



CONTRACT ADMINISTRATION AND PROCUREMENT POLICY

Section 1. CAPP INTRODUCTION

The Public School Teachers' Pension and Retirement Fund of Chicago (CTPF) Contract Administration and Procurement Policy ("CAPP") applies to all procurements of goods and services, unless otherwise stated herein. The key elements of the CAPP reflect the essential values of open and competitive contracts, acting with integrity and honesty, pursuing best value, and encouraging continuous improvement and innovation while maintaining transparency, accountability, and fiscal responsibility in our procurement and contract processes.

Competitive procedures will be used when acquiring goods and services, unless the circumstances are such that using such procedures would not be likely to serve the best interests of the Fund. For the avoidance of doubt, the phrase "competitive procedures" is not limited to widespread publication of all opportunities, and a range of procedures to be used may be tailored to each opportunity depending on the circumstances. This will be true when the number of qualified vendors is limited, or when barriers to entry to the relevant business are high, such that widespread publication would not be reasonably likely to enhance competition, fairness, or value by producing a greater number of qualified candidates.

There are two segments to this CAPP: the Policy governing the acquisition of goods and professional services by the Board of Trustees (the "Board Policy" or "Board Procurement Policy") and the Policy governing the general acquisition of goods and services by CTPF staff on behalf of the Fund (the "Fund Policy") (each a "Policy" and collectively, unless the context indicates otherwise, "CAPP").

Public procurement and contracts can be complex. Requirements are based in many areas including the Illinois Pension Code (IPC), the Fund's Administrative Rules (Rules), By-Laws, Code of Conduct-Ethics Policy, policies, and procedures. Many considerations and exceptions can apply to either prohibit, alter, or allow courses of action. As such, this CAPP is intended to capture core procurement and contract elements and it is the intent of this CAPP that when the core elements of the CAPP are not followed the reasoning is documented and maintained with the procurement or contract file.

Nothing in this CAPP or any procedures relating to this CAPP shall be construed to impede the exercise of the fiduciary duties of the Board, Executive staff, and Directors. In the event of an

actual or potential conflict between fiduciary duties and otherwise applicable laws or policies, the Board will determine the appropriate course of action for the relevant procurement or contract.

101 Purpose, Interpretation, and Updates

101.1 Purpose

The purpose of this CAPP is to establish guidelines which ensure compliance with all applicable laws, Rules, and fiduciary responsibilities when contracting for goods and services on behalf of CTPF and to establish responsibilities for the administration of contracts to which CTPF is a party.

Any contract to which CTPF is a party must be authorized by and comply with Illinois law, the Board's fiduciary responsibilities, Fund Rules, CTPF policies and procedures, and, if applicable, the budget adopted by the Board of Trustees.

101.2 Interpretation

This CAPP is designed to address each significant phase of the contract process to be followed by the Board and/or by staff. The authority and responsibility of a particular Trustee or employee to act may differ with respect to each Policy or a phase of the CAPP, including initiation of the purchasing or contract process; selection of professionals, vendors, or contractors; execution of contracts; and administration of contracts.

101.3 CAPP Updates

The Board will review the CAPP and any proposed revisions to the CAPP. The normal review cycle is every five years. During the interim, revisions may be made on an as-needed basis and will be subject to the same Board review and approval process. The Executive Director will maintain a list of issues received and will prepare draft CAPP revisions as necessary.

Suggestions for improving the clarity, content, or format of this CAPP are encouraged. Any comments or suggestions about this CAPP should be forwarded to the Executive Director.

102 CAPP Implementation and Effect

The requirements of this CAPP are applicable to any contract process initiated after the adoption of this CAPP but do not apply retroactively.

103 General Policy

104 Competitive Selection Process for Certain Contractors or Vendors

Except as provided in the Rules or in Board Policy, as provided elsewhere in this CAPP, or as authorized by an exemption provided for herein, no contract with CTPF involving the purchase or lease of goods or services may be awarded without a competitive selection process. In the absence of any specific provision in this CAPP or in the Rules, the Executive Director, or the Executive Director's designee, may permit and must approve in writing the use of a noncompetitive process for awarding a contract.

Nothing in this CAPP, however, requires the use of competitive bidding for a provider of professional services, such as an investment manager, investment consultant, certified public accountant, an auditor, an attorney, an actuary, or a real estate broker or appraiser, on the basis of competitive bids, rather than on the basis of demonstrated competence and qualifications and a fair and reasonable price. See Section 2 herein. Likewise, nothing in this CAPP permits the disregard of a competitive selection process where required.

105 Fiduciary Principles

Fiduciary principles of prudence generally require the Fund to utilize competitive procedures when acquiring goods or services for the Fund. Thus, it is CTPF policy that no contract with CTPF involving the acquisition, purchase, or lease of goods or services by CTPF may be awarded without a competitive selection process, except when otherwise required by CTPF's fiduciary duties, or as provided in this CAPP, or as approved by the Board, or by the Executive Director or the Executive Director's designee based on a written justification. In the absence of any specific noncompetitive process permitted by this CAPP, the Executive Director or the Executive Director's designee, must approve in writing the use of a non-competitive process for awarding a contract.

106 Investments

The Illinois Pension Code requires CTPF's Board of Trustees to exercise fiduciary discretion in the investment and management of Fund assets. This is a core fiduciary function and the exercise of fiduciary investment discretion is based on the prudent person rule. CTPF will contract with investment services providers in accordance with the Board's Policy using methods and procedures determined in each case to be consistent with fiduciary duties and in CTPF's best interests.

107 Ethics and Confidentiality

While CTPF employees must always act in accordance with CTPF's Employee Handbook and the Code of Conduct-Ethics Policy, procurement and contracts is an area that is particularly subject to public oversight. Just because an action or decision does not violate any Rule or the IPC, does not mean that action is in the best of the CTPF and its Members. The IPC provides that:

A fiduciary with respect to a retirement system or pension fund established under this Code shall discharge his or her duties with respect to the retirement system or pension fund solely in the interest of the participants and beneficiaries and:

(a) For the exclusive purpose of:

- (1) Providing benefits to participants and their beneficiaries; and
- (2) Defraying reasonable expenses of administering the retirement system or pension fund;

(b) 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 with like aims;

(c) By diversifying the investments of the retirement system or pension fund so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so; and

(d) In accordance with the provisions of the Article of the Pension Code governing the retirement system or pension fund.

108 Conflict of Interest

There are many nuances to determining whether a conflict of interest exists; however, the core of a conflict of interest is whether the situation could reasonably result in impaired judgment or involve the potential for personal gain in a procurement or contract decision or action. In accordance with the Fund's Code of Conduct-Ethics Policy and with the CTPF's Employee Handbook, Trustees and employees must report to the Board or to the Executive Director, respectively, any situation that could be perceived as a conflict of interest regarding a CTPF procurement or contract.

109 Confidential Information and Data Protection Requirements

CTPF Confidential Information can take many forms. Generally speaking, **all** information pertaining to Member records (e.g. names, addresses, benefit choices, health insurance issues, personal identifiers, etc.) and pre-trade investment information constitute the core of CTPF's confidential information.

Purchases and contracts, involving a vendor or contractor having access to (1) CTPF's Confidential Information or (2) login access to CTPF's computer systems, require additional measures to protect CTPF's Confidential Information. All CTPF staff have the responsibility to inform the Board, the Executive Director, or the Chief Legal Officer when such access may occur as a result of the purchase or contract.

110 Information Fidelity

CTPF's purchasers, contract administrators, counsel, Trustees, and staff rely on information provided by purchasers, CTPF staff and existing CTPF contractors throughout the procurement

or contract cycle to make decisions in CTPF's best interests. Prospective purchasers, Trustees, CTPF staff, and existing contractors shall not:

1. Knowingly provide information containing a material omission or falsehood;
2. Intentionally delay providing, or refuse to provide, information that is reasonably likely to have a negative impact on a procurement or contract process;
3. Knowingly undermine CTPF procurement or contract processes;
4. Knowingly attempt to influence, either positively or negatively, vendors, evaluators, or decision makers prior to or throughout the procurement or contract process in a manner not in CTPF's best interests;
5. Violate the Code of Conduct-Ethics Policy; or
6. Attempt to manipulate the procurement or contract process to achieve a predetermined outcome.

Every person or entity providing information prior to or during the procurement or contract process shall be responsible for the information they provide. Failure to act ethically, as described herein, may result in disciplinary action up to and including termination of employment or of the contract.

111 External Communications Pertaining to Purchasing or Contract

Sharing information with prospective consultants, brokers, vendors, contractors, suppliers, service providers, manufacturers, wholesalers, etc. (collectively "Prospective Providers") must be handled with care and appropriate levels of confidentiality to both ensure Prospective Providers are treated equitably and that CTPF's interests are protected in a responsible manner.

At no time, unless specifically authorized by the Board or by the Executive Director, shall a Trustee, CTPF staff or existing CTPF contractors reveal the following information to Prospective Contractors:

1. CTPF's actual or near approximations of budgetary amounts;
2. Information provided by a CTPF attorney or outside counsel (advice and interpretations provided by an attorney are internal and privileged from disclosure);
3. Documents or information containing CTPF's internal negotiation discussions, evaluations, or strategies; or
4. Information likely to harm CTPF's negotiation position or to result in higher pricing.

Prior to the purchasing process, staff may communicate with Prospective Providers to obtain:

1. Information about available product or service offerings;
2. Draft specifications or statements of work (SOWs) to serve as a basis for CTPF to develop and finalize specifications or SOWs; however, Prospective Providers who draft or who provide substantive specification, SOW, or other language to be used in a competitive procurement to staff that serves as a basis for CTPF to develop and finalize specifications, SOWs, or other portions of a competitive procurement are ineligible to participate in any subsequent procurement using the same language; Note: this limitation does not apply to information received from Prospective Providers as part of Prospective Providers' responses to an RFI and does not apply to procurements in the same subject matter area that do not use the provided language;
3. Pricing estimates for budget purposes; or
4. Written price quotes; however, the Prospective Contractor should be notified that such quotes are not binding on CTPF as CTPF must follow applicable procurement processes.

During the formal purchase process, communications between CTPF staff and Prospective Providers shall be coordinated by the Executive Director, the Executive Director's designee, or the Chief Legal Officer. During the procurement process, the following information shall be deemed confidential and (1) not revealed to staff or existing CTPF contractors who have not signed a Non-Disclosure Agreement (NDA), or to Prospective Providers, and (2) not stored in SharePoint or network drives generally accessible by staff or existing CTPF contractors who have not signed an NDA:

1. Solicitation responses;
2. Evaluator notes, scoring, or other evaluator information; and
3. Evaluator meeting notes and other communications involving evaluation of solicitation responses.

Failure to observe these requirements may result in disciplinary action up to and including termination of employment or of the contract.

112 Applicability

Unless expressly excluded below, this CAPP applies to all procurements and contracts executed by CTPF, including:

1. Purchases of goods or services;
2. Leases of goods or services;
3. Amendments, modifications, and renewals of contracts or agreements; and
4. All other agreements that are intended to be legally binding on CTPF.

Contracts reviewed and authorized prior to the adoption of this CAPP shall remain in full force and effect; however, any modification or extension of such contracts shall be reviewed and authorized in accordance with this CAPP.

This CAPP does not apply to:

1. Applicable procurements or contracts involving soft dollar funds or arrangements;
2. Acquisition of specific investments;
3. Investment Managers/Advisors who manage assets for CTPF;
4. agents for tax and similar investment-related services in foreign jurisdictions and other such contracts the Board, Executive Director, Deputy Executive Director, or the Chief Legal Officer determines are impractical to make subject to this CAPP;
5. Procurements conducted and paid for by outside vendors, such as the Master Custodian, for the benefit of the Fund;
6. Agreements in settlement of litigation or claims;
7. Inter-agency or inter-pension fund agreements; or
8. Office utilities such as electricity or cable television.

Regardless of the exclusions listed above, the Board of Trustees may determine that a competitive process is in CTPF's best interests.

113 Training

To support consistency and the uniform application of requirements, as well as to provide for staff education, procurement and contract administration training will be conducted on a periodic basis. Technical assistance will be available as needed to assist CTPF staff involved with the procurement and contract process.

Training for Trustees regarding procurement and contracts shall be provided by CTPF staff and/or by Counsel at the commencement of a new Trustee's tenure on the Board, and thereafter on an as-needed basis or, at a minimum, in conjunction with annual fiduciary training.

Section 2. CTPF CONTRACT POLICY

201 Authority for Contracts

CTPF's authority for contracts is based in the Illinois Pension Code which grants exclusive control over the administration of the Fund and all CTPF assets to the Board of Trustees.

202 Board of Trustees' Procured Contracts

Board Procured Contracts include, but are not limited to, the following contracts or professional engagements, and any actions involving the renewal or expiration of such contracts or professional engagements:

1. Any contract with a value of \$50,000 or more;
2. Contracts involving the sale, acquisition, or encumbrance of real property;
3. Contracts for the leasing of real property;
4. Consulting actuary to the Board (pension or healthcare);
5. Outside legal counsel (including investments, fiduciary, tax, and securities litigation counsel);
6. Custodian banks and securities lending agents;
7. Investment consultants and investment managers/advisors;
8. Insurance providers for Fund staff (including health, life, disability, and dental insurance providers);
9. Pharmacy benefit managers (including Medicare Part D providers);
10. Third-party health plan insurers and administrators (including Health Maintenance Organizations and Medicare Advantage Plan providers) for retirees; and
11. Any other contract the Board elects to procure.

203 Contract Authority Restricted

Executive Officers or other staff, working in conjunction with the Legal Department, may initiate the procurement or contract process within their respective business areas, subject to the requirements of this CAPP and Administrative Rules, fiduciary responsibilities, policies, directives, and availability of budgeted funds, via submission of a purchase requisition. However, the Executive Director and CTPF staff are restricted from signing contracts, procurement exemption justifications, or purchase orders, for the procurement of goods or services unless in accordance with this CAPP. This includes obligating CTPF via informal methods such as agreeing to a contract via email or telephone.

204 Delegation of Contract and Signature Authority

204.1 Delegation to the Executive Director

In accordance with the Board of Trustees' Delegation of Authority to the Executive Director, subject to the Board Procurement Policy, the Board of Trustees has delegated to the Executive Director, or the Executive Director's designee, the authority to contract for goods or services on CTPF's behalf in accordance with the budget and subject to directions from the Board of Trustees.

204.2 Urgent Matters

The Executive Director delegates contract and signature authority for urgent matters to the Deputy Executive Director when the Executive Director is away from the office for extended periods in accordance with the Board of Trustees' Delegation of Authority to the Executive Director.

204.3 Dual Signatures

Dual Signature - Because purchase orders should be signed by persons holding valid purchasing certifications, purchase orders between \$10,000 and \$50,000 should have dual signatures. The dual signatures should include the Chief Financial Officer and the Executive Director or the Deputy Executive Director. Additionally, the Executive Director, as applicable, should also sign any contract documents associated with the purchase order.

204.4 Delegation by Executive Director

The Executive Director may delegate certain authority to purchase or make subscriptions, memberships, registrations, travel expenses, and fees that do not exceed \$3,000, or require signature of a vendor agreement, to staff member(s) designated by the Executive Director, subject to budget limits, if any, and Board directions.

205 Purchases Utilizing CTPF Exemption(s)

Purchases involving the use of CTPF's procurement exemptions are allowed when CTPF has a fiduciary responsibility to act quickly or when it is in CTPF's best interests. A justification must be documented and reported to the Board. The justification must include a representation that no Trustee or employee has an outside relationship with the vendor.

Signature authority for CTPF exemption justification approvals has been delegated to the Executive Director for purchases or contracts below \$50,000.

206 Proprietary or Sole Source Purchases

Proprietary or sole source purchases under the Fund Policy are allowed; however, this process should be used sparingly. "Proprietary" purchases are available from one source at the manufacturing level, but more than one source exists at the reseller level. "Sole source" purchases mean there is only one source for the good or service. As these purchases restrict competition, a justification is necessary. Proprietary or sole source purchases require staff to prepare a justification that answers the following key questions:

1. What are the unique features of the specified product or service?
2. What is your justification for each of these unique features?

3. What alternate sources have been researched for applicability to your needs?
4. Why were the alternate sources' products or services not satisfactory?

Proprietary and Sole Source justifications are authorized by the Board of Trustees or by the Executive Director.

207 Emergency Purchases

Emergency Purchases are allowed to prevent a hazard to life, safety, welfare, or property, to prevent or remedy the non-payment of CTPF benefits, or to prevent economic loss, damage, or danger to CTPF trust assets. Emergency Purchases are also allowed when the CTPF Board of Trustees, the Board President, the Executive Director, or the Deputy Executive Director determines that immediate action is necessary to best serve the interests of CTPF. The term for Emergency Purchases should be as short as reasonably and commercially feasible, but in no case shall be longer than six (6) months.

208 Contracts or Purchases Requiring Additional Internal Authorizations

Contracts or Purchases requiring additional internal authorizations include, but are not limited to, Information Technology Hardware, Software, and Peripherals which must be approved by CTPF's Chief Technology Officer and the Executive Director or Deputy Executive Director.

209 Specifications and Statement of Work (SOW)

A specification is a description of a product or service CTPF seeks to procure, and is also a description of information a respondent must provide to be considered for a contract award. Specifications are the primary means of communicating requirements to prospective vendors or suppliers. Specifications should be simple, clear, accurate, competitive, and flexible.

A statement of work (SOW) should provide a clear and thorough description of the goods or services to be provided. If appropriate, an SOW provides the relevant environment where the product/service will be used. In certain types of procurements, it may be critical to describe the existing business processes. If the existing business process will change as a result of the procurement, then the SOW should also describe what the business process will be after the procurement objectives are completed. If CTPF wants the respondents to suggest new business processes, ensure that this information is included in the solicitation.

210 Legal Review CAPP

Other than the limited exceptions, below, all CTPF contracts are subject to legal review.

A CTPF contract is not required to be legally reviewed if it meets the following, limited criteria:

- (1) The contract is for goods or licenses totaling \$1000 or less, and
- (2) The procuring department conducts a risk analysis and finds and attests that the contract and the goods or licenses being purchased are low risk.

Notwithstanding the limited, legal review exception, above, the Fund will make a good faith effort, even for the carved-out contracts above, that those contracts are either (i) pursuant to a master contract that has been legally reviewed or (ii) under terms and conditions that have already been legally reviewed.

Section 3. CONTRACT PROCESS

The Executive Director has primary responsibility for coordinating and overseeing the acquisition of goods and services for CTPF including, when applicable, pursuant to the Board Policy. This responsibility is to be carried out in a practical and economical manner subject to applicable law, Administrative Rules, and this CAPP.

301 Contract Lead Designation

For contracts approved or awarded by the CTPF Board of Trustees, the Executive Director or the Executive Director's designee shall serve as the Contract Lead.

Unless otherwise directed, the Executive Director may delegate Contract Lead duties regarding all Fund contracts to Director-Level Officers who have the responsibility for initiating procurement and contract processes within their respective business areas, subject to the requirements of this CAPP, applicable law, the Administrative Rules, fiduciary responsibilities, policies, directives, and availability of funds. For purposes of this CAPP, the Director-Level Officers include the following:

1. Deputy Executive Director
2. Chief Benefits Officer
3. Chief Financial Officer
4. Chief Technology Officer
5. Chief Legal Officer
6. Director of Communications
7. Director of Investments

Director-Level Officers may further delegate these responsibilities to their subordinates in the Director-Level Officer's discretion; however, the Director-Level Officer retains Contract Lead responsibility for all contracts within his or her respective business area. This delegation includes, for example, the authority to identify the purchasing or contract needs of his or her respective business area, to identify contractors who may furnish the needed goods or services, and to coordinate all other phases of the contract process with appropriate departments and authorized staff as applicable.

302 Contract Coordination

Contract Leads, working in conjunction with the Legal Department, must ascertain and comply with all relevant legal, CAPP, and procedural requirements. In order to ensure compliance and achieve the best outcome for CTPF, a Contract Lead should coordinate with the following staff as applicable for advice and assistance well in advance of purchasing and contract deadlines or existing contract expiration:

1. Legal – to determine the authority for acquiring the services, to ascertain the proper procurement procedure to follow, and to obtain recommendations and/or assistance in the preparation of any solicitation document, including obtaining any required language for inclusion;
2. Executive Staff – to verify required procedures and processes; to obtain assistance in developing the RFI, RFO, RFP, RFQ, or other solicitation document; to ensure decisions that must be reported to third parties and otherwise to obtain assistance in administering and monitoring the contract and complying with this CAPP;
3. General Accounting Budget Team – to ascertain the availability of funds for current and future fiscal years to be obligated by the purchase order or contract;
4. Subject Matter Experts – to provide technical advice during the procurement or contract process.

303 Submission of a Non-Board Purchase Requisition

To start the purchase or contract process for a Non-Board purchase requisition, staff shall submit a requisition for the following:

1. Authorization to create a purchase or contract;
2. Identification of the budgeted funds for the purchase or contract;
3. Approval of management staff responsible for the source budget;
4. Identification of the purchase or contract type and amount which drives procurement and contract process requirements;
5. Identification of the person requesting the goods or services;
6. Identification of the goods or services to be procured;
7. Identification of potential sources to acquire the goods or services;
8. Identification of the timeframe in which goods or services are needed;
9. Tracking of pending purchases and contracts; and
10. Authorization to make payment for goods or services in accordance with the purchase or contract terms.

304 Roles and Responsibilities

304.1 Contract Lead

Contract Lead Roles and Responsibilities, working with the Legal Department, include:

1. Identifying the need for the contract and determining availability of funds within the departmental budget;
2. Providing timely and sufficient information in the requisition submission to initiate the purchase or contract process;
3. Identifying appropriate staff and subject matter experts to assist with the contract process, including provision of draft solicitation documents, statements of work, and/or to serve as evaluators for formal solicitation processes;
4. Providing information to the appropriate CTPF personnel required to make reports and provide information regarding the contract, consulting with the Executive Director and Legal Counsel as necessary;
5. Ensuring invoices are in accordance with the contract, invoiced deliverables or items have been received, and approving payments to be made by CTPF under the contract;
6. Timely forwarding legal or other notices regarding the contract to the Legal Counsel;
7. Delivering the original contract, except Investment contracts, all attachments or exhibits, and backup copies to the designated repositories and to the Contract and Procurement Administrator in the event they are received directly by the Contract Lead;
8. Tracking, reviewing, and accepting deliverables under the contract and ensuring the deliverables meet the contract specifications;
9. Monitoring and obtaining compliance by the Contractor, and overseeing compliance by CTPF;
10. Resolving conflicts or disputes between the Contractor and CTPF and promptly alerting the Executive Director and Legal Counsel to developing problems or issues. If the Contract Lead cannot resolve problems with the Contractor, the Contract Lead will meet with the Legal Counsel in an effort to resolve the dispute;
11. Assisting with Contractor requests to interpret clauses or specifications in coordination with the Legal Counsel;
12. Initiation of requisitions for renewals or amendments as needed and sufficiently in advance of procurement deadlines and purchase or contract expiration;
13. Monitoring Contractor performance over the life of the contract and ensuring performance reviews and evaluations are completed and reported to the Executive Director or designee; and
14. Completion of contract administration paperwork necessary to develop risk scores, provide notification of renewal or non-renewal, identify issues such as fraud, waste, or abuse or suggestions for improvement, and provide other information for the proper administration of the contract.

304.2 Contract and Procurement Administrator

The Contract and Procurement Administrator's role and responsibilities, working with the Chief Legal Counsel or his or her designee, include:

1. Working collaboratively with CTPF staff and Legal Counsel to finalize solicitation documents, statements of work, purchase orders, contracts, or vendor contract documents;
2. Conducting internal assessments as needed to determine applicable procurement and contract methods based on established policies and procedures;
3. Ensuring appropriate procurement and contract processes are utilized to acquire approved goods or services;
4. Ensuring all purchase and contract phases are conducted in accordance with applicable procurement and contract rules, this CAPP, and in CTPF's best interests;
5. Ensuring MWDBE businesses are afforded opportunities to participate in CTPF procurement and contract activities to the fullest extent possible;
6. Serving as the evaluation team leader on formal solicitation evaluation processes;
7. Negotiating or coordinating the negotiation process of procurements and contracts;
8. Signing purchase orders and contracts in accordance with authority delegated by this CAPP;
9. Imaging appropriate procurement or contract documentation into the appropriate CTPF network drive folder;
10. Providing a contract administration function to assist Contract Leads in assessing CTPF's contracts and vendor performance;
11. Provide reports as required by the Board, applicable statutes, CTPF management, or staff;
12. Serving as the point of contact for bidders and prospective bidders during a pending procurement; and
13. Assessing the completeness of procurement submissions and whether they meet minimum qualifications and are both responsive and responsible bidders.

304.3 Legal Counsel

Legal Counsel's role and responsibilities include:

1. Reviewing requested contracts;
2. Assisting with the development of contract language or contract clauses;
3. Providing advice on appropriate procurement or contract actions;
4. Serving in an advisory capacity on formal solicitation evaluation processes upon request;
5. Negotiating or assisting in the negotiation of contract terms; and
6. Providing recommendations.

305 Contract Lifecycle

There are many processes that may be involved in a complex procurement. Some phases are required and some are optional dependent upon the nature of the specific procurement. The Contract Lead and the Contract and Procurement Administrator must work collaboratively to determine appropriate and necessary phases for a specific procurement.

306 Procurement and Contract Methods

306.1 Determining Method for Procurements

After discussing the merits of applicable procurement methods with Trustees, Contract Leads or staff, the Board or the Contract and Procurement Administrator, as applicable, shall have final determination authority regarding the use of the most appropriate procurement method that will best achieve CTPF's objectives within applicable statutory and CAPP requirements.

306.2 Solicitation Requirements

In the absence of authorization for an approved exemption process, CTPF will solicit informal pricing from up to three vendors for non-Board procurements for goods or services anticipated to not exceed \$50,000. The Executive Director may direct the Contract Lead to issue a public, competitive, formal solicitation

CTPF will issue a public, competitive, formal solicitation for purchases anticipated to exceed \$50,000. Available solicitation methods include:

- 1. Invitation for Bids (IFB)** - The IFB is most commonly used for routine purchases of goods or well-defined services. The Fund may solicit best and final offers. Negotiations are not allowed under this process and a contract award is generally based on determining the lowest bidder who met all of the specifications advertised in the IFB.
- 2. Request for Offer (RFO)** - The RFO is primarily used for Information Technology and Telecommunications goods or services. Negotiations are allowed under this process and a contract award is generally based on a determination of the respondent who provided the best value based on the evaluation criteria advertised in the RFO (a combination of price and services).
- 3. Request for Proposal (RFP)** - The RFP is primarily used for complex purchases and for retaining investment managers and consultants and for custodians, but may also be used for other consulting services when authorized by the Board. It is often used when CTPF will accept alternative methods for meeting CTPF's needs. Negotiations are allowed under this method and a contract award is based on a determination of the respondent who provides the best value based on the evaluation criteria advertised in the RFP.
- 4. Request for Qualifications (RFQ)**. The RFQ is used primarily for Fund or Board Counsel and special outside counsel contracts and for professional services. The RFQ process requires CTPF to determine which respondent is best qualified to provide the service exclusive of price. Once this determination is made, CTPF will negotiate with the best qualified respondent(s) for pricing and services to be provided. A retainer, engagement letter, or

contract award is based on a determination of the best qualified service provider for a fair and reasonable price.

5. **Internal Assessment.** Any other method determined by the Board to be appropriate, including identification and assessment by staff (“Internal Assessment”). If the Board elects the Internal Assessment method, records will be created and maintained by CTPF staff to document the process through the final contract phase. Staff shall provide the Board with a description of staff’s actual procurement process at the time the Board reviews the vendor selection.

(Note that a Request for Information (RFI) is not a formal solicitation process as a contract cannot be awarded under an RFI. RFIs are primarily used to gather information to aid in the preparation of one of the above formal solicitation methods.)

307 Board Considerations

For procurements under the Board Policy, the Board will consider the following factors in determining which method is most appropriate under the prevailing facts and circumstances and in the best interests of the Fund:

1. The length of time since the last contract opportunity for the same or similar goods or services;
2. The need for, or suitability of, a competitive process, including whether a transparent process would be fairer or more likely to deter the most qualified vendors from submitting responses;
3. The type of contract, goods, or services to be acquired, including whether the vendor’s qualifications are as, or more, important than cost;
4. The level of competition in the relevant market or whether the prospective pool of vendors is limited to one or a few qualified candidates;
5. The Fund’s familiarity with the relevant vendors and market for the goods or services (or both) being acquired;
6. The cost of the relevant procurement methods relative to the benefits to be received from the process for each; and
7. The length of time available to complete the procurement process.

The Board may seek the recommendations of counsel and staff when considering which acquisition method would be the most appropriate under the circumstances.

308 Reports to the Board

Prior to any final Board selection and any finalist presentations to the Board, the Contract Lead and the Contract and Procurement Administrator shall provide a summary to the Board of the material elements of the solicitation, purchasing, or contractor selection process, including, but not limited to, summarizing the elimination of any bidders under the Board’s policies and/or

the language of the solicitation, due to (i) untimely bid submissions, (ii) failing to meet the minimum qualifications, (iii) incomplete submissions, or (iv) not being selected as one of the finalists to present before the Board.

309 Evaluation of Proposals Under the Board Procurement Policy

As detailed in the procurement solicitation, the Board's discretion or a Board Committee, and/or the Executive Director and staff shall evaluate submissions received from prospective vendors, perform appropriate due diligence, and provide a recommendation to the Board on one or more finalists to be selected. The Board, at its discretion, can be the sole evaluator and performer of due diligence on submissions. No recommendation by the Board Committee or by the Executive Director or staff, including any evaluation or scoring by the same, will be binding on the Board.

When considering a procurement under this Board Policy, the Board will select the vendor that, in the Board's judgment, represents the best overall value for the Fund based on the candidate's qualifications, experience, proposed contract terms and conditions, proposed fees, and other relevant factors. In this Policy, "best overall value" means a combination of factors that, in the sole judgment of the Board, are most consistent with the best interests of the Fund.

310 Monitoring of Vendors Chosen by the Board

The Executive Director will report to the Board the results of the staff's monitoring and evaluation activities involving vendors under Board-authorized contracts and will identify in a timely manner any significant issues with such vendor agreements.

311 Advertising and Public Notification Requirements

Contract solicitations and awards shall be posted on the Fund's website and solicitations shall be otherwise published in a manner consistent with the nature of the goods or services involved in the solicitation.

312 Response Receipt

Designated CTPF email account or CTPF's mailroom is the designated default receiving point for responses to solicitations unless otherwise set forth in the solicitation. Responses must be received by email or at the specified location and prior to or at the designated time and date advertised in the solicitation. The date/time stamp in the Mailroom or the date/time received by email is the official time clock used to determine timely delivery.

313 Response Evaluation and Award Recommendation

Evaluation of responses submitted under the Fund Policy is a particularly important component of the procurement process and care must be taken to equitably and objectively evaluate responses in compliance with applicable law. Generally speaking, CTPF must specify in the solicitation document the known factors other than price that CTPF will consider in determining which response offers the best value for CTPF and the evaluation must be performed in accordance with the published evaluation criteria.

The Contract and Procurement Administrator verifies that each respondent meets the minimum qualifications advertised in the solicitation. The Contract Lead may assist in determining compliance with the minimum qualifications upon request.

As appropriate based on whether the procurement is under the Board Policy or the Fund Policy, an evaluation team of Trustees or of staff, or both, will be formed to review responses received.

The Trustees may, if appropriate, form a committee to review the proposals under the Board Policy.

Under the Fund Policy, and with the approval of the Board, the Contract Lead will determine the applicable personnel to serve on the evaluation team in either a scoring or advisory capacity under the Fund Policy. A cross functional team often best represents CTPF's interests and may be comprised of subject matter experts from the business unit and representatives from IT, Finance, and other staff areas. Representatives from other business units, the Chief Legal Officer, and the Internal Auditor may also participate on the evaluation team in advisory roles, but cannot serve as both team members and in advisory roles on the same procurement.

The Contract and Procurement Administrator serves as the evaluation team leader, unless it is a Board procurement when the Trustee/team leader will be designated by the Board and the Trustee/team will follow Board designated procedures, and is responsible for developing the evaluation tool, training, and leading the evaluation team. The team leader compiles and verifies the accuracy of evaluation scores. Evaluation team scores are used as a basis for the Contract Lead to submit a recommendation for awarding a contract. The award recommendation must be supported by the evaluation criteria, scores, and overall best value. The Contract Lead shall provide a copy of the award recommendation to the other members of the evaluation team. In the event the Contract and Procurement Administrator does not support the recommendation, the final decision will be escalated to the Executive Director or to the Board. Evaluator's scoresheets, notes, other evaluation documentation, and the reasons for awarding a contract must be documented and maintained with the procurement or contract file.

314 Quiet Period

For each procurement opportunity that will be considered by the Board or by staff, the

Trustees, staff, and all current and prospective vendors will observe a “quiet period” during which current and prospective vendors, Trustees, and staff are prohibited from having any ex parte contacts regarding that opportunity.

The quiet period will begin upon the start of the formal acquisition process or any discussion of the RFP by the Board, and will continue until a final agreement has been negotiated and executed or the solicitation is cancelled. The Executive Director or designee will notify the Trustees and staff when the quiet period commences, the nature or type of vendors who are covered by the quiet period rules, and the name of any entity which is reasonably expected to participate in the procurement process.

The quiet period does not apply to the staff’s or a consultant’s due diligence communications or meetings with Prospective Providers as part of the formal evaluation process, or to staff’s or to the Trustees’ meetings or communications with an existing vendor so long as the discussions are completely restricted to matters within the scope of the existing contract and communications relating to the pending opportunity are avoided.

The quiet period does not apply to communications between Prospective Providers and the Contract and Procurement Administrator or her designee solely regarding administrative questions relating to the procurement process.

If a Trustee or staff member, other than the Contract and Procurement Administrator or his or her designee acting in accordance with this Policy, is contacted by a prospective vendor outside of the above exceptions to the quiet period, that Trustee or staff member (i) should not respond, (ii) should notify the Contract and Procurement Administrator of the communication (providing a summary of the communication), and, (iii) if possible, provide the Contract and Procurement Administrator with a copy of any written or otherwise recorded communication.

315 Clarifications, Discussions, and Negotiation

Negotiation is a bargaining process between two or more parties, each with its own objectives, seeking to reach mutually satisfactory and acceptable agreements or compromises. CTPF may engage in clarifications, discussions, or negotiations under certain circumstances.

Negotiations are allowed for RFOs, RFPs, RFQs, whenever only one response is received, for sole source purchases or for emergency purchases when soliciting is not practical. Negotiations are not allowed when the IFB solicitation process is used.

Prohibited disclosures during negotiations include:

1. “Technical leveling” which is helping a respondent to bring its proposal up to the level of other proposals through successive rounds of discussion, usually by pointing out proposal weaknesses. However, CTPF has the discretion to seek clarifications of a response in order to better understand the contents of a

- response, to seek additional information, or to avoid having to reject a response due to a minor technicality;
2. “Technical transfusion” which is the disclosing of technical information or approaches from one response to other competitors in the course of discussion;
 3. Disclosing competing respondents’ cost/prices (even if the disclosure is made without identifying the respondent by name); and
 4. Advising a respondent of its price standing relative to other respondents.

As with the evaluation team, a cross-functional negotiation team often best represents CTPF’s interests in negotiations. The Contract and Procurement Administrator coordinates the negotiation process with the Trustees, if applicable, the Contract Lead, subject matter experts from the business unit, the Chief Legal Officer or Legal Counsel, representatives from IT, Finance, Internal Audit, and others with needed expertise on the team. However, in some cases the negotiation team includes only Trustees and selected evaluation team members and not all of the evaluation team members.

316 Confidentiality/Non-Disclosure Agreements

All persons having access to procurement or contract information (e.g. CTPF staff, existing CTPF contractors who assist with specification development, those who will serve on an evaluation team [voting evaluators, subject matter experts, or advisors], or who will be involved in a decision-making capacity) are required to sign a Non-Disclosure Agreement generally at the beginning of a formal procurement process and in all cases prior to receiving any information submitted in response to a solicitation. These persons must keep information pertaining to the procurement process confidential, unless otherwise required by law, until such time as a contract is issued. It is CTPF policy that no information from evaluation reviews or discussions be communicated to anyone outside the evaluation team until such time as the evaluation team has completed the evaluation. If any member of an evaluation team receives a request for information concerning any aspect of the solicitation process, the request must be forwarded to the Contract Lead and to the Contract and Procurement Administrator.

317 Selection of Contractors

The Board of Trustees or the appropriate Board Committee retains the authority to select the following vendors or contractors:

1. Those who directly serve the Board (or Board Committees);
2. Those whom the Board (or the Executive Director recommends) determines should be selected by the Board;
3. Vendors required by law to be selected by the Board; and
4. Contracts in which the value, compensation or cost, including expenses, with an annual value expected to exceed \$50,000.

With respect to other contracts, the Executive Director or the Executive Director’s designee

may select vendors or contractors in accordance with this CAPP. Unless otherwise indicated, any delegation of authority to select a contractor shall be limited to the specific contract and shall not apply to other contracts whether or not of a similar nature or for similar goods or services.

318 Purchase Order or Contract Drafting

CTPF staff, under the supervision of the Contract Lead, will draft and complete purchase order documents in accordance with this CAPP. Except as provided herein, the Chief Legal Officer or his or her designee will verify the appropriateness of the procurement method, assist in the procurement process, and draft or review the contract.

319 Binding Obligation

Notwithstanding any other provision of this CAPP, no procurement, agreement, contract, or award considered or authorized by the Board or by staff will be legally binding on the Fund unless and until an agreement has been negotiated, executed and delivered on behalf of CTPF by the Board President, the Executive Director, or other authorized CTPF signatory.

Legal Counsel must be consulted regarding any non-standard or limiting language involved in a contract. Legal Counsel is responsible for developing required and suggested contractual provisions. Contract provisions should be sufficient to hold contractors accountable for delivery of quality goods and services and to prevent the inappropriate or inefficient use of CTPF assets. These provisions may include clearly defined goals, outputs, and measurable outcomes; clearly defined sanctions or penalties for noncompliance with contract terms and conditions; and specifications for accounting, reporting, and, when applicable, auditing the contract for compliance and completion.

320 Vendor Protest and Dispute Resolution

The Board establishes this procedure for vendors to protest procurement decisions made by the Fund.

320.1 Protest

Any actual or prospective bidder, offeror, or contractor who is aggrieved in connection with the solicitation, evaluation, or award of a contract may formally protest to the Fund. Such protests must be in writing and received by the Board within ten business days after such aggrieved person knows, or should have known, of the occurrence of the action which is protested and in no case more than ten business days after the Board makes the award. Protests must conform to the requirements set forth in subsection (320.2) of this section. The Fund will provide every bidder with a copy of the protest.

320.2 Protest Requirements

A protest must be signed under oath and contain:

1. A specific identification of the statutory, Procurement Policy, or Administrative Rule provision(s) that the action complained of is alleged to have violated;
2. A specific description of each act alleged to have violated the statutory, Procurement Policy, or Administrative Rule provision(s) identified in paragraph (1) of this subsection;
3. A precise statement of the relevant facts;
4. An identification of the issue or issues to be resolved; and
5. Argument and authorities in support of the protest.

320.3 Resolution by Mutual Consent

The Executive Director shall have the authority, with the approval of the President and prior to appeal to the Board of Trustees, to settle and resolve the dispute concerning the solicitation or award of a contract. The Executive Director may solicit written responses to the protest from other interested parties.

320.4 Resolution without Mutual Consent

If the protest is not resolved by mutual agreement, the Executive Director will issue a written determination on the protest.

1. If the Executive Director determines that no violation of the Procurement Policy, Administrative Rules, or statutes has occurred, the Executive Director shall so inform the protesting party and interested parties by letter which sets forth the reasons for the determination.
2. If the Executive Director determines that a violation of the Administrative Rules, Procurement Policy, or statutes has occurred in a case where a contract has not been awarded, the Executive Director shall so inform the protesting party and other interested parties by letter which sets forth the reasons for the determination and any appropriate remedial action.
3. If the Executive Director determines that a violation of the Administrative Rules, Procurement Policy, or statutes has occurred in a case where a contract has been awarded, the Executive Director shall provide the Board with the record on the protest and, with the approval of the Board, so inform the protesting party and other interested parties by letter which sets forth the reasons for the determination and any appropriate remedial action. Such remedial action may include, but is not limited to, declaring the contract void; reversing the award; and re-advertising the purchase using revised specifications.

320.5 Appeal

The Executive Director's determination on a protest may be appealed by an interested

party to the Board. An appeal of the Executive Director's determination must be in writing and must be received by the Board no later than ten business days after the date of the Executive Director's determination. The Fund shall provide copies of the appeal to other interested parties.

320.6 Legal Review and Final Written Determination

The Chief Legal Officer, with the advice of Fund Counsel, shall review the protest, the Executive Director's determination, and the appeal and shall prepare a written opinion with recommendation to the Board. The Board shall consider the matter at a regularly scheduled meeting and issue a final written determination.

320.7 Appeal Requirements

When a protest has been appealed to the Board of Trustees under subsection (320.5) of this section, the following requirements shall apply:

1. Copies of the appeal, responses of interested parties, if any, and the Chief Legal Officer's recommendation shall be provided to Board members.
2. All interested parties who wish to make an oral presentation at the open Board meeting are requested to notify the Executive Director at least 48 hours in advance of the open meeting.
3. The Board of Trustees may consider oral presentations and written documents presented by staff, the appealing party, and interested parties. The President shall set the order and amount of time allowed for presentations.
4. The Board of Trustees' determination of the appeal shall be by duly adopted motion and shall be final.

320.8 Untimely Protest or Appeal

Unless good cause for delay is shown or the Executive Director reasonably determines, in his or her sole discretion, that a protest or appeal raises issues significant to procurement practices or procedures, a protest or appeal that is not filed timely will not be considered.

320.9 Stay of Solicitation or Award

In the event of a timely protest or appeal, a protestor or appellant may request in writing that the Fund not proceed further with the solicitation or with the award of the contract until a final determination is made. In support of the request, the protestor or appellant is required to show why a stay is necessary and that harm to the Fund will not result from the stay. If the Executive Director or the Board determines that it is in the best interest of the Fund not to proceed with the contract, the Executive Director or the Board may make such a determination in writing and partially or fully suspend contract activity.

320.10 Final Administrative Decision

A decision issued by the Board of Trustees shall be a final administrative decision of the Fund.

321 Central Contract Repository

This CAPP requires all original contract documents and collateral documentation obligating CTPF in any way to be maintained in a Central Contract file.

All executed contracts, other than investment-related contracts, and all attachments or exhibits, as well as all related RFOs, RFPs, RFQs or similar documents, the responses thereto, and related documentation will be imaged into the appropriate CTPF network drive folder. As CTPF's system of record, the legal open network drive folder contains CTPF's official contract files.

Investment manager agreements, custodial agreements, and alternative investment agreements or contracts, including LLC, LPA, and commingled fund documents, and all attachments, or exhibits, as well as all related RFPs, the responses thereto, and related documentation will be maintained by the Investments Department. Such records will be the Fund's official investment contracts file.

322 Record Retention

CTPF may destroy all such contracts and records only in accordance with the Records Retention Rule and other applicable laws and only after all issues that arise from any litigation, claim, negotiation, audit, FOIA request, administrative review, or other action involving the contract or documents are resolved.

323 Contract Administration

All goods and services procured for CTPF offer some risk. Based on an established dollar value threshold, the extent of that risk to specific purchase orders or contracts must be assessed by examining risk factor criteria. Depending upon the extent to which the purchase order or contract meets any of the established criteria, the purchase order, or contract will be assigned a risk assessment score, tracked, monitored, and reviewed by the Contract and Procurement Administrator to reduce risk exposure for CTPF. The Contract and Procurement Administrator coordinates with the Contract Lead on missing documentation issues, and the Contract Lead and, if necessary, the Chief Legal Officer must resolve any contract disputes. The Contract and Procurement Administrator also oversees the processes for providing contract renewal notification and contract closeout.

324 Contract Review / Escalation

The Contract and Procurement Administrator performs an initial review and subsequent periodic reviews of contract files for completeness and quality control purposes. As a public entity, certain documentation is required to be maintained with procurement files to ensure transparency, compliance with Illinois law and CTPF policies, to be able to fulfill FOIA requests, and for reporting purposes. Contract Leads and CTPF contractors are required to provide requested information and failure to do so will result in escalation to appropriate management.

325 Monitoring and Performance Review

The Contract Lead has primary responsibility for monitoring a contractor's performance over the life of the contract and for promptly reporting issues to the Executive Director. The Executive Director and the Contract Lead will report in a timely manner to the Board any significant or material failures by vendors to comply with the terms of their respective contracts or to provide the expected levels of services or quality.

All vendors who are parties to contracts authorized directly by the Board will be subject to performance monitoring and periodic evaluation by the Board. The Board may specify factors to be used for such monitoring or evaluation based on recommendations provided by the Executive Director.

The Executive Director will identify in a timely manner any significant issues or actions taken with regard to any Board-retained vendor.

326 Reporting

The Fund staff shall prepare periodic reports of purchases and contract activities. Major reports include the annual MWDBE reports, including the reports prepared for Legislative committees, and various management reports.

327 Dispute Resolution

CTPF may employ a variety of options to resolve contract disputes; however, CTPF will not, absent exceptional circumstances, engage in binding arbitration.

328 Renewing an Agreement

Renewals or extensions of agreements, if expressly authorized by the solicitation and/or agreement, can take place without requiring a new acquisition process, provided the Board first determines that renewal or extension continues to provide the best overall value.

329 Contract Closeout

When purchase orders or contracts are completed for whatever reason (e.g. reached the end of the term, CTPF elects to not renew, CTPF elects to terminate, etc.), the Contract Lead must notify the Executive Director of the contract completion date. This is necessary to close out the contract file. Applicable record retention schedules shall apply.

Section 4. SPECIAL CONTRACT SITUATIONS

401 Selection of Investment Managers/Advisors and Investment Consultants (IMs)

The selection of an investment manager/advisor shall be conducted in accordance with the Board Policy.

The Fund's Procurement Policy for Investment Advisors and its Procurement Policy for Consultants is hereby adopted and incorporated by reference.

402 Accountability and Risk Controls

CTPF shall develop and comply with any purchasing accountability and risk analysis procedure adopted by the Finance & Audit Committee:

1. Assessing the risk of fraud, abuse, or waste in the contractor selection process, contract provisions, and payment and reimbursement rates and methods for the different types of goods and services for which the Fund contracts;
2. Identifying contracts that require enhanced contract monitoring or the immediate attention of contract management staff; and
3. Establishing clear levels of purchasing accountability and staff responsibilities related to purchasing.

Section 5. MINORITY, WOMEN, AND DISABLED BUSINESS ENTERPRISES (MWDBEs)

501 CTPF is committed to empowering all MWDBEs with an opportunity to respond to solicitations for CTPF purchases and contracts for goods or services. CTPF is committed to vendors that demonstrate a substantial commitment to diversity within the vendor's workforce and in the vendor's relationships with professional providers and sub-vendors. CTPF will expend all reasonable and prudent efforts to utilize the services of vendors, consultants, and service providers who are diverse based on race, ethnicity, gender, disability, sexual orientation, age, religion, veteran's status, and other factors, as well as those who are committed to and have a record of commitment to diversity.

502 The Contract Lead shall determine whether subcontracting opportunities are probable for the contract. If subcontracting opportunities are probable, vendors are required to submit a MWDBE Subcontracting Plan (MWDBE-SP) with their solicitation response, reflecting the use of MWDBE subcontractors or good faith efforts to utilize the same, as a condition of being eligible to receive a

purchase or contract. If subcontracting opportunities are not probable, documentation of this determination will be maintained with the procurement or contract file.

Section 6. CODE OF CONDUCT FOR CTPF PROVIDERS OF GOODS AND SERVICES

The Code of Conduct for CTPF Providers of Goods and Services will be given to all providers of goods and services upon execution of all contracts or applicable purchase agreements. The Board of Trustees, Executive Director, or Chief Legal Officer may require the providers of goods or services to acknowledge the Code of Conduct for CTPF providers of goods and services before execution of a contract or applicable purchase agreement.

Exhibit 1 – Prohibited Entities

The Fund has developed an objective process to determine whether foundations, think tanks, and other nonprofit entities engage in ideologically, politically, or donor driven activities to diminish public pension sustainability. The objective process includes evaluating these entities on the following criteria:

1. Advocates or advances the claim that public defined benefit plans are unsustainable;
2. Advocates for a defined contribution plan to replace the public defined benefit plan;
3. Advocates for a poorly designed cash balance plan to replace the public defined benefit plan;
4. Advocates for a poorly designed combination plan to replace the public defined benefit plan;
5. Links school performance evaluation to whether it sponsors a defined benefit plan to its teachers/employees; and
6. Miscellaneous activities to diminish public pension sustainability and retirement security.

Based on the criteria above, the Fund has determined the following foundations, think tanks, and other nonprofit entities engage in ideologically, politically, or donor driven activities to undermine public pensions:

American Enterprise Institute,
American Legislative Exchange Council,
Brookings Institution,
California Common Sense,
California Policy Center,
Civic Committee of the Commercial Club,
Heritage Foundation,
Howard Jarvis Taxpayers Association,
Illinois Municipal League,

Illinois Policy Institute,
 Independent Institute,
 Jessie Ball DuPont Fund,
 Laura and John Arnold Foundation,
 Mackinac Center for Public Policy,
 Manhattan Institute for Policy Research,
 Massachusetts Taxpayers Foundation,
 Mercatus Center at George Mason University,
 National Council on Teacher Quality,
 National Institute for Labor Relations Research,
 Nelson Rockefeller Institute of Government,
 National Taxpayers United of Illinois,
 Pioneer Institute,
 R Street Institute,
 Reason Foundation,
 Show Me Institute,
 State Policy Network,
 StudentsFirst,
 Taxpayers for Sustainable Pensions,
 Taxpayers United of America,
Teacherspensions.org,
 Texas Public Policy Foundation,
 The Future of Freedom Foundation,
 The Pew Charitable Trust,
 UnionWatch,
 Urban Institute,
 Wyoming Liberty Group, and
 Any state or local affiliates or chapters of the above organizations.

Exhibit 2 – Acronyms and Definitions

ACRONYMS

CAPP	Contract Administration and Procurement Policy
CTPF	Chicago Teachers’ Pension Fund
IFB	Invitation for Bids
IM	Investment Manager
IPC	Illinois Pension Code
MWDBEs	Minority, Women, and Disabled Business Enterprises
NDA	Non-Disclosure Agreement
RFI	Request for Information
RFO	Request for Offer
RFP	Request for Proposal
RFQ	Request for Qualifications

DEFINITIONS

1. **Network Drive Folder** – Location where all draft and final contracts, RFPs, and RFP Proposals are maintained
2. **Contract Lead** – The CTPF employee who is ultimately responsible for the contract. The primary Contract Lead is the chief officer or director for the operational division requesting the goods or services. Contract Leads may delegate authority to initiate purchases and/or manage the contract process within their respective area. The Contract Leads are as follows:

Deputy Executive Director	Chief Legal Officer	Director of Communications
Chief Benefit Officer	Chief Technology Officer	
Chief Financial Officer	Director of Investments	

3. **Lease Agreements (“lease” or “lease of goods or services”)** – A contract granting use of equipment and property (including intellectual property) or other fixed assets for a specific term in exchange for payment. Ownership remains with the vendor. From an accounting perspective, a Lease Agreement is known as an operating lease.
4. **Professional Services** – A contract between CTPF and a professional services provider.

<p>Within the scope of the practice, as defined by state law, of:</p> <p>Accounting;</p> <p>Actuarial services;</p> <p>Architecture;</p> <p>Law;</p> <p>Medicine;</p> <p>Professional engineering; or</p> <p>Real estate appraising.</p>	<p>Provided in connection with the professional employment or practice of a person who is licensed or registered as:</p> <p>A certified public accountant;</p> <p>Actuary;</p> <p>An architect;</p> <p>An attorney;</p> <p>A physician, including a surgeon;</p> <p>A professional engineer; or</p> <p>A state certified or state licensed real estate appraiser.</p>
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5. **Purchase Contracts** – Contracts (Purchase Orders) for commodities or other services for CTPF’s direct benefit or use, including services contracts and conference facilities contracts.

6. **Soft Dollar, Commission Sharing, and Commission Recapture Contracts** – CTPF trades securities with specialized brokers who offer soft dollar, commission sharing, or commission recapture programs. In effect, CTPF pays higher commissions to buy or sell securities in order to receive credits or payment of the excess sums generated. These contracts provide funds held by the broker or custodian or Cost Sharing Account (CSA) or Commission Recapture Account (CRA) funds for expenditure in accordance with the CTPF Soft Dollar CAPP for the use and benefit of the CTPF investment function.