (i.e., those backed by separate account).

Monitoring of Fixed Interest/Stable Value Option

The Board shall monitor any fixed interest/stable value investment option consistent with other Plan investment options. As part of its monitoring process, the Board may consider some or all of the following criteria, as the Board deems appropriate in its sole discretion:

- financial strength ratings of the guarantor provided by the major ratings agencies;
- current interest rates; and
- current market to book value ratio (stable value funds only).

Replacement of Investment Options

Investment options that do not meet the Board's expectations may be placed on "watch." Investment options that consistently do not meet the Board's expectations may become candidates for replacement. Before deciding to remove or substitute an investment option, however, and in light of its fiduciary responsibilities, the Board may consider the following:

- the investment option's long-term investment performance on a rolling basis;
- recent changes, such as investment option restructurings or management changes designed to correct deficiencies;
- the appropriateness or relevance of an investment option's stated peer group, since funds may be misclassified or poorly classified;

- the investment option's adherence to a stated investment style, whether or not that investment style has been in or out of favor;
- unusual market circumstances or volatility;
- prospectus investment constraints, such as socially responsible mandates; and
- the degree to which the investment option has reduced or controlled risk, which might constrain the investment option's ability to outperform other options.

The Board is authorized in its sole discretion to remove an investment option if, in the opinion of the Board, the investment option is no longer suited for the Plan, without regard to whether the investment had previously been placed on "watch."

The DCPOC dedicated to the Plan, with concurrence from the Investment Consultant for the Plan, has the authority to immediately terminate and replace an investment option and/or investment provider when one or more of the following occurs:

- Violation of SEC rules or regulations or other law;
- Significant change in investment philosophy as stated in the prospectus;
- Significant increase in fees;
- Significant changes to the portfolio leading to lack of diversification and high concentration or exposure to one category, sector, and/or holding;
- Violation of established investment guidelines; or
- Material change in overall risk profile.

The DCPOC, with concurrence from the Investment Consultant for the Plan, shall have the authority to review share classes of investment options and adjust to reduce fees, where available.

The DC Plan Committee shall be notified at its next meeting of the occurrence of any of the foregoing and the action taken.

Brokerage Account

The Board may choose to designate a self-directed brokerage account (SDBA) as a Plan investment option. An SDBA would allow Plan participants to invest their Plan account balances in a variety of investments beyond the Plan's designated investment options through a brokerage window offered by the Recordkeeper. Neither the Board nor the Investment Consultant reviews or monitors the performance of the investments offered through the SDBA. Participants are responsible for all activity conducted through the account.

This IPS does not apply to investments purchased through an SDBA should the Board choose to offer such an investment option.

Summary Statement

This IPS shall guide the Board and shall remain in effect until amended by the Board. Nothing contained in this IPS shall provide to any participant or beneficiary the right to enforce the terms of this IPS, and the Board shall have full and complete discretion as to how it selects and monitors the investment options and investment providers offered under the Plan and the application of



Investment options

Everyone has a different approach to investing. That’s why the TRS Supplemental Savings Plan (SSP) has a range of options to fit your level of investment experience, knowledge and interest. Each of the options can help you achieve your retirement goals.

SSP core investments¹

Create your own diversified mix of asset classes from a variety of core funds that you think will best fit your time horizon and risk tolerance, and then manage your portfolio of funds over time.

The chart below details the SSP’s available core investment options, including each investment option’s expense ratio.

Core Funds	Ticker/CUSIP Symbol	Investment Category	Expense Ratio
MissionSquare Plus Fund R10	92208J709	Stability of Principal	0.52%
Vanguard Federal Money Market	VMFXX	Stability of Principal	0.11%
PIMCO Income Fund*, Instl	PIMIX	Bonds	0.51%
BlackRock U.S. Debt Index Fund, F	06739V544	Bonds	0.03%
PGIM High Yield Fund, R6	PHYQX	Bonds	0.38%
Garcia Hamilton ESG Core Bond Fund	364845107	Bonds	0.35%
BlackRock Equity Index Fund, F	06739T663	Large Blend	0.01%
BlackRock Mid Capitalization Equity Index Fund, F	06739Q412	Small/Mid/Specialty	0.01%
BlackRock Russell 2000® Index Fund, F	06739Q271	Small/Mid/Specialty	0.02%
Vanguard Real Estate Index Fund, Admiral	VGSLX	Small/Mid/Specialty	0.12%
BlackRock MSCI ACWI ex-U.S. Index Fund, F	06739T788	Global/International	0.06%
BlackRock MSCI ACWI ESG Focus Index Fund, F	09259D712	Global/International	0.07%

As of March 31, 2023

* This is the adjusted expense ratio which represents the portion of fees investors pay directly to the fund manager for investment management services. This fee excludes other investment expenses (i.e., interest expense from borrowing) incurred through investment transactions.

SSP target date funds²

These funds are a pre-diversified mix of investments managed by a professional fund manager who automatically adjusts the risk and return exposure of the fund as investors get closer to their target retirement date. You choose the fund with the date closest to when you will be age 65 or plan to retire.

The chart below details the SSP's target date fund options, including each option's expense ratio.

Birth Year	Target Date Retirement Fund	Investment category	Expense Ratio
Before 1958	BlackRock LifePath® Index Retirement	Target Date	0.09%
1/1/1958 – 12/31/1962	BlackRock LifePath® Index 2025	Target Date	0.09%
1/1/1963 – 12/31/1967	BlackRock LifePath® Index 2030	Target Date	0.09%
1/1/1968 – 12/31/1972	BlackRock LifePath® Index 2035	Target Date	0.09%
1/1/1973 – 12/31/1977	BlackRock LifePath® Index 2040	Target Date	0.09%
1/1/1978 – 12/31/1982	BlackRock LifePath® Index 2045	Target Date	0.09%
1/1/1983 – 12/31/1987	BlackRock LifePath® Index 2050	Target Date	0.09%
1/1/1988 – 12/31/1992	BlackRock LifePath® Index 2055	Target Date	0.09%
1/1/1993 – 12/31/1997	BlackRock LifePath® Index 2060	Target Date	0.09%
After 12/31/1997	BlackRock LifePath® Index 2065	Target Date	0.09%

*You should consider the investment objectives, risks, performance, charges and expenses of the investment options offered through the SSP carefully before investing. The fund prospectuses and information booklet containing this and other information can be found online at trsillssp.voya.com, by contacting your local TRS SSP representatives, or through the TRS SSP Service Center at **844-877-4572 (844-TRS-457B)**. Please read the information carefully before investing.*

You are responsible for any losses that result from your investment choices. TRS and your employer are not responsible for any such losses. It is your responsibility to monitor the performance of the investment options you select. TRS and your employer are not authorized to give you investment advice, and neither is Voya. You should seek advice from your own financial advisor with respect to your investment elections.



Plan administrative services are provided by Voya Institutional Plan Services, LLC (VIPS). VIPS is a member of the Voya® family of companies.

¹ Carefully review the allocations, objectives, risks, charges and expenses of the funds. Also consider other factors, such as your age, risk tolerance, other investments and planned withdrawals. Remember, investment values and returns will fluctuate over time.

Diversification does not ensure a profit or protect against loss in declining markets. All investing involves risks, such as fixed income (interest rate), default, small cap, international and sector—including the possible loss of principal.

² There is no guarantee that any investment option will achieve its stated objective. Principal value fluctuates and there is no guarantee of value at any time, including the target date. Investments in Target Retirement Funds are subject to the risks of their underlying funds. The year in the Fund name refers to the approximate year (the target date) when an investor in the Fund would retire and leave the work force. The Fund will gradually shift its emphasis from more aggressive investments to more conservative ones based on its target date. An investment in the Target Retirement Fund is not guaranteed at any time, including on or after the target date.

Stocks are more volatile than bonds, and portfolios with a higher concentration of stocks are more likely to experience greater fluctuations in value than portfolios with a higher concentration in bonds. Foreign stocks and small and midcap stocks may be more volatile than large cap stocks. Investing in bonds also entails credit risk and interest rate risk.

³ **IMPORTANT: The projections or other information generated by Morningstar® Retirement ManagerSM regarding the likelihood of various retirement income and/or investment outcomes are hypothetical in nature, do not reflect actual results (including investment results) and are not guarantees of future results. Results may vary with each use and over time.**

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