

**REQUEST FOR PROPOSAL (“RFP”) FOR
DEFERRED COMPENSATION SERVICES:
RECORDKEEPING/ADMINISTRATION,
COMMUNICATION/EDUCATION, CUSTODIAL TRUSTEE, AND INVESTMENT
MANAGEMENT SERVICES**

Required for use by:

CITY OF CHICAGO
Department of Finance and Deferred Compensation Committee



This RFP distributed by:

CITY OF CHICAGO
Department of Finance

All communications must be by Email only, sent to: DefCompRFP@cityofchicago.org

SPECIFICATION No.: 128214

**PROPOSALS MUST BE RECEIVED NO LATER THAN 4:00 P.M., CENTRAL TIME, ON
Tuesday, December 9, 2014**
(or otherwise as may be changed per Addendum)

RAHM EMANUEL
MAYOR

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EXHIBITS

- Exhibit I: Scope of Services
- Exhibit II: Questionnaire: Administrative Services
- Exhibit III: Questionnaire: Investment Management Services
- Exhibit IV: Fees
- Exhibit V: Certification of Compliance with Terms and Conditions of RFP
- Exhibit VI: Special Conditions Regarding Minority and Women Owned Business Enterprise (separate file labeled as “Exhibit VI MBE/WBE Special Conditions)
- Exhibit VII: Online City of Chicago Economic Disclosure Statement and Affidavit and Appendix A (EDS) Instructions and Attachment A, Online EDS Acknowledgement
- Exhibit VIII: Contract Insurance Requirements and Insurance Certificate
- Exhibit IX: City of Chicago Sample Professional Services Agreement
- Exhibit X: Information Regarding Current Plan and Statement of Investment Policy
- Exhibit XI: Current Plan Document
- Exhibit XII: Data Protection Requirements for Contractors, Vendors and Third Parties

REQUEST FOR PROPOSAL (“RFP”)

for

DEFERRED COMPENSATION SERVICES: RECORDKEEPING/ADMINISTRATION, COMMUNICATION/EDUCATION, CUSTODIAL TRUSTEE AND INVESTMENT MANAGEMENT SERVICES

Background

The City of Chicago employee deferred compensation plan (“Plan”), adopted in 1982, is an eligible plan under Section 457(b) of the Internal Revenue Code, and is administered by a third party administrator (TPA). The TPA accounts for individual allocation of contributions, earnings and withdrawals, provides management, recordkeeping, and administration services for the Plan, produces quarterly individual participant statements, maintains individual participant records, and provides on-site marketing and enrollment and other services.

Participation in the Plan is available to all active eligible City of Chicago employees. As of December 31, 2013, the total number of eligible employees of the City was approximately **30,903**. The Plan has **36,042** participants with account balances. There are approximately **24,229 active participants** and **11,813** inactive participants in the Plan. The average annual employee contribution is approximately **\$7,021** a year and the average account balance is approximately **\$96,288**.

The Plan as of December 31, 2013 had approximately **\$3.5 billion in assets with \$1.9 billion** in the Chicago Blended Fixed Income Fund. Additional Plan information is set out in Exhibit X.

I. GENERAL INVITATION

1.1 Purpose of the Request for Proposal

The City of Chicago (“**City**”), acting through its Department of Finance (“**Department**”) and Deferred Compensation Committee (“**Committee**”), invites the submission of proposals for recordkeeping/administration, communication/education, custodial trustee, investment advisory, and other services as described in this RFP for City of Chicago’s Employees Section 457 Deferred Compensation Plan (the “**Plan**”). The intent of the RFP is to identify organization(s) as described in greater detail below. In addition, management of the Plan assets currently in the Nationwide General Account, which make up a portion of the Chicago Blended Fixed Income Fund, are part of this solicitation process.

The successful Respondent will be called on during the term of a contract awarded pursuant to this RFP to supply information on a regular basis to the Deferred Compensation Committee, its consultants, attorneys, auditors, and other designated agents. The successful Respondent must fully cooperate with these groups.

Organization(s) with demonstrated experience in the area of investment management, recordkeeping/administration, communication/education and custodial trustee services, and with an interest in making their services available to the City of Chicago, are invited to respond to this RFP.

“Respondent” means the organization(s) that submit proposals to this RFP. The documents submitted will be referred to as **"Proposals."**

The selected Respondent awarded a contract pursuant to this RFP (**“Selected Respondent”** or **“Contractor”**) shall perform all applicable duties as outlined in the Scope of Services. The Respondent may have service arrangements and/or alliances with multiple organizations to deliver all required services, however, Respondent’s organization must be the sole business entity for contracting purposes for communication and education, recordkeeping and administration and on-site participant support services.

The work contemplated is professional in nature. It is understood that the Selected Respondent acting as an individual, partnership, corporation or other legal entity, is of professional status, licensed to perform in the State of Illinois and the City of Chicago for all applicable professional discipline(s) requiring licensing and will be governed by the professional ethics in its relationship to the City. It is also understood that all reports, information, or data prepared or assembled by the Selected Respondent under a contract awarded pursuant to this RFP (**“Agreement”**) may be made available to any individual organization, under the Freedom of Information Act (FOIA). A sample of a standard City professional services agreement is attached to this RFP as Exhibit IX. The Selected Respondent shall be financially solvent and each of its members if a joint venture, its employees, agents, or sub-consultants of any tier shall be competent to perform the services required under this RFP document.

1.2 Internet Link to the RFP Documents

The RFP, and any related addenda and/or clarifications if any, can be downloaded at the City’s Department of Finance website at the following URL:
<http://www.cityofchicago.org/city/en/depts/fin.html> under the heading in the center panel: **“Most Recent News (Finance),”** from where you can access the link to the RFP, and any related docs if any.

The City accepts no responsibility for the timely delivery of materials or for alerting the Respondent on posting information related to this RFP onto the above URL. Under no circumstances shall failure to obtain the RFP, clarifications, and/or any related addenda, if any, relieve a Respondent from being bound by any additional information, terms, and conditions in a clarification or addendum contained therein, during the RFP process. Furthermore, failure to obtain any clarification and/or addendum shall not be valid grounds for a protest against award(s) made under this RFP.

1.3 Communications via Email Only

Unless as may otherwise be provided, Respondents must communicate in writing only, at the following email address:

DefCompRFP@cityofchicago.org

There is a 25 Mb size limit per email. If Respondents send a zipped-file, the City’s security system may route it as a threat and it may not be received. Respondent may request an email receipt as confirmation that your email was received, if such functionality is supported.

There must be no other communication with respect to this solicitation and this RFP process, in person, in writing (except via the email address above), by phone, or otherwise, between a Respondent or Respondent’s designee and any of the City of Chicago’s: Deferred Compensation Committee member or member’s office staff, any consultant or associate of any consulting group who may be working for the Deferred Compensation Committee, City elected officials or their staff members, or any other person in a position to influence the decision of the Deferred Compensation Committee members, at any time during the RFP process, except at times specified for oral presentations of selected Respondents or as may otherwise expressly be provided for during this RFP process.

Communication by a Respondent or its designee with anyone who falls within the title or role described in this section, in an attempt to influence the awarding of the RFP, shall be considered grounds for the Respondent to be disqualified. A Respondent who deviates from any of these restrictions is subject to immediate disqualification from this RFP process.

1.4 Questions and/or Requests for Clarification

Any question or request for clarification concerning this RFP must be made in writing and sent to the email address above (Section 1.3), in the format as exemplified below, using an Excel spreadsheet.

Example 1

ITEM	QUESTION or REQUEST for CLARIFICATION	RFP section being referenced
1	What is the “457 market”?	Exhibit II, A.1.d
2	Please provide what the City’s “Payroll” system interface requirements are.	Section IV, Evaluating Proposals, 4.B.

The City will provide its response to all questions and requests for clarifications received via an addendum. (See Addenda section 1.6 below.)

Any subsequent round of questions or requests for clarification, if allowed by the City, shall be subject to a cut-off date and time and be posted at the URL and related links indicated above in section 1.2.

1.5 Pre-Proposal Conference

The City will NOT conduct a Pre-Proposal Conference for this RFP.

1.6 Addenda and RFP Notices

The City shall post all addenda and related RFP notices, if any, at the URL and related links indicated above in Section 1.2.

1.7 Proposal Delivery Information

Proposals must be provided as a hardcopy printed document, as well as electronically on a thumb-drive.

Proposal hardcopies must be delivered no later than 4:00 p.m. Chicago-time at the address indicated below, on the due date as posted in the RFP or, in the latest due date posted at the URL and related links indicated above in section 1.2.

All hardcopy Proposal packages must be labeled as follows:

Deferred Comp RFP Specification No. 128214

ATTN: Steve Sakai

Respondent Name: _____

Due Date: _____

All hardcopy Proposal packages and thumb-drives must be delivered to the front reception desk located at:

Department of Finance

City Hall – 7th Floor

121 N. LaSalle Street

Chicago IL 60602-1246

All Proposal submittals are due by 4:00 p.m., **Tuesday, December 9, 2014**; or on the most recent due date posted at the URL and related links indicated above in section 1.2.

Proposals that are not received by the date and time as posted may not be accepted by the City.

Respondent must submit its Proposal hardcopies and thumb-drives as follows:

- 1 hardcopy ORIGINAL of the Proposal, clearly marked as “PROPOSAL ORIGINAL”.
 - The original Proposal must bear the original signature of an authorized corporate agent on all documents requiring a signature
- 1 hardcopy ORIGINAL of the Pricing, kept separately sealed, marked as “PRICE ORIGINAL”
- 10 hardcopy COPIES of the exact copy of the original Proposal
 - plus one thumb-drive per Proposal copy (x10)
 - each thumb-drive should be marked “Proposal”
 - each thumb-drive must be an exact copy of the original hardcopy Proposal
 - each thumb-drive file must be word searchable
 - Administrative Services questionnaire and Investment Management Services questionnaire must be provided in Microsoft Word
- 10 hardcopy COPIES of the exact copy of the original Pricing, kept separately sealed, marked “Price Copy”
 - plus one Price thumb-drive per Price copy (x10)
 - each Price thumb-drive should be marked “Price Copy”
 - each Price thumb-drive must be an exact copy of the ORIGINAL hardcopy Pricing

1.8 RFP – Contract Award Estimated Timeline

The timeline for this RFP process is summarized below. Note that these are target dates and are subject to change by the City.

Key Activity	Target Date	# days bt date above
City Issues RFP	Friday, October 31, 2014	0
Submit Questions by	Thursday, November 13, 2014	13
Answers to Questions Posted by	Monday, November 24, 2014	11
Proposals Due on	Tuesday, December 09, 2014	15
Finalist Presentations	Tuesday, January 27, 2015	49
Selection of Contractor	Friday, February 06, 2015	10
Approval/Intent to Award	Thursday, February 12, 2015	6
Finalization of Contract Agreement	Tuesday, February 24, 2015	12
Implementation Transition	Monday, June 01, 2015	97

II. SCOPE OF SERVICES

A. Scope of Services

The Services that the City seeks to acquire (the “Services”) are described in detail in Exhibit 1 to this RFP.

B. Term of Services

The initial contract term will be **five** years from the date on which a contract is awarded by the City. In addition, the contract may provide that the City may elect to extend the contract, in the City’s discretion, for up to three additional periods, each period not to exceed one year, to provide for ongoing services.

III. PREPARING PROPOSALS: REQUIRED INFORMATION

Each Proposal must contain all of the following documents and must conform to the following requirements.

A. Format of Proposal

Hardcopies. The original Proposal and all copies of the original Proposal should be prepared on “8½ x 11” letter size paper (preferably recycled), printed double-sided and bound on the long side. The City encourages using reusable, recycled, recyclable and chlorine-free printed materials for bids, proposals, reports, and other documents prepared in connection with this solicitation. Expensive papers and bindings are discouraged, as no materials will be returned.

Sections should be separated by labeled tabs and organized in accordance with subject matter sequence as set forth below.

Electronic Copies. Electronic copies of Proposal responses must be provided on thumb-drives and must display pages in the same sequence as the hardcopy originals and facilitate Word-Searchable functionality on the provided file copies. Financial statements may be provided electronically only.

B. Confidentiality

Respondent may designate those portions of the Proposal, which contain trade secrets or other proprietary data that must remain confidential. If a Respondent includes data that is not to be disclosed to the public for any purpose or used by the City except for evaluation purposes, the Respondent must:

- (i) Mark the title page as follows: “This RFP proposal includes trade secrets or other proprietary data (“data”) that may not be disclosed outside the City and may not be duplicated, used or disclosed in whole or in part for any purpose other than to evaluate this Proposal. The data subject to this restriction are contained in sheets (insert page numbers or other identification).”
- (ii) The City, for purposes of this provision, will include any consultants assisting in the evaluation of Proposals. If, however, a contract is awarded to the Respondent as a result of or in connection with the submission of this data, the City has the right to duplicate, use, or disclose the data to the extent provided in the resulting contract. This restriction does not limit the City’s right to use information contained in the data if it is obtained from another source without restriction.
- (ii) Mark each sheet or data to be restricted with the following legend: “Use or disclosure of data contained on this sheet is subject to the restriction on the title page of this Proposal.”

All submissions are subject to the Illinois Freedom of Information Act (FOIA).

C. City's Rights to Reject Proposals

The City of Chicago, acting through its Deferred Compensation Committee, reserves the right to reject any and all Proposals that do not conform to the requirements set forth in this RFP; or that do not contain the information required by this RFP.

D. No Liability for Costs

The City is not responsible for costs or damages incurred by Respondents, member(s), partners, subcontractors or other interested parties in connection with the RFP process, including but not limited to costs associated with preparing the Proposal and of participating in any site visits, product system demonstrations, oral presentations, or negotiations.

E. Prohibition on Certain Contributions – Mayoral Executive Order No. 2011-4

No Contractor or any person or entity who directly or indirectly has an ownership or beneficial interest in Contractor of more than 7.5% ("Owners"), spouses and domestic partners of such Owners, Contractor's Subcontractors, any person or entity who directly or indirectly has an ownership or beneficial interest in any Subcontractor of more than 7.5% ("Sub-owners") and spouses and domestic partners of such Sub-owners (Contractor and all the other preceding classes of persons and entities are together, the "Identified Parties"), shall make a contribution of any amount to the Mayor of the City of Chicago (the "Mayor") or to his political fundraising committee during (i) the bid or other solicitation process for this Contract or Other Contract, including while this Contract or Other Contract is executory, (ii) the term of this Contract or any Other Contract between City and Contractor, and/or (iii) any period in which an extension of this Contract or Other Contract with the City is being sought or negotiated.

Contractor represents and warrants that since the date of public advertisement of the specification, request for qualifications, request for proposals or request for information (or any combination of those requests) or, if not competitively procured, from the date the City approached the Contractor or the date the Contractor approached the City, as applicable, regarding the formulation of this Contract, no Identified Parties have made a contribution of any amount to the Mayor or to his political fundraising committee.

Contractor shall not: (a) coerce, compel or intimidate its employees to make a contribution of any amount to the Mayor or to the Mayor's political fundraising committee; (b) reimburse its employees for a contribution of any amount made to the Mayor or to the Mayor's political fundraising committee; or (c) bundle or solicit others to bundle contributions to the Mayor or to his political fundraising committee.

The Identified Parties must not engage in any conduct whatsoever designed to intentionally violate this provision or Mayoral Executive Order No. 2011-4 or to entice, direct or solicit others to intentionally violate this provision or Mayoral Executive Order No. 2011-4.

Violation of, non-compliance with, misrepresentation with respect to, or breach of any covenant or warranty under this provision or violation of Mayoral Executive Order No. 2011-4 constitutes a breach and default under this Contract, and under any Other Contract for which no opportunity to cure will be granted. Such breach and default entitles the City to all remedies (including without limitation termination for default) under this Contract, under Other Contract, at law and in equity. This provision amends any Other Contract and supersedes any inconsistent provision contained therein.

If Contractor violates this provision or Mayoral Executive Order No. 2011-4 prior to award of the Contract resulting from this specification, the CPO may reject Contractor's bid.

For purposes of this provision:

"Other Contract" means any agreement entered into between the Contractor and the City that is (i) formed under the authority of MCC Ch. 2-92; (ii) for the purchase, sale or lease of real or personal property; or (iii) for materials, supplies, equipment or services which are approved and/or authorized by the City Council.

"Contribution" means a "political contribution" as defined in MCC Ch. 2-156, as amended.

"Political fundraising committee" means a "political fundraising committee" as defined in MCC Ch. 2-156, as amended.

F. False Statements

(a) 1-21-010 False Statements

Any person who knowingly makes a false statement of material fact to the city in violation of any statute, ordinance or regulation, or who knowingly falsifies any statement of material fact made in connection with an application, report, affidavit, oath, or attestation, including a statement of material fact made in connection with a bid, proposal, contract or economic disclosure statement or affidavit, is liable to the city for a civil penalty of not less than \$500.00 and not more than \$1,000.00, plus up to three times the amount of damages which the city sustains because of the person's violation of this section. A person who violates this section shall also be liable for the city's litigation and collection costs and attorney's fees.

The penalties imposed by this section shall be in addition to any other penalty provided for in the municipal code. (Added Coun. J. 12-15-04, p. 39915, § 1)

(b) 1-21-020 Aiding and Abetting.

Any person who aids, abets, incites, compels or coerces the doing of any act prohibited by this chapter shall be liable to the city for the same penalties for the violation. (Added Coun. J. 12-15-04, p. 39915, § 1)

(c) 1-21-030 Enforcement.

In addition to any other means authorized by law, the corporation counsel may enforce this chapter by instituting an action with the department of administrative hearings. (Added Coun. J. 12-15-04, p. 39915, § 1)

G. Required Content of Proposals

At a minimum, the Proposal must include the following information:

1. Cover Letter

Respondent must submit a cover letter signed by an authorized representative of its company. The letter must:

- a) outline the number of years the company has been in business
- b) provide an overview of the experience and background of the company and its committed key personnel
- c) identify the legal name of the company
- d) indicate its headquarters address
- e) indicate its principal place of business

- f) indicate its legal form (i.e. corporation, joint venture, limited partnership, etc.). **If Respondent is a business entity that is comprised of more than one legal participant (e.g., Respondent is a limited partnership, joint venture, etc.), then Respondent must identify or cause to be identified all participants involved, their respective ownership percentages, and summarize the role, degree of involvement, and experience of each participant separately.**
- g) indicate the names of its principals or partners
- h) indicate the name and telephone number(s) of the principal contact for oral presentation or negotiations
- i) indicate the Respondent's commitment to provide the work as described in this RFP.
- j) summarize Respondent's approach to MBE/WBE participation (see the Special Conditions Regarding Minority Business Enterprise (MBE) and Women Business Enterprise (WBE) Commitment attachment to this RFP).
- k) validate whether Respondent is authorized to do business in the State of Illinois
 - (i.) attach copies of appropriate licenses or certifications required of any individual or entity performing the Services described in this RFP in the City of Chicago, County of Cook, and State of Illinois, for itself, its partners and its subcontractors, including evidence that Respondent is authorized by the Secretary of State to do business in the State of Illinois. Provide copies with the Proposal submission.
 - (ii.) These requirements will vary depending upon the circumstances of each Respondent. See the Chicago Department of Business Affairs and Consumer Protection (BACP) website for additional information: www.cityofchicago.org/businessaffairs.
 - (iii.) If required by law, Respondents are required to have an Illinois Business License. See the State of Illinois, Department of Business Services website for additional information: www.cyberdriveillinois.com (<http://www.cyberdriveillinois.com/>).
 - (iv.) Additionally, visit the State of Illinois' Division of Professional Regulation for information regarding the State of Illinois' Professional Certifications: <http://www.idfpr.com/DPR/>.
- l) indicate if the questions in Exhibits II, III, and as listed in Exhibit IV have all been addressed.

2. **Overview of Respondent(s) Plan for Implementing and Providing the Services**

Respondent must provide a detailed summary of its plan for its initial implementation phase(s), and ongoing provision of the services described in this RFP; a detailed Plan transition strategy along with communication materials to explain any new Plan changes and enhancements. The potential conversion from the current Plan provider to a new provider will require Respondent to provide an explanation of the process, blackout period, and reconciliation of Plan assets to the individual participant records.

3. Respondent(s) Professional Qualifications and Specialized Experience

Respondent must describe its previous experience on recent projects of similar type, scope and magnitude, identifying both private sector and public sector work. Respondent must submit responses to Questionnaires in Exhibits II and III.

4. Professional Qualifications, Specialized Experience and Local Availability of Key Personnel Committed to this Project

- A. Respondent must provide a summary of the personnel who will be dedicated to the “services”.
- B. Respondent must submit resumes, or corporate personnel profiles, with past experience for each of the key personnel. **Also, Respondent must provide evidence that the company is licensed in Illinois, with demonstrated experience as a Broker.**
- C. Respondent must provide evidence of any and all licensing and registration in order to provide services required per this RFP, including any certification as a qualified firm to provide administrative services and investment products pursuant to Section 457 of the Internal Revenue Code, and all rules and regulations governing 457 Deferred Compensation Plans.

5. Fee Proposal

Respondent must address the questions set forth in Exhibit IV and provide a detailed fee proposal for the required services according to the schedule outlined in Exhibit IV.

6. MBE/WBE Commitment

Respondent must complete and submit the forms that are attached to this RFP in Exhibit VI to evidence Respondent’s proposed MBE/WBE participation in some aspect of the contract. The current MBE and WBE participation goals are: 25% or higher for MBE and 5% or higher for WBE, of Fees paid to Contractor.

Respondent must submit a completed Schedule D-1 and obtain a separate Schedule C-1 completed and signed by each proposed MBE and WBE firm describing the services to be provided. With each Schedule C-1 form, Respondent should submit a current Letter of Certification issued by the City of Chicago. The proposed MBE or WBE firm must be certified by the City of Chicago, or Cook County, at the time of Proposal submission. The City reserves the right to require Respondents to replace any proposed MBE/WBE that is not certified with the City of Chicago, or Cook County.

Further, the percentage participation for each MBE or WBE firm on the individual Schedule C-1s should match the percentages for each MBE or WBE firm listed on the Schedule D-1. All schedules submitted must be original signature. Failure to submit these documents, or incomplete documents, may result in Respondent being declared non-responsive.

In order to determine the best way in which to achieve and document MBE/WBE participation, Respondent must refer to the Special Conditions Regarding Minority

Business Enterprise Commitment and Women Business Enterprise Commitment attached to this RFP as Exhibit VI. To locate MBE/WBE firms who are currently certified with the City of Chicago in various areas of specialty, you may search the City's MBE/WBE Directory Database on the City's website:

<https://chicago.mwdbe.com/?TN=chicago>. Then, click on "MWDBE Directory" in the right-hand panel.

7. Legal Actions

Respondent must provide a listing and a brief description of all material legal actions, together with any fines and penalties, for the past 5 years in which (i) Respondent or any division, subsidiary or parent entity of Respondent, or (ii) any member, partner, etc., of Respondent if Respondent is a business entity other than a corporation, has been:

- (i) A debtor in bankruptcy; or
- (ii) A plaintiff or defendant in a legal action for deficient performance under a contract or violation of a statute or related to service reliability; or
- (iii) A respondent in an administrative action for deficient performance on a project or in violation of a statute or related to service reliability; or
- (iv) A defendant in any criminal action; or
- (v) A named insured of an insurance policy for which the insured has paid a claim related to deficient performance under a contract or in violation of a statute or related to service reliability; or
- (vi) A principal of a bond for which a surety has provided contract performance or compensation to an obligee of the bond due to deficient performance under a contract or in violation of a statute or related to service reliability; or
- (vii) A defendant or respondent in a governmental inquiry or action regarding accuracy of preparation of financial statements or disclosure documents. The City reserves the right to request similar legal action information from Respondent's team members during the evaluation process.

The City reserves the right to request similar legal action information from Respondent's team members during the evaluation process.

8. Financial Statements

Respondent should provide a copy of its audited financial statements for the last 3 years. Respondents that are comprised of more than one entity must include financial statements for each entity. The City reserves the right to accept or reject any financial documentation other than the financial statements requested by this section.

If Respondent is unable to provide audited financial statements, state the reasons in your Proposal response and provide financial documentation in sufficient detail to enable the City to assess the financial condition of your company.

Sufficient alternate documentation would be unaudited financial statements from those Respondents not required to have their financial statements audited. At a minimum, the statements need to be the balance sheets and income statements (or equivalent) for the requested three years. Assets/liabilities and income/expenses must be presented in adequate detail for the City to assess the financial condition of the Respondent.

9. Economic Disclosure Statement and Affidavit (“EDS”)

Respondent must submit a completed and executed Economic Disclosure Statement and Affidavit and the Appendix A. See hardcopy EDS forms and Online City of Chicago EDS Instructions and Attachment A Online EDS Acknowledgement in Exhibit VII. If Respondent is a business entity other than a corporation, then each member, partner, etc., of Respondent must complete an EDS as applicable, per instructions on the EDS form. In addition, any entity that has an interest in Respondent or in one or more of its members, partners, etc., and is required pursuant to the Municipal Purchasing Act for Cities of 500,000 or More Population (65 ILCS 5/8-10-8.5) or Chapter 2-154 of the Municipal Code of Chicago to provide a disclosure must submit a completed and executed EDS as an “entity holding an interest in an Applicant” as described in the EDS. All affidavits must be notarized. Upon completion of Online EDS, Respondent shall submit a copy of 2 documents with their proposal: 1) Certificate of Filing printed from system and 2) hardcopy of the executed Attachment A, Online EDS Acknowledgement form in lieu of hardcopy EDS forms.

Subcontractors may be asked, at the City’s discretion, to provide an EDS during the evaluation process.

10. Insurance

Prior to contract award, the selected Respondent will be required to submit evidence of insurance in the amounts specified in the attached Exhibit VIII.

11. Exceptions

Identify any exceptions to the terms and conditions of the RFP in Exhibit V. Also provide a brief list of any major exceptions or objections to the terms and conditions within the Sample Professional Services Agreement in Exhibit IX that may become part of the City’s contract with the Selected Respondent.

IV. EVALUATING PROPOSALS

An Evaluation Committee, appointed by the Deferred Compensation Committee, which may include the representatives of various departments of the City ("Evaluation Committee"), will review and evaluate each Respondent’s Proposal, as described below.

Phase I – Completeness of Proposals and Minimum Qualifications of Respondent

The Evaluation Committee (EC) will first examine proposals to eliminate those that are clearly non-responsive to the stated requirements. Therefore, Respondents should exercise particular care in reviewing the proposal format required for this RFP.

Respondent must meet (and must provide evidence to demonstrate) all of the following minimum qualifications listed below, in order to be given further consideration. If a proposal is submitted by a Respondent that does not satisfy the minimum qualifications listed below, it will not be reviewed further or be considered for award.

1. Must have approximately ten **(10) years** minimum experience in providing the proposed services and products to the public sponsor defined contribution marketplace.
2. Must have a program in place to provide individual participant advisory services supported by customer service representatives; Respondents that propose with a financial service organization to provide participant advisory services, must have an established relationship with the service provider for approximately a minimum of 5 years with similar size programs.
3. Must have approximately a minimum of **\$3 billion** under investment management for public sector plans.
4. Must have at least three deferred compensation Plan accounts with approximately **25,000** participants.
5. Must have had a Statement on Standards for Attestation Engagements No. 16 (SSAE 16), conducted within the last three years.
6. Must have provided Trust/custodial services to defined contribution plans for at least **five years** with an approximate minimum of **\$5 billion** under trust/custody.

Phase II – Detailed Proposal Review

After the minimum qualifications above have been determined, the Evaluation Committee will review all other RFP submittals in detail. The Evaluation Committee may also review any other information that is available to it, including but not limited to information gained by checking references and by investigating the Respondent's financial condition.

All aspects of the required services will be fully evaluated including the completeness and accuracy of Respondent's Proposal.

The Evaluation Committee expects each Respondent to clearly outline their firm's best and most comprehensive resources. The Evaluation Committee may consider any factors it deems necessary and proper to determine the best value, including but not limited to:

A. Focus on Quality and Consistency of Service Delivery

- Adherence to successful quality assurance procedures;
- Execute a successful problem resolution methodology;
- Provide a history of performing services on a timely basis;
- Perform services correctly and accurately every time;
- Provide accurate and consistent responses to inquiries; and
- Provide reports on quality assurance.

B. Proactive Approach

- Educate participants through participant-friendly communications;

- Educate participants by providing informed toll-free customer service center and field service representatives; and
- Provide on-going on-site visits to individual City departments or participant enrollment and group meetings.
- Participate in on-going employee training sessions that discuss retirement planning issues.

C. Commitment to Technology Development

- Maintain currency with technological developments such as mobile Internet access;
- Continuous investments in enhanced technology; and
- Improvements (in accuracy, timeliness, etc.) in providing client service through technological enhancements.

D. Top Quality Investment Vehicles

- Flexible and robust fund alliance program, ability to provide stable value management and quality of proposed stable value fund product, and ability to administer the Chicago Blended Fixed Stable Value Fund.

E. Extent of commitment to on-site employee enrollment, ongoing communication, customer service, and employee education, including superior web services and automated voice response system (VRS).

F. Data-management services, including creation and maintenance of employee data, transaction data and history, interfaces with suppliers and Payroll and other record keeping and administrative functions, including compliance.

G. Size, structure, resources, and experience in providing deferred compensation services that are similar in size and scope to that of the City of Chicago Deferred Compensation Plan.

H. Solutions offered to satisfy the Scope of Service requirements and any value of performance guarantees offered

I. Technical Competence as Evidenced by:

- a. Respondent's professional qualifications and specialized experience, which is necessary for the satisfactory performance of Services, including availability of adequate personnel;
- b. The professional qualifications and specialized experience of committed personnel;
- c. Respondent's past performance on similar type contracts, in terms of quality of services and compliance with specifications. The City may solicit from previous clients, including the City of Chicago, or any available sources, relevant information concerning Respondent's record of past performance;

J. Insurance – Compliance with Insurance Requirements in Exhibit VIII.

- K.** Cost – Respondent's Fee proposal and overall cost structure. The Evaluation Committee will carefully examine all the costs associated with each provider's products and services. Each Respondent will be required to fully disclose fees based on the Plan information provided in this RFP.
- L.** Financial Stability – The EC will consider the financial condition of Respondent. Respondent must be financially stable to ensure performance over the duration of the contract.
- M.** Respondent's indication of its compliance with all laws, ordinances, and statutes governing the contract.
- N.** The EC will consider Respondent's compliance with completing the Online City of Chicago EDS per Exhibit VII.
- O.** Conflict of Interest – The EC will consider any information regarding Respondent, including information contained in Respondent's Proposal, that may indicate any conflicts (or potential conflicts) of interest which might compromise Respondent's ability to satisfactorily perform the proposed Services or undermine the integrity of the competitive procurement process.

If any Respondent has provided any services for the City in researching, consulting, advising, drafting or reviewing of this RFP or any services related to this RFP, such Respondent may be disqualified from further consideration.

- P.** The EC will consider any legal actions, if any, against Respondent and any division, subsidiary or parent company of Respondent, or against any member, partner, etc., of Respondent if Respondent is a business entity other than a corporation.
- Q.** The EC will consider degree to which the Respondent accepts the City's Sample Professional Services Agreement in Exhibit IX that will impact contract negotiations and the degree to which Respondent accepts all other terms of the RFP as evidenced by Exhibit V Certification of Compliance.

Subsequent to the evaluation of the factors set forth above in Phase I and Phase II, the EC will consider the level, relevancy, and quality of participation by MBE/WBE firms certified by the City of Chicago.

The City reserves the right to seek clarification of any information that is submitted by any Respondent in any portion of its Proposal or to request additional information during the evaluation process. Any material misrepresentation made by a Respondent may void the Proposal and eliminate the Respondent from further consideration.

V. RESPONDENT SELECTION PROCESS

After the Evaluation Committee completes its review of Proposals, it will submit to the Deferred Compensation Committee a recommended short list of Respondents.

At the Deferred Compensation Committee's sole discretion, those short-listed Respondents may be invited to appear before the Evaluation Committee for an oral presentation; to clarify in more detail information that was submitted in the Respondent's Proposal; and/or to ask Respondent to

respond to additional questions. **The purpose of the oral presentations is to give each finalist an opportunity to further demonstrate its qualifications, services, and capabilities.**

When final presentations are made to the Evaluation Committee, it is expected that each successful Respondent being considered for award will bring to the meeting those people who will work directly with the Deferred Compensation Committee, should the Respondent be awarded a contract.

Travel expenses and costs related to the interview will be the responsibility of the Respondent.

Afterward, the Evaluation Committee will make a final evaluation, including a final ranking of the Respondents, and will submit a recommendation of award to the Deferred Compensation Committee.

Upon receipt of this recommendation, the Deferred Compensation Committee will make the final selection and commence negotiations with the selected Respondent.

The City will require the selected Respondent to participate in contract negotiations. The successful Respondent being considered for award must execute a contract providing the required services in accordance with the City's requirements.

The successful Respondent to this RFP must be willing to sign a contract for a period of five years with favorable fee negotiations at the discretion of the Committee for the sixth, seventh, and eighth years. It is the City's expectation that as the size of the Plan assets increase during the term of the contract, the selected Respondent will be willing to guarantee or negotiate appropriate fee reductions and related credit allowances allocated for Plan level expenses.

The City's requirement that the selected Respondent negotiate is not a commitment by the City to award a contract. If the City determines that it is unable to reach an acceptable contract with the selected Respondent, including failure to agree on a fair and reasonable cost proposal for the work or any other terms or conditions, the Deferred Compensation Committee may terminate negotiations with the selected Respondent, and may negotiate with any of the other highly ranked Respondents, until such time as the City has negotiated a contract meeting its needs.

The City reserves the right to terminate this RFP solicitation at any stage if the Deferred Compensation Committee determines this action to be in the City's best interests. The receipt of Proposals or other documents will in no way obligate the City of Chicago to enter into any contract of any kind with any party.

EXHIBIT 1
Scope of Services

Scope of Services

The services requested in this RFP consist of the following:

Transition-In

Upon award of a contract, the Selected Respondent will be required to commence the transition-in process.

Investment Management Services

The Deferred Compensation Plan provides participants with an attractive and diversified array of investment options. The Committee has the sole discretion for the selection of the investment offerings and seeks a provider to support the current options and that also has a robust fund alliance program to support fund changes if so required. The City wishes to maintain the highest degree of flexibility in the selection and oversight of the investment offerings, per its investment policy statement, a copy of which is attached in Exhibit X. However, for the purposes of standardized analysis of Proposals, the current investment structure and funds will be maintained and Respondent will be required to administer the current investment offerings.

The only investment option that is part of this bid submission is the Nationwide General Account (see Exhibit X for additional detail). Respondent must propose a Stable Value Product that is fully diversified, limits credit risk/exposure, provides competitive returns with no benefit payment limitations and provides attractive contract termination conditions. Respondent's proposed product will be an investment component within the Chicago Blended Fixed Option, and the interest rate will be blended with the other managers' within the Chicago Blended Fixed Option. For a general account stable value product a put provision or installment distribution will be acceptable to avoid a negative market value settlement. Under the current general account with Nationwide, in order to accommodate a book value settlement option, a 12 month put provision will be initiated as soon as the new contract is awarded. During this period Respondent will be required to blend this fund with Respondent's proposed Stable Value product.

The City will maintain more than one financial organization to underwrite the Chicago Blended Fixed Account.

Payroll Data Selected Respondent must process payroll data and post participant contributions with each semi-monthly pay date. (All payroll data and reporting is consolidated by the City's centralized payroll division.) Consultant must maintain and track participant deduction changes and report a feedback file with updated information to payroll so that payroll personnel can then update payroll-deduction records.

Selected Respondent must provide 1099R Forms for beneficiary distributions and provide administration under Section 401(a)(9) and 457, required and minimum distributions.

Customer Service and Field Service

Selected Respondent must provide dedicated resources to support the on-going consultation to the Deferred Compensation Committee and all Plan participants located throughout City of Chicago. This would also include the availability of customer and field service representatives to support employee meetings and new employee orientation programs. The Contractor is expected to have field service support available **60 days prior to contract implementation date.**

Selected Respondent must provide a local representative who will be the single point of contact, provide seamless administration and accountability, and meet, no less than quarterly, with the Deferred Compensation Committee at its discretion.

Employee Communication and Support

Selected Respondent must provide comprehensive communication services supported by field representatives to accommodate the needs of the employees located throughout the City. Communication services are to be supported by customer service representatives and comprehensive web services that provide participants with interactive financial and retirement planning tools and software. The Consultant must provide extensive support to employee self-service using a variety of media. The services must include the following:

1. Support employee enrollment activities, initial and ongoing.
2. Answer employee inquiries related to eligibility, Plan features, and investment offerings.
3. Allow employees to model retirement scenarios, request withdrawals from the Plan, change deferral amounts or investment mix, change investment rates and percentages, request balances, and other similar activities.
4. Provide participant investment education materials to make informed investment decisions.
5. Provide participant investment advisory services.
6. Provide benefits literature, such as summary Plan descriptions, forms, quarterly statements to participants, and prospectuses.
7. Administer hardship distributions and Qualified Domestic Relation Orders (QDRO) including qualification procedures and administer loan program.
8. Process rollovers or transfers to pension plan to purchase service credits on a timely basis.

Employee Education and Individual Participant Advisory Services

The Selected Respondent must prepare, for Committee approval, an annual education plan. This plan should detail the approach that your organization will take in communicating the program to employees. This should also include the plan for contacting existing participants, to periodically re-evaluate their deferred compensation Plan participation and review whether changes should be made.

Selected Respondent must provide a comprehensive employee communication and investment education program supported by field representatives to accommodate the needs of the employees located throughout the City. Field service representatives must be available to provide one-on-one counseling and investment advisory services. A dual high-touch-high-tech solution will be provided with all of the necessary financial information and data in order that the participants to make informed investment decisions related to their elections.

Enrollment Services

Selected Respondent must assist employees with the completion of enrollment forms, verify the completeness of the forms, and coordinate the institution of salary deferrals with the City's payroll system.

Selected Respondent must prepare enrollment packages, which must be distributed at group meetings and at employees' request. The enrollment packages must contain all information in a complete and concise manner so that an employee would be able to enroll in the Plan. The Selected Respondent must also provide enrollment counseling to employees who wish to discuss the Plan and the investment offerings in person or over the telephone. A supply of enrollment packages must also be available at various work locations throughout the City.

Reporting

The Committee requires quarterly reports from the Selected Respondent, to monitor Plan level activity. This report shall include data on both the Plan and participation level, as well as the status and resolution of any participant problems and developments in the delivery of Plan services.

Administration and Recordkeeping Services

Selected Respondent must provide detailed recordkeeping and conduct administrative processes through use of technology; process payroll deductions; monitor compliance; perform daily processing of participant transactions; provide timely and accurate participant statements and financial statements.

Selected Respondent is responsible for the administration of the Chicago Blended Fixed Account and must coordinate with the investment managers and custodian in the management of cash flow activity and in the blending of the quarterly interest rate re-set. (The Deferred Compensation Committee makes the final selection on the Plan's investment options.)

Respondent must provide all data-management responsibilities for the Plan and is required to establish two-way interface (or file transfer) capability with all appropriate parties (e.g., City payroll) and be held accountable for timely, accurate transmission and, as appropriate, editing and validation of data for processing enrollments and contribution activity.

Selected Respondent must provide administrative services related to the administration of both hardship distributions and Qualified Domestic Relations Orders (QDRO).

Selected Respondent must provide administrative services related to the Social Security Replacement (Section 3121) Plan. Administration of the Social Security Replacement Plan includes separate enrollment/termination forms, payroll files, recordkeeping, both with respect to the third party administrator and Plan Participants, who may participate in both the Section 3121 Plan and the 457(b) Plan.

Selected Respondent must provide administrative services in connection with a loan program anticipated to be implemented in the fourth quarter of 2014.

Selected Respondent is liable and solely responsible for any processing errors of the provider or its agents. In the event of a participant's loss of interest and/or dividend and/or principal due to an error by the Selected Respondent or its agent(s) in processing transactions on behalf of the participant, the Selected Respondent agrees to adjust the participant's account to the same position as if the processing error had not occurred and indemnify the City against any claim of loss.

NOTE: Selected Respondent is required to take on the administration of the City's frozen Life Insurance program of the Plan. It is expected that the Selected Respondent will incorporate the Life Insurance contracts as part of their recordkeeping/administration services and that all life insurance policies be reported and illustrated on the participant statements. The purchase of new or additional life insurance is

no longer offered through the Deferred Compensation Plan, however the Selected Respondent is required to administer only the existing Life Insurance contracts.

Selected Respondent is required to work closely with the Deferred Compensation Committee and their consultants to identify cost savings and improvements to the Plan.

The Selected Respondent will administer self-directed brokerage services, as further described in Exhibit X.

Trustee/Custodial Services

The Selected Respondent must provide trustee/custodial services for the Plan or arrange for trustee services with an outside party. Respondents should refer to Exhibit X for additional information regarding these services.

Any additional costs for trustee/custodial services are to be fully disclosed in the Fees section of this Request for Proposal.

EXHIBIT II
Questionnaire
Administrative Services

Organization and History

A. Organization and History

1. **Proposer Information:** Provide a brief overview of your organization. The narrative shall include the following:
 - a. date established;
 - b. ownership (public, partnership, subsidiary, etc.);
 - c. years active in the deferred compensation markets;
 - d. years in the 457 market; and
 - e. relationships with other entities relevant to or related to the subject matter of this RFP
2. Indicate how many years your company has been active in the deferred compensation business as it pertains to public sector 457 Deferred Compensation plans. Indicate the period of time for each service, if different, such as investment management for X years, recordkeeping for Y years, trustee services for Z years.
3. Do you have any current office locations in the city of Chicago? (Yes/No) If yes, where?
4. Provide the name(s), title(s), address(es), telephone and fax number(s), and email address(es) of the individual(s) responsible for responding to this request. These individuals must be authorized to negotiate contracts regarding the scope, terms, and pricing outlined in the proposal.
5. Provide the following information:
 - a. Total assets under administration
 - b. Total defined contribution assets under administration
 - c. Total deferred compensation assets under administration
 - d. Total public deferred compensation assets under administration
 - e. Total 457 deferred compensation assets under administration
6. What are your client retention statistics for each of the last three years for deferred compensation plans?
 - a. For those who left, what percentage left due to issues pertaining to services provided by your organization?
 - b. What is the average client relationship duration?
7. How many 457 deferred compensation clients have you gained in the last three years? How many have you lost?

8. List the number and total 457 deferred compensation assets that you currently administer in the following categories of 457 plans:

Number of Participants	Plans		Assets	
	Number	Percent	Amount	Percent
Under 5,000				
5,001 – 10,000				
10,001 – 20,000				
20,001-30,000				
Over 30,000				
Total				

9. What is the total number of participants in all defined contribution plans currently being administered by your organization?
10. What is the total number of participants in all public deferred compensation plans currently being administered by your organization?
11. Describe your errors/omissions liability insurance and coverage. Describe the various types of insurance coverage and indemnification provided to protect clients.
12. Has your company, or any affiliates, been a party to any litigation, investigations, or settlements during the last three years involving your defined contribution or deferred compensation recordkeeping and administration services? If yes, please provide: 1) the nature of the claim or action 2) the current status of the litigation and 3) any fines or settlements paid.
13. What is the last date when your organization had a change in its business structure, whether through an acquisition or divestiture or through an alliance arrangement? If applicable, how did this change in business affect the recordkeeping division?
14. Provide a certification that there are no pending or anticipated plans to re-organize your company within itself or as part of the larger organization of which your company is a part.
15. Please describe all outsourcing arrangements and any contemplated outsourcing arrangements that will be used by you to deliver any of the services you will be providing to the City.
16. Please provide a specimen copy of your standard form of service agreement.

B. References

1. Provide references for three public deferred compensation clients that have similar plan demographics (i.e., size and plan design). If available, at least one of the three should have converted within the last year. For each reference, please provide client name, contact name, address, e-mail address, phone number, services provided, and year they became a client.
2. Provide references for three former clients who had similar plan demographics (i.e., size and plan design). At least one of the three should have left within the last year.

Provide former client name, contact name, address, phone number, services provided, year they ceased to be a client and the reason(s).

C. Client Service/Quality Assurance

1. How many of your employees work on defined contribution plans? How many specifically work on 457 deferred compensation plans? Provide a breakdown of the number of full-time equivalent employees working on defined contribution plans as indicated in the chart below:

Management	
Call Center Mgmt/Supervisors	
Customer Service Reps	
Field Reps	
Systems Management	
Systems Staff: Development & Operating/Maintenance	
Other	

2. What is the average tenure (in years) of the following positions:
 - a. Plan Administrator
 - b. Client Relationship Manager
 - c. Field Service Representatives
 - d. Conversion Project Manager
 - e. 800 Customer Service Center Representatives
3. Describe the team that would deal directly with the City on an ongoing basis. Indicate staff size, experience, and turnover rates. In addition, provide a resume for each individual stating the individual's education and work experience.
4. Will you need to add local or onsite employees in order to provide the required services to this Plan? If so, state the number of additional staff required, by job title and function.
5. What is the average number of account relationships for each member of the proposed service team? What is the current number of account relationships for the entire team proposed for this account?
6. What location(s) would provide the services described in this RFP?
7. Briefly describe the training program and licensing requirements for your field service representatives. What are the licensing requirements?
8. Briefly describe the training program and licensing requirements for your 800 customer service representatives. What are the licensing requirements?
9. Do you provide training to the City's benefit and payroll staff (Yes/No). List some of the common topics/issues.

10. Complete the following chart on service standards and turnaround time and any associated guarantees:

Transaction	Turnaround Time	Liquidated Damages (\$ for Not Meeting Standard)
Issuance of Participant Statements		
Transaction Confirmation Statements		
Hard Copy Plan Level Administrative Reports (hard copies)		
Processing Payroll Contributions		
Processing New Loans		
Hardship/Unforeseen Emergency Withdrawals		
Termination/Rollovers/Direct Transfers for Distribution		
Fund Balance Transfers		
Investment Election Requests		
Contribution Percentage Elections/ Changes		
QDRO Processing		

11. How frequently do you conduct client and participant satisfaction surveys regarding the quality and performance of your deferred compensation services?
12. When was the date of your last client/participant satisfaction survey? Describe the results.

D. Recordkeeping/Administration

1. What portion of your organization's expenses is related to recordkeeping and system technology development?
2. Do you provide an administrative or procedures manual that includes a timeline of critical dates, roles, and responsibilities (Yes/No)?
3. Will copies of your administrative forms used by plan participants to request transactions be customized (Yes/No). Briefly describe the level of customization.
4. Describe how your payroll contribution reports identify participants contributing up to the current maximum contribution and identify participants in catch-up status.
5. Describe the turn-around time and method for notifying the City when employees reach their contribution limits.
6. Are you able to fully qualify and process unforeseeable emergency withdrawal requests along with first-level appeals (Yes/No)?
7. For systematic payment distributions, is payment made on a pro rata basis or can a participant elect systematic payment from specific fund(s)?
8. For distributions, does your system withhold Federal tax and if applicable, State tax? (Yes/No)

9. Describe your process for searching for missing participants and participants who have not cashed their distribution payment checks.
10. Are you able to qualify and process Qualified Domestic Relations Orders with the attorneys representing the parties? Indicate any role the City will be required to play.
11. Describe the process you use to track and maintain employee beneficiary data.
12. How much historical plan information do you maintain on participants? List the type of information available. How much information is immediately available?
13. Does your recordkeeping system maintain and update beneficiary data? (Yes/No) Will this information be converted during the implementation? (Yes/No)
14. Confirm that you have no exceptions related to the City's current procedure for processing payroll contributions including the acceptance of data from the individual political sub divisions.
15. Do you have the ability to process auto enrollments (Yes/No)? How many of your current 457 plan clients have implemented auto enrollment
16. Confirm your acknowledgment that no one single entity will be allowed to manage all of the assets held in the Chicago Blended Fixed Account.
17. Are you able to administer the current fund offerings including the administration of blending all of the investment managers that are a part of the Chicago Blended Fixed Option and report consolidated interest rate to the Plan participants?
18. Confirm your acknowledgment that the disclosure or transfer of any Participant data, other than as necessary for purposes of providing the Services described in this RFP, is prohibited.

E. Regulatory/Compliance Service

1. Describe how you monitor §401(a) (9) required minimum distributions including:
 - Identification of individuals
 - Determination of the amount of the minimum required payment
 - Payment within required deadlines.
2. Describe your capabilities and time frames for monitoring maximum deferral limits and the catch-up provisions.
3. As part of your service, do you provide an annual benefits file, containing financial and non-financial data by participant? (Yes/No)
4. Provide a current SAS70 audit of your recordkeeping system, or any other audit you have performed. Who completes the audit and how frequently?
5. What resources do you have to obtain legal opinions, interpretations of laws, regulations, and other matters on issues pertaining to deferred compensation plans?
6. Acknowledge and describe in detail your fiduciary responsibility with respect to the Plan.

7. How do you ensure that your recordkeeping system is in compliance with all applicable federal and state statutes, rules and regulations?
8. Should the City wish to comply with 408(b)(2) and 404(a)(5) regulations, will you provide 408(b)(2) disclosures to the City and 404(a)(5) disclosures to participants? (Yes/No) If yes, is there an additional cost?

F. Reporting

1. Describe the standard reporting package that you would provide the Committee (provide samples).
2. Will the City be able to generate these reports on-line? (Yes/No) Are ad-hoc Plan level reports available? (Yes/No)
3. What is the standard timeframe for providing each plan sponsor report after the reporting period ends including for providing quarterly investment assets reports?
4. List the types of demographic participant data will you be able to provide.
5. Describe your standard participant statements and documents (provide samples).
6. What time periods are illustrated for a participant's personalized rate-of-return?
7. Describe your customization capabilities for participant statements.
8. How much space is there for customized messages from the City on your quarterly participant statement? Is there an additional cost?
9. Can you include other printed information, prepared by the City, with the mailing of statements to participants? (Yes/No) If so, please verify that this service is available at no additional cost.
10. Can statements be provided to participants on an on-demand basis? (Yes/No)
11. Are fees disclosed to plan participants on the quarterly statements? (Yes/No) What additional fee disclosure, if any, do you provide?

G. Loans

1. The City has added a loan feature to the Plan. Are you fully capable of administering participant loans? (Yes/No)
2. When a loan is taken, can a participant elect that the proceeds come from a specific investment option or must they be taken pro-rata?
3. Describe the flexibility in your loan repayment processing (i.e., additional payments, missed payments, etc.).
4. List the different methods you are able to utilize for loan repayments.
5. Are able to handle multiple loans? (Yes/No)

6. How do you handle delinquent and/or defaulted loans?
7. Describe any other features and/or limitations of the loan system not detailed above (i.e., loan modeling, amortization scheduling, etc.).

H. Custodial Trustee Services

1. For the custody/trustee services you propose, what is the name of the trust company and the total number of years that they have been in operation?
2. Are there any restrictions by investment type that pertain to your custodial services? (Yes/No) If yes, what?
3. Confirm that you will trustee outside investment funds.
4. Do you have a limit on the number of checks/wires available to participants who rollover their distributions or take installments? (Yes/No)
5. Do you have an electronic link with the investment managers for updating participants' accounts on the recordkeeping system? (Yes/No)
6. Will the City be required to execute a custodial agreement with your custodial trustee or will it be part of the contract with the City?

I. Plan Implementation

1. Explain your implementation/conversion process including timeframe, based upon an estimated June 1, 2015 conversion.
2. By what date would you need authority to proceed to accommodate a June 1, 2015 asset and recordkeeping transfer?
3. What involvement will be required from the City during the implementation process?
4. How are investments handled during the conversion process? How are distributions handled to accommodate the continuity of payments to retirees during the conversion period?
5. Describe your procedures during the conversion period to communicate with the City's non-active employees (i.e. retirees and terminated employees with value in the Plan).
6. What is the standard length of your blackout period?
7. What assurances/guarantees do you provide to the City with respect to a timely implementation?
8. Identify comparable plan conversions in which you have been involved. How many conversions and plan implementations has your company conducted during the past two years involving 10,000 employees or more and how many involving 20,000 employees or more?

J. Systems Capabilities and Hardware

1. What system do you use to recordkeep and administer defined contribution plans?

2. Was the software developed internally, leased, or purchased from another provider? Who has the ultimate responsibility/authority to make sure the software remains current with respect to laws, regulations, and client needs?
3. How long have you used these systems for recordkeeping?
4. Are you planning any major change in the software or hardware supporting your recordkeeping system in the next 24 months? If yes, please describe.
5. Describe your documented disaster recovery plan. How often do you test your recovery system?
6. Where is your main data processing center located? Where is your back-up center located?
7. How often is data backed-up?
 - a) Describe any system outages within the last three years and how have they been handled.
 - b) Has any liability resulted from these outages, and are there any pending claims related to these outages?
8. Describe in detail your procedures and safeguards used to guarantee:
 - a) Security for your hardware and facility
 - b) Authorized access to data
 - c) Confidentiality of data
 - d) Security for any hard copy of plan-related data or documents
9. Are your recordkeeping and trust systems fully integrated?
10. Please confirm compliance with the Data Security Provisions set forth in Exhibit XII.

K. Participant Services/Automated Voice Response System (VRS)

1. Are there any transactions that cannot be processed through the voice response system (i.e., PIN changes, address changes, etc.)?
2. Is the VRS fully capable of generating all the necessary administrative forms to handle enrollments, changes in investment elections, transfers between investments, unforeseeable emergencies, terminations, and beneficiary distribution requests?
3. How quickly is the VRS updated after transactions are performed?
4. Does your VRS capture and retain information regarding the confirmation of a transaction request? (Yes/No)
5. In the situation whereby a participant calls the VRS but does not properly complete the transaction, do you retain a record that a call was placed but the transaction was not properly executed? (Yes/No) Is there any follow-up with the participant? (Yes/No)

6. Can participants request contribution deduction changes through the VRS? (Yes/No)
Can you provide an automated feedback to the City to update their payroll records and contribution changes? (Yes/No)
7. Does your VRS accommodate non-English speaking participants? (Yes/No)
8. Does the VRS accommodate the hearing/speech impaired participants? (Yes/No)
9. Describe how data is secured within the system (i.e., PIN, audit trail, confirmations).
10. Describe any security breaches that resulted in improper access to one or more participant's accounts within the last three years, and the steps you took to remedy the breach.

L. 1-800 Customer Service Center

1. What are the standard hours of operation of your customer service center?
2. Where is your customer service center located?
3. Where is your back-up customer service center?
4. List the types of information customer service representatives (CSRs) will be able to provide to the participants.
5. Are there any transactions that cannot be processed through the customer service center?
6. Can employees enroll in the Plans through the customer service center?
7. Can participants change their PIN through a CSR? Can PINs be reset and immediately provided to a participant during the call? Can participants who misplace their PIN call the customer service center and have a new PIN sent directly to their home address?
8. Describe how data is secured within the system (i.e., PIN, audit trail, confirmations).
9. Do CSRs back up your Internet site? (Yes/No) If so, how are they accessible during an active Internet session?
10. Is there any required licensing for the CSRs in addition to your training program?
11. Are CSR's employees of your company or are they outside contractors?
12. What is the average tenure of a CSR agent?
13. How many total CSR agents does your call center(s) employ on a year-round basis?
14. Do you dedicate CSR's to specific accounts? (Yes/No) If yes, how do you determine the number to dedicate and how many would be dedicated to the City?
15. Do you monitor participant calls for quality control? (Yes/No)
16. How long do you maintain the records of conversations?

17. With respect to complaints, what is the follow-up procedure for complaints about CSRs?

M. Internet Services

1. Provide an Internet address and instructions on how to access a demonstration of your Internet capabilities for both the participant and plan sponsor.
2. Describe your participant website capabilities.
3. Specify any transactions that cannot be completed via your Internet site.
4. Do you have a mobile app or mobile optimized website? (Yes/No)
5. What communication materials or tools do you offer the Plan participant via the Internet?
6. Do you offer an automated enrollment process through the Internet? (Yes/No)
7. Can participants e-mail account specific questions via the Internet site? (Yes/No) If yes, who receives the e-mail, researches the issue, and responds? What is the turnaround time?
8. Does your Internet site have the ability to download participant account information software programs (i.e. Microsoft Money, Quicken, etc.)? (Yes/No) If yes, which programs?
9. Do you track Internet site hits? If yes, describe what is tracked and the standard reports the City will receive.
10. Describe the security through which a participant passes to use your Internet system. What firewalls do you have in place for your Internet services?
11. What improvements to your Internet capabilities are planned to occur in the next two to three years?
12. Are the VRS, Internet, and Customer Service Center's workstation all linked to the same recordkeeping database? (Yes/No)
13. Describe any online capabilities that your system provides for plan sponsor access.

N. Communication and Education

1. How long have you been providing communication services to the public sector?
2. Describe separately your initial and on-going communication and education program (including printed material, visits, training, etc.). These programs should be customized specifically to the City.
3. Provide samples of initial enrollment and on-going communication and education materials.

4. Describe the services you offer in the enrollment process. Please be sure to include such items as monitoring, contacting, communicating with, and tracking enrollment of new hires. Will you maintain and control the inventory of all related enrollment materials that are to be included in the enrollment kits? (Yes/No)
5. Describe the communication and education process that you provide for non-active participants with balances in the Plan (i.e. retirees and terminated employees).
6. Will you provide participants with onsite, group education and retirement planning sessions or financial/pre-retirement seminars on an on-going basis? (Yes/No). If yes, please list the titles of the subjects that are covered in your program. No description necessary.
7. Do you offer any retirement planning software for participants, made available at no additional charge? (Yes/No)
8. Do you offer video or web-based educational programs to participants and retirees? (Yes/No). If yes, please list the classes/courses currently available. No description necessary.
9. Do you provide information to Plan participants regarding options on distributions? (Yes/No) Describe any services or programs you provide for participants, both retirees and terminated, leaving the Plans.
10. Describe the City's role in the communication, education, and enrollment process.
11. To what extent can the Commission customize communication and investment education materials (e.g., plan name, logos)? Please state if there would be additional charges for customizing or editing these communication materials.
12. Can you assist participants who elect to transfer their 457 account assets to purchase service credits? (Yes/No)
13. Describe the marketing plan you will implement to increase participation by local governments who are eligible to use the contract.
14. Describe your proposed strategy for coordinating and integrating plan education and communication activities and materials with those of the PERS (defined benefit) retirement system.
15. As indicated, the City prepares a quarterly newsletter entitled "Your Money Tree," which is distributed to participants and retirees. Confirm that your organization can provide this newsletter that contains participant level education topics, current trends and regulatory updates.
16. How do you measure the success of your educational programs?

O. Field Service Representatives

1. Do you currently have staff located in Chicago? If yes, where?
2. The current TPA provides approximately 16 representatives for the Plan. How many dedicated, onsite, full-time field service representatives do you recommend be

assigned to the Plan? How many will you assign? Will they be 100% full-time dedicated representatives? (Yes/No)

3. Describe the structure of how the field service representatives would be organized to service this relationship:
 - Location
 - Staffing (including functions to be performed)
 - Standard hours of operation
 - How you would handle pre-scheduled consultations?
 - How you would handle walk-ins?
4. What is your annual cost associated for each dedicated service representative?
5. Will you need to hire any additional staff in order to service the City's account?
6. Briefly describe the credentials and related experience of local service representatives who will be assigned to the City's account.
7. Will the City's representatives be responsible for any additional accounts? (Yes/No) If yes, how many?
8. Will the representatives assigned to the City's Plans be employees of your firm?
9. Detail the compensation structure for the local representative. Be sure to include an explanation of how any bonuses and incentives are determined.
10. Are local representatives incentivized in any way to solicit outside products that are not directly associated with the City's Plans?
11. Are field service representatives available to discuss the plan and investments with participants on a one-on-one basis? If so, how often? Will you provide local annual account reviews for participants?
12. Do you offer specific investment advice to participants on an in-person basis other than through the on-line advice provider? (Yes/No) If yes, please describe.
13. How will these discussions be handled (e.g., in person, via telephone)?
14. Identify the annual number of group meetings and number of one-on-one consultations you have assumed will be provided by the field service representatives.

P. Investment Advisory Services

1. Describe your online investment advisory services (i.e., Morningstar ClearFuture, Financial Engines, Managed Accounts, etc.).
2. Describe your due diligence process for selecting the partner and what services are provided.
3. Describe your ability to provide one-on-one participant-level investment advisory services.

4. What are the costs associated with the advisory services? Is it based on total plan level or only charged to participants who elect these services?
5. Describe the difference between your Internet investment education tools and software and your investment advisory services.
6. Does your investment advisory service produce asset allocation recommendations or recommendations of specific funds? (Yes/No)
7. Does your investment advisory service include savings rate recommendations? (Yes/No)
8. Does your investment advisory service take into account a participant's assets outside of the City's Plan? (Yes/No) If so, list what assets.
9. Describe the generally accepted investment theories that form the basis for your advice model.
10. What is disclosed to participants regarding your fiduciary role and the provider's fiduciary role with respect to these investment advisory services?
11. How many of your existing clients have subscribed to this investment advisory service?
12. Will the City be required to execute a separate contract with your investment advisory provider or it be part of your contract with the City?

Q. Self-Directed Brokerage Services

1. Confirm that you will be able to provide an **in-kind** brokerage transfer of existing self-directed brokerage account assets.
2. Fully describe the Self-Directed Brokerage option features and program design requirements.
3. Does your self-directed brokerage account require any minimum balance? What happens if minimum balances are not maintained?.
4. Can your brokerage account restrict a participant from investments that are ordinarily not permitted in trustee retirement plans or a part of a "restricted list" established by the plan sponsor (e.g., no precious metals, futures, margin trading, options, commodities, collectibles, short sales, real estate, etc.)?
5. Describe the procedure you will use in monitoring and enforcing the limitations that are currently in place, such as investment in mutual funds only and maintaining a minimum percent of account balance outside the self-directed brokerage option.
6. Describe the rules for transferring from the core options into the brokerage accounts and vice-versa. Are there any restrictions with respect to the transfer of balances between your core defined contribution investment alliance funds and the self-directed brokerage account?

7. During what hours of the day are client service brokerage representatives available to respond to participant trading questions and inquiries?
8. Do participants receive a detailed account summary of all assets held in the brokerage account? When? How often?
9. What information from the self-directed brokerage account is reflected and reported on the core participant quarterly statement? On quarterly plan-level reports provided to the plan sponsor?
10. Will the City be required to execute a separate contract for self-directed brokerage accounts or will it be part of your contract with the City?

R. Trading Restrictions/Market Timing

1. Has the firm been subpoenaed by regulators with regard to the firm's trading practices? If yes, by whom and when?
2. Has the firm been fined by regulators to pay a settlement(s) regarding market-timing and/or after-hours trading? If yes, please provide the settlement amount(s).
3. If your firm has been fined by regulators, what was done to monitor that market-timing and/or after-hours trading does not occur in the future?
4. Has the firm conducted an internal review to determine if excessive market timing and/or after-hours trading have occurred in the funds? If yes, what was the outcome of the internal review?

S. Retirement Income Product

1. Describe your retirement income product. Is it a proprietary product or through a third party?
2. Describe the underlying investment structure. Does your product require a specific investment vehicle, a proprietary investment vehicle? If so, please provide performance for 1, 3 and 5-year periods, investment management fees and the fee for the retirement income product.
3. Describe how the Guaranteed Lifetime Benefit is determined, is there an annual re-set feature.
4. Describe the beneficiary features of your product. Is it limited to spousal beneficiaries?
5. Can participants stop their distributions or opt out of the product?
6. What is the earliest age to begin payments?
7. What is the frequency of payments?
8. Describe the process if in the event the City shall change providers. What are the portability features of this product?

9. What is the number of government plans that have adopted your proposed product?
10. Please describe your process to assist retirees with out-of-Plan retail annuity products.

■

EXHIBIT III
Questionnaire
Investment Management Services

Investment Structure

The following is the current investment structure. The Committee has full discretion on the selection of the investment options. :

City of Chicago Employees Section 457 Deferred Compensation Plan Mutual Fund Revenue Sharing Analysis Updated through December 31, 2013

Asset Class/Fund	Current Ticker	Expense Ratio (Basis points)	Revenue Sharing (Basis points)	Current Assets (\$)	Estimated Annual Revenue Sharing (\$)
Bond Fund					
Dodge & Cox Income Fund	DODIX	43	8	\$ 56,043,580	\$ 44,835
Large Cap Value Fund					
Dodge & Cox Stock Fund	DODGX	52	10	\$ 117,331,926	\$ 117,332
Large Cap Blend Fund (Passive)					
Vanguard Institutional Index Fund	VINIX	4	0	\$ 107,725,108	\$ -
Vanguard Total Stock Market Index Fund	VITSX	4	0	\$ 33,281,784	\$ -
Large Cap Blend Fund					
T. Rowe Price Dividend Growth (New)	PRDGX	67	15	\$ 81,314,281	\$ 121,971
Large Cap Growth Fund					
American Funds Growth Fund of America R5	RGAFX	39	5	\$ 153,898,947	\$ 76,949
T. Rowe Price Growth Stock Fund	PRGFX	70	15	\$ 79,083,617	\$ 118,625
Fidelity Contrafund	FCNTX	74	25	\$ 256,016,516	\$ 640,041
Mid Cap Value Fund					
JPMorgan Mid Cap Value Inst Fund	FLMVX	76	10	\$ 80,287,194	\$ 80,287
Mid Cap Blend Fund					
WF Adv C&B Mid Cap Value I Fund	CBMSX	91	0	\$ 4,926,188	\$ -
Ariel Appreciation Inst	CAAIX	99	0	\$ 52,512,301	\$ -
Vanguard Mid Cap Index	VMISX	8	0	\$ 17,365,640	\$ -
Mid Cap Growth Fund					
Baird Mid Cap Inv (New)	BMDSX	110	25	\$ 39,910,311	\$ 99,776
Small Cap Value Fund					
Van Kampen Small Cap Value	VSMIX	90	25	\$ 15,832,688	\$ 39,582
Small Cap Blend Fund					
Royce Pennsylvania Mutual	PENNX	90	10	\$ 40,523,198	\$ 40,523
Vanguard Small Cap Index	VSCIX	8	0	\$ 16,608,314	\$ -
Small Cap Growth Fund					
Lord Abbett Dev Growth	LADYX	77	10	\$ 32,959,434	\$ 32,959
International Fund					
American Funds EuroPacific Growth R5	RERFX	55	5	\$ 111,185,956	\$ 55,593
Global Fund					
American Funds Capital World & Growth Income R5 Fund	RWIFX	50	5	\$ 52,236,416	\$ 26,118
Lifecycle Fund Conservative					
Vanguard LifeStrategy Conservative Growth Fund	VSCGX	15	0	\$ 11,704,666	\$ -
Lifecycle Fund Moderate					
Vanguard LifeStrategy Moderate Growth Fund	VSMGX	16	0	\$ 32,194,716	\$ -
Lifecycle Fund Aggressive					
Vanguard LifeStrategy Growth Fund	VASGX	17	0	\$ 48,614,989	\$ -
Lifecycle Funds					
T. Rowe Price Retirement Inc Adv	TRRIX	57	15	\$ 2,066,371	\$ 3,100
T. Rowe Price Retirement 2010	TRRAX	60	15	\$ 939,300	\$ 1,409
T. Rowe Price Retirement 2015	TRRGX	65	15	\$ 6,661,198	\$ 9,992
T. Rowe Price Retirement 2020	TRRBX	69	15	\$ 17,641,151	\$ 26,462
T. Rowe Price Retirement 2025	TRRHX	72	15	\$ 12,284,046	\$ 18,426
T. Rowe Price Retirement 2030	TRRCX	75	15	\$ 13,131,887	\$ 19,698
T. Rowe Price Retirement 2035	TRRJX	77	15	\$ 5,420,062	\$ 8,130
T. Rowe Price Retirement 2040	TRRDX	78	15	\$ 5,490,376	\$ 8,236
T. Rowe Price Retirement 2045	TRRKX	78	15	\$ 1,172,585	\$ 1,759
T. Rowe Price Retirement 2050	TRRMX	78	15	\$ 682,620	\$ 1,024
T. Rowe Price Retirement 2055	TRRNX	78	15	\$ 770,863	\$ 1,156
Chicago Blended Fixed Option	N/A		10	\$ 1,956,749,188	\$ 1,956,749
Total Revenue sharing					0.10%
				\$ 3,464,567,417	\$ 3,550,733

Stable Value Fund:

1. Are you proposing a general account, separate account, or daily valued product? Explain the rationale for the product that you are proposing?
2. Provide your most recent ratings from A.M.Best , Moody's and S&P
3. Does old money receive the same rate as new money? If not, describe.
4. For proposed product, what is the current proposed interest rate net of fees? How long will this proposed rate be in effect? What is your minimum annual guaranteed rate, provide for each year of the contract term ?
5. Describe your process for managing the book to market value differential at the time of each new rate reset. How involved, if at all, will the Committee be in this process? For a general account product will you provide periodic information to monitor the differential?
6. Per the administration requirements of the Chicago Blended Fixed Account in declaring a quarterly blended interest rate prior to the commencement of each calendar quarter, please confirm your frequency, and proposed timeline for reporting to the service provider your interest rate updates.
7. What is the total fee for the proposed product? Break the fee down by:
 - Investment management
 - Wrap
 - Revenue sharing
 - Other (describe what this is)
8. Which benchmark do you feel is most appropriate for the proposed stable value product?
9. Describe your firm's approach with regard to diversification of wrap managers. How has this changed in the current market environment?
10. What is the market-to-book ratio of your proposed product?
11. What is the inception date of the proposed product?
12. Please provide your firm's risk based capital ratio if applicable for your organization.

Complete the following charts for your proposed product with data as of **September 30, 2014**
Overview

Manager	
Vehicle	
Fund Name	
Class	
Fund Inception	
Fund Assets (\$mn)	
Total Firm Stable Value Assets (\$mn)	
Effective Duration	
Market-to-Book Value Ratio	
Gross Crediting Rate *	
Net Crediting Rate *	
Crediting Rate Reset Frequency	
Minimum Crediting Rate	
Recommended Benchmark	
Benchmark for Underlying Portfolio	
Expense Ratio	
Trustee	

* Specify what fees (investment management, wrap, sub-advisory and other expenses) are included or not in these numbers

Book Value Structure

	<i>% allocation</i>
Liquidity Buffer	
Wrap Providers	
<i>Please list wrap providers below</i>	
Total	100%

Fees	
Investment Management	
Wrap	
Revenue Share	
Other	
Total Expense Ratio	

* Specify fees in Other

Quality Allocation	%
Cash/cash equivalents	
AAA	
AA	
A	
BBB	
Below Inv Grade	
NR	

Sector Allocation	%
Cash/cash equivalents	
U.S. Treasury	
U.S. Govt-Related	
Corporate	
Agency MBS	
Non-agency MBS	
ABS	
CMBS	
Municipal	
Other	

* Specify sectors in Other

Provide returns as of September 30, 2014

Trailing Returns	3-Mo.	YTD	1-Yr	3-Yr	5-Yr	7-Yr	10-Yr	Inception
Product								
Benchmark								
Annual Returns	2013	2012	2011	2010	2009	2008	2007	
Product								
Benchmark								

* Returns should be net of gross of investment management fees; periods greater than 1-year should be annualized

Proposed Stable Value Fund Characteristics

Termination Provisions/Restrictions
Plan Sponsor
Participant

Sector Allocations	(%)
Treasury	
Agency	
Gov't./Agency MBS & CMO	
AAA ABS & CMBS	
Credit	
A Credit	
Cash	
Other	
Total	

Portfolio Composition	(%)
Bonds	
Mortgage	
Other	
Stocks	
Real Estate	
Cash	
Total	

EXHIBIT IV

Fees

1. What are the start-up/implementation and plan termination costs if any?
2. What are the factors you consider in determining future fee decreases and when they are to occur?
3. Total annual fee must include all plan-level expenses, as described in this RFP. If assumptions are necessary, please fully explain your assumptions in the Plan/Participant Level Fee Detail sections. Fees listed in the Plan Level Fee Detail table are an example, only, of those fees the City expects to be included in your total costs to provide all of the services outlined in the RFP.
4. The cost of any additional participant-level expenses must be set forth in the "Participant Level" fee table in the Additional Fees section. Proposed Management Account fees are to be proposed in basis points on participant assets, and the remaining participant-level expenses must be proposed on a per participant dollar amount.
5. The Selected Respondent must pay for the cost of printing, labels, and postage for the mailing of any Deferred Compensation Committee communications to Plan participants as may be required during the course of any given year.
6. Selected Respondent must provide the City with overall pricing, and Stable Value rates that are equal to or more favorable than those provided to its existing clients of similar size and asset levels over the contract period.
7. The cost/fee structure and must be guaranteed for the full five-year term, plus additional extension option years, with favorable renegotiations over the course of the contract as the size of the plan assets grow over the term of the contract.

Fee Schedule

Vendor Name: _____

Authorized Signature: _____

	Amount
Total annual fee for all services described in the RFP in basis points (should sum to the underlying fees)	
<i>Total fee for Plan Level Expenses: Including fee for Recordkeeping/Administration, Field Service Reps and for Communication/Education</i>	
<i>Total fee for Participant Services:</i>	
<i>Total Stable Value Fund Expense Ratio (from Exhibit III)</i>	

Plan Level Fee Detail

Plan Set-up/installation (one-time fee)	
Financial/Investment Advisory Services	
Check Processing	
1099R Forms	
Postage	
Custom website:	
Set-up/ongoing and software	
Employee Communication & Education	
Customized enrollment materials	
Customized periodic newsletter	
Customized communications	
Custodial/Trustee Fees	
Life Insurance Administration Frozen Policies	
Other (be specific)	

Additional Participant Level Fees

Managed Account (basis points)		
Loan Administration		
Set-up		
Maintenance		
Self-Directed Brokerage Option		

Qualified Domestic Relations Order		
Hardship Qualifications		
Wire Fees		
Other (be specific)		

EXHIBIT V

**CERTIFICATION OF COMPLIANCE WITH
TERMS AND CONDITIONS OF RFP**

EXHIBIT VI

**SPECIAL CONDITIONS REGARDING MINORITY AND WOMEN OWNED BUSINESS ENTERPRISE
(MBE/WBE) COMMITMENT
AND SCHEDULES**

(Please Find, as a Separate Word.doc, file labeled as:
“Exhibit VI MBE/WBE Special Conditions”)

EXHIBIT VII

**ONLINE CITY OF CHICAGO
ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT (EDS) AND APPENDIX A INSTRUCTIONS**

AND

ATTACHMENT A, ONLINE EDS ACKNOWLEDGEMENT

**ONLINE CITY OF CHICAGO ECONOMIC DISCLOSURE
STATEMENT AND AFFIDAVIT (EDS) INSTRUCTIONS**

WHEN SUBMITTING YOUR RESPONSE TO THIS REQUEST FOR PROPOSAL (RFP) FOR **DEFERRED COMPENSATION SERVICES** FOR THE CITY OF CHICAGO, SPECIFICATION NO. 128214, THE RESPONDENT SHALL SUBMIT 2 DOCUMENTS: 1) A “**CERTIFICATE OF FILING**” EVIDENCING COMPLETION OF YOUR ONLINE EDS AND 2) AN EXECUTED **ATTACHMENT A, ONLINE EDS ACKNOWLEDGEMENT** SIGNED BY AN AUTHORIZED OFFICER BEFORE A NOTARY.

1. ONLINE EDS FILING

1.1. ONLINE EDS FILING REQUIRED PRIOR TO RESPONSE DUE DATE

The Respondent shall complete an online EDS prior to the response due date. A Respondent who does not file an electronic EDS prior to the response due date may be found non-responsive and its response rejected. If you are unable to complete the online EDS and print a Certificate of Filing prior to the response due date, the City will accept a paper EDS provided written justification is provided explaining your good faith efforts to complete it before the response due date and the reasons why it could not be completed.

NOTE: ALWAYS SELECT THE “CONTRACT” (NOT UPDATE) BOX WHEN COMPLETING AN ONLINE EDS TO ENSURE A NEW CONTRACT SPECIFIC ONLINE EDS IS CREATED RELATED TO THE SOLICITATION DOCUMENT. CLICKING THE UPDATE BOX ONLY UPDATES PREVIOUS EDS INFORMATION.

1.2. ONLINE EDS WEB LINK

The web link for the Online EDS is <https://webapps.cityofchicago.org/EDSWeb>

1.3. ONLINE EDS NUMBER

Upon completion of the online EDS submission process, the Respondent will be provided an EDS number. Respondent should record this number here:

EDS Number: _____

1.4. ONLINE EDS CERTIFICATION OF FILING AND ATTACHMENT A, ONLINE EDS ACKNOWLEDGEMENT

Upon completion of the online submission process, the Respondent will be able to print a hard copy Certificate of Filing. The Respondent should submit the signed Certificate of Filing and Attachment A, Online EDS Acknowledgement form with its response. Please insert your Certification of Filing and Attachment A, Online EDS Acknowledgement form following the Cover Letter. See Section 4.2, Item I, Required Contents of Proposal in the RFP. A Respondent who does not include a signed Certificate of Filing and/or Attachment A, Online EDS Acknowledgement form with its response must provide it upon the request of the Chief Procurement Officer.

1.5. PREPARATION CHECKLIST FOR REGISTRATION

To expedite and ease your registration process, we recommend that you collect the following information prior to registering for an Online EDS user account:

	1. Invitation number, if you were provided an invitation number.
	2. EDS document from previous years, if available.
	3. Email address to correspond with the Online EDS system.
	4. Company Information:
	a. Legal Name
	b. FEIN/SSN
	c. City of Chicago Consultant Number, if available.
	d. Address and phone number information that you would like to appear on your EDS documents.
	e. EDS Captain. Check for an EDS Captain in your company - this maybe the person that usually submits EDS for your company, or the first person that registers for your company.

1.6. PREPARATION CHECKLIST FOR EDS SUBMISSION

To expedite and ease your EDS submission, we recommend that you collect the following information prior to updating your EDS information online.

Items #1 through #7 are needed for both EDS information updates and contract related EDS documents:

- _____ 1. Invitation number, if you were provided with an invitation number.
- _____ 2. Site address that is specific to this EDS.
- _____ 3. Contact that is responsible for this EDS.
- _____ 4. EDS document from previous years, if available.
- _____ 5. Ownership structure, and if applicable, owners' company information:
 - _____ a. % of ownership
 - _____ b. Legal Name
 - _____ c. FEIN/SSN
 - _____ d. City of Chicago Vendor Number, if available.
 - _____ e. Address
- _____ 6. List of directors, officers, titleholders, etc. (if applicable).
- _____ 7. For partnerships/LLC/LLP/Joint ventures, etc.:
 - _____ a. List of controlling parties (if applicable).

Items #8 and #9 are needed ONLY for contract related EDS documents:

- _____ 8. Contract related information (if applicable):
 - _____ a. City of Chicago contract package
 - _____ b. Cover page of City of Chicago bid/solicitation package

- _____ c. If EDS is related to a mod, then cover page of your current contract with the City.
- _____ 9. List of subcontractors and retained parties:
 - _____ a. Name
 - _____ b. Address
 - _____ c. Fees – Estimated or paid

1.7. EDS FREQUENTLY ASKED QUESTIONS

Q: Where do I file?

A: The web link for the Online EDS is <https://webapps.cityofchicago.org/EDSWeb>

Q: How do I get help?

A: If there is a question mark on a page or next to a field, click on the question mark for help filling out the page or field. You may also consult the User Manual and the Training Videos available on the left menu.

Q: Why do I have to submit an EDS?

A: The Economic Disclosure Statement (EDS) is required of applicants making an application to the City for action requiring City Council, City department or other City agency approval. For example, all bidders seeking a City contract are required to submit an EDS. Through the EDS, applicants make disclosures required by State law and City ordinances and certify compliance with various laws and ordinances. An EDS is also required of certain parties related to the applicant, such as owners and controlling parties.

Q: Who is the Applicant?

A: “Applicant” means any entity or person making an application to the City for action requiring City Council or other City agency approval. The applicant does not include owners and parent companies.

Q: Who is the Disclosing Party?

A: “Disclosing Party” means any entity or person submitting an EDS. This includes owners and parent companies.

Q: What is an entity or legal entity?

A: “Entity” or “Legal Entity” means a legal entity (for example, a corporation, partnership, joint venture, limited liability company or trust).

Q: What is a person for purposes of the EDS?

A: “Person” means a human being.

Q: Who must submit an EDS?

A. An EDS must be submitted in any of the following three circumstances:

Applicants:	An Applicant must always file this EDS. If the Applicant is a legal entity, state the full name of that legal entity. If the
--------------------	--

	Applicant is a person acting on his/her own behalf, state his/her name.
Entities holding an interest:	Whenever a legal entity has a beneficial interest (E. G. direct or indirect ownership) of more than 7.5% in the Applicant, each such legal entity must file an EDS on its own behalf.
Controlling entities:	Whenever a Disclosing Party is a general partnership, limited partnership, limited liability company, limited liability partnership or joint venture that has a general partner, managing member, manager or other entity that can control the day-to-day management of the Disclosing Party, that entity must also file an EDS on its own behalf. Each entity with a beneficial interest of more than 7.5% in the controlling entity must also file an EDS on its own behalf.

Q: What information is needed to submit an EDS?

A: The information contained in the Preparation Checklist for EDS submission.

Q: I don't have a user ID & password. Can I still submit an Online EDS?

A: No. You must register and create a user ID and password before submitting an Online EDS.

Q: What information is needed to request a user ID & password for Online EDS?

A: The information contained in the Preparation Checklist for Registration is needed to request a login for the Online EDS.

Q: I already have a username and password from another City web site (City Web Portal, Department of Construction and Permits, Department of Consumer Services, etc.). Can I log-in the Online EDS with that account?

A: Usually not. The Online EDS uses a user ID and password system that is shared by the Public Vehicle Advertising and Water Payment web sites. You may use a username and password from those sites by answering "Yes" to "Is this an existing City of Chicago user ID?" when registering. Other usernames and passwords will not be automatically recognized. However, you may choose to create an identical username for the Online EDS if it is not already taken.

Q: I don't have an email address. How do I submit an Online EDS?

A: You cannot get an account to submit an online EDS without an email address. If you need an e-mail address, we suggest that you use a free internet email provider such as www.hotmail.com or www.yahoo.com or mail.google.com to open an account. The City does not endorse any particular free internet email provider. Public computers are available at all Chicago Public Library branches.

Q: I forgot my user ID. Can I register again?

A: No. If you are the EDS Captain of your organization, please contact the Department of Procurement Services at 312-744-4900. If you are an EDS team member, contact your EDS Captain, who can look up your user ID.

Q: Who is the EDS Captain?

A: The EDS Captain is a person who performs certain administrative functions for an organization which files an EDS. Each organization registered with the Online EDS has at least one EDS Captain. There may be co-captains, who are all equal. EDS Captains approve new users, change contact information for an organization, and de-active accounts of employees who have left the organization. Please see the User Manual for more information.

Q: Why do we need EDS Captains?

A: The Online EDS is designed to be a self-service web application which allows those doing or seeking to do business with the City to perform as many routine functions as possible without City intervention. Because many organizations have multiple staff filing an EDS, the EDS Captain role allows those organizations to self-manage the contact information and users.

Q: Who is the EDS team?

A: The EDS team for an organization is everyone who is registered to file an EDS on behalf of the organization.

Q: I forgot my password. What should I do?

A: To retrieve a temporary password, click the “Forgot your password?” link on the login page. Enter your user ID that you provided when you registered your account. The system will automatically generate a temporary password and send it to you. When you log-in with your temporary password, you will be asked to create a new password.

Q: How do I complete an Online EDS?

A: Click on “Create New” after logging in. The Online EDS system will walk you through the EDS questions. Please see the User Manual for details.

Q: How do I fill out a Disclosure of Retained Parties?

A: There is no longer a separate Disclosure of Retained Parties filing. After logging in, click on “Create New”. Answer (click) “Contract” to “Is this EDS for a contract or an EDS information update?” Click “Fill out EDS”, and click on the “Retained Parties” tab. When finished, click on “Ready to Submit.”

Q: How do I attach documents?

A: Attachments are discouraged. If at all possible, please provide a concise explanation in the space provided in the online form. Attachments with pages of officers are not acceptable. Names of officers must be typed into the system. If you must provide an attachment for another reason, please send it to your City of Chicago contact (contract administrator or negotiator for procurements) and they will attach it for you. Documents can be sent in PDF (preferred), Word, or paper format.

Q: Who can complete an Economic Disclosure Statement online?

A: Any authorized representative of your business with a user ID and password can complete your EDS online. One person, such as an assistant, can fill in the information and save it, and another person can review and electronically sign the Online EDS.

Q: What are the benefits of filing my Economic Disclosure statement electronically?

A: Filing electronically reduces the chance of filing an incomplete EDS and speeds up the processing of contract awards. A certificate of filing can be printed at the completion of the process and inserted into your bid package. The biggest benefit for those who frequently do business with the City is that after the first EDS, each EDS is much easier to fill out because non-contract specific information is pre-filled from the last

submitted EDS.

Q: Will my information be secure?

A: Yes. When making your internet connection to our Web Server, you will connect through a Secure Socket Layer (SSL for short) to the “Online EDS” login page. All information you type will be protected using strong encryption. Within the login page, you will provide us with a user ID, password, and secret question for user authentication, Only you will have knowledge of this unique identification information.

Q: I am filing electronically. How do I sign my EDS?

A: Once you have completed the EDS, you will be prompted to enter your password and answer to your secret question. Together, these will serve as your electronic signature. Although you will also print and physically sign an EDS certification of filing as a notice that your EDS was filed, your EDS is complete as a legal document with only the electronic filing.

Q: My address has changed. How can I update my information?

A: You must be an EDS Captain for your organization to update this. Log-in and click on “Consultant Admin, Site Administration.” Select the appropriate site and click edit.

Q: I have more questions. How can I contact the Department of Procurement Services?

A: Please contact the contract administrator or negotiator assigned to your solicitation or contract. You may call DPS at 312-744-4900 between 8:30 AM and 5:00 PM Central Time.

Q: Can I save a partially complete EDS?

A: Yes. Click “Save”. To avoid data loss, we recommend you save your work periodically while filling out your EDS.

Q: Do I have to re-type my information each time I submit an EDS?

A: No. The system will remember non-contract specific information from your last submitted EDS for one year. This information will be filled-in for you in your new EDS. You will have an opportunity to correct it if it has changed since your last filing. When you submit your new EDS, the information is saved and the one-year clock begins running anew.

Q: What are the system requirements to use the Online EDS?

A: The following are minimum requirements to use the Online EDS:

- A PDF viewer such as Adobe Reader is installed and your web browser is configured to display PDFs automatically. You may download and install Adobe Reader free at www.adobe.com/products/reader/
- Your web browser is set to permit running of JavaScript.
- Your web browser allows cookies to be set for this site. Please note that while we use cookies in the Online EDS, we do not use them to track personally identifiable information, so your privacy is maintained.
- Your monitor resolution is set to a minimum of 1024 x 768.
- While not required to submit an EDS, if you wish to view the training videos, you must have Adobe Flash Plugin version 9 or higher, speakers, and sound. Please note that very old computers may not be able to

run Adobe Flash and will not be able to play the training videos. In that case, we encourage you to seek help using the Online EDS Manuals. You may download and install Adobe Flash Plugin free at <http://get.adobe.com/flashplayer>

The Online EDS has been tested on Internet Explorer 6.0 and 7.0 and Firefox 2.0 and 3.0 on Windows XP and Mac OS X. Although it should work on other browsers and operating systems, the City of Chicago cannot guarantee compatibility.



ATTACHMENT A

ONLINE EDS ACKNOWLEDGEMENT

The undersigned, hereby acknowledges having received Specification No. 128214 containing a full set of RFP Documents, including, Addenda Numbers (none unless indicated here) _____, and affirms that the Respondent shall be bound by all the terms and conditions contained in the RFP Documents, regardless of whether a complete set thereof is attached to this response.

Under penalty of perjury, the undersigned: (1) warrants that he/she was authorized to submit an EDS on behalf of the Disclosing Party on-line, (2) warrants that all certifications and statements contained in the EDS are true, accurate and complete as of the date the EDS was submitted on-line, and (3) further warrants that, as of the date of submission of this response, there have been no changes in circumstances since the date that the EDS was submitted that would render any certification in the EDS false, inaccurate or incomplete.

Further, the undersigned being duly sworn deposes and says on oath that no disclosures of ownership interests have been withheld and the information provided therein to the best of its knowledge is current and the undersigned has not entered into any agreement with any other respondent or prospective respondent or with any other person, firm or corporation relating to the price named in this proposal or any other proposal, nor any agreement or arrangement under which any act or omission in restraining of free competition among respondents and has not disclosed to any person, firm or corporation the terms of this proposal or the price named herein.

COMPANY NAME: _____
(Print or Type)

AUTHORIZED OFFICER SIGNATURE: _____

TITLE OF SIGNATORY: _____
(Print or Type)

BUSINESS ADDRESS: _____
(Print or Type)

State of _____ (Affix Corporate Seal)

County of _____

This instrument was acknowledged before me on this ____ day of _____, 20__ by _____ as President (or other authorized officer) and _____ as Secretary of _____ (Company Name)

Notary Public Signature: _____ (Seal)

EXHIBIT VIII

**CONTRACT INSURANCE REQUIREMENTS
AND INSURANCE CERTIFICATE**

PROFESSIONAL SERVICES INSURANCE REQUIREMENTS

**Department of Finance
Deferred Compensation Services**

Contractor must provide and maintain at Contractor's own expense, during the term of the Agreement and any time period following expiration if Contractor is required to return and perform any of the Services or Additional Services under this Agreement, the insurance coverage and requirements specified below, insuring all operations related to the Agreement.

A. INSURANCE TO BE PROVIDED

1) Workers Compensation and Employers Liability

Workers Compensation Insurance, as prescribed by applicable law, covering all employees who are to provide a service under this Agreement and Employers Liability coverage with limits of not less than \$ 100,000 each accident, illness or disease.

2) Commercial General Liability (Primary and Umbrella)

Commercial General Liability Insurance or equivalent with limits of not less than \$5,000,000 per occurrence for bodily injury, personal injury and property damage liability. Coverages must include the following: All premises and operations, products/completed operations, separation of insureds, defense and contractual liability (not to include Endorsement CG 21 39 or equivalent). The City of Chicago is to be named as an additional insured on a primary, non-contributory basis for any liability arising directly or indirectly from the Services.

Subcontractors performing work for the Contractor must maintain limits of not less than \$1,000,000 with the same terms herein.

3) Automobile Liability (Primary and Umbrella)

When any motor vehicles (owned, non-owned and hired) are used in connection with Services to be performed, Contractor must provide Automobile Liability Insurance with limits of not less than \$1,000,000 per occurrence for bodily injury and property damage. The City of Chicago is to be named as an additional insured on a primary, non-contributory basis.

4) Blanket Crime

Contractor must provide Blanket Crime coverage covering all persons handling funds under this Agreement, against loss by dishonesty, robbery, burglary, theft, destruction, or disappearance, computer fraud, credit card forgery, and other related crime risks. The policy limit must be written to cover losses in the amount of maximum monies collected, received and in the possession of Contractor at any given time.

5) Professional Liability

When any accountants, financial/investment advisors, bookkeepers or any other professional consultants perform Services in connection with this Agreement, Professional Liability Insurance covering acts, errors or omissions must be maintained with limits of not less than \$5,000,000. Coverage must include misstatements and misrepresentation, and third part administration of the plan, when applicable. When policies are renewed or replaced, the policy retroactive date must

coincide with, or precede, start of Services on the Agreement. A claims-made policy which is not renewed or replaced must have an extended reporting period of 2 years.

Subcontractors performing work for the Contractor must maintain limits of not less than \$1,000,000 with the same terms herein.

6) Directors and Officers Liability

Directors and Officers Liability Insurance must be maintained in connection with this Agreement with limits of not less than \$5,000,000 Coverage must include any actual or alleged act, error or omission by directors or officers while acting in their individual or collective capacities. When policies are renewed or replaced, the policy retroactive date must coincide with, precede commencement of services by the Consultant under this Agreement. A claims-made policy which is not renewed or replaced must have an extended reporting period of two (2) years.

5) Valuable Papers

When any media, data, reports, files and other documents are produced or used under this Agreement, Valuable Papers Insurance must be maintained in an amount to insure against any loss whatsoever, and must have limits sufficient to pay for the re-creation and reconstruction of such records.

B. ADDITIONAL REQUIREMENTS

Contractor must furnish the City of Chicago, Department of Finance, 121 N. LaSalle Street, Room 700, Chicago IL, 60602-1246, original Certificates of Insurance, or such similar evidence, to be in force on the date of this Agreement, and Renewal Certificates of Insurance, or such similar evidence, if the coverages have an expiration or renewal date occurring during the term of this Agreement. Contractor must submit evidence of insurance on the City of Chicago Insurance Certificate Form (copy attached as Exhibit VIII) or equivalent prior to execution of Agreement. The receipt of any certificate does not constitute agreement by the City that the insurance requirements in the Agreement have been fully met or that the insurance policies indicated on the certificate are in compliance with all requirements of Agreement. The failure of the City to obtain certificates or other insurance evidence from Contractor is not a waiver by the City of any requirements for the Contractor to obtain and maintain the specified coverages. Contractor must advise all insurers of the Agreement provisions regarding insurance. Non-conforming insurance does not relieve Contractor of the obligation to provide insurance as specified in this Agreement. Nonfulfillment of the insurance conditions may constitute a violation of the Agreement, and the City retains the right to suspend this Agreement until proper evidence of insurance is provided, or the Agreement may be terminated.

The Contractor must provide for 30 days prior written notice to be given to the City in the event coverage is substantially changed, canceled or non-renewed.

Any deductibles or self-insured retentions on referenced insurance coverages must be borne by Contractor.

Contractor hereby waives and agrees to require their insurers to waive their rights of subrogation against the City of Chicago, its employees, elected officials, agents or representatives.

The coverages and limits furnished by Contractor in no way limit the Contractor's liabilities and responsibilities specified within the Agreement or by law.

Any insurance or self-insurance programs maintained by the City of Chicago do not contribute with insurance

provided by Contractor under this Agreement.

The required insurance to be carried is not limited by any limitations expressed in the indemnification language in this Agreement or any limitation placed on the indemnity in this Agreement given as a matter of law.

If Contractor is a joint venture or limited liability company, the insurance policies must name the joint venture or limited liability company as a named insured.

Contractor must require all Subcontractors to provide the insurance required herein, or Contractor may provide the coverages for Subcontractors. All Subcontractors are subject to the same insurance requirements of Contractor unless otherwise specified in this Agreement.

If Contractor or Subcontractor desire additional coverages, the party desiring the additional coverages is responsible for the acquisition and cost.

Notwithstanding any provisions in the Agreement to the contrary, the City of Chicago Risk Management Department maintains the right to modify, delete, alter or change these requirements.

■

Issue Date _____

INSURANCE CERTIFICATE OF COVERAGE

Named Insured: _____ Specification #: _____
 Address: _____ RFP#: _____
 (NUMBER & STREET) Project #: _____
 (CITY) (STATE) (ZIP) Contract #: _____

Description of Operation/Location	
-----------------------------------	--

The insurance policies and endorsements indicated below have been issued to the designated named insured with the policy limits as set forth herein covering the operation described within the contract involving the named insured and the City of Chicago. The Certificate issuer agrees that in the event of cancellation, non-renewal or material change involving the indicated policies, the issuer will provide at least thirty (30) days prior written notice of such change to the City of Chicago at the address shown on this Certificate. This certificate is issued to the City of Chicago in consideration of the contract entered into with the named insured, and it is mutually understood that the City of Chicago relies on this certificate as a basis for continuing such agreement with the named insured.

Type of Insurance	Insurer Name	Policy Number	Expiration Date	Limits of Liability All Limits in Thousands
Commercial General Liability <input type="checkbox"/> Occurrence <input type="checkbox"/> Claims made <input type="checkbox"/> Premise-Operations <input type="checkbox"/> Explosion/Collapse Underground <input type="checkbox"/> Products/Completed Operations <input type="checkbox"/> Blanket Contractual <input type="checkbox"/> Broad Form Property Damage <input type="checkbox"/> Independent Contractors <input type="checkbox"/> Personal Injury <input type="checkbox"/> Pollution				Each Occurrence \$ _____ General Aggregate \$ _____ Products/Completed Operations Aggregate \$ _____
Automobile Liability (Any Auto) Excess Liability <input type="checkbox"/> Umbrella Liability				Each Occurrence \$ _____ Each Occurrence \$ _____
Workers' Compensation and Employer's Liability				Statutory/Illinois Employers Liability \$ _____
Builders' Risk/Course of Construction				Amount of Contract _____
Professional Liability				\$ _____
Owner Contractors Protective				\$ _____
Other				

- a) Each insurance policy required by this agreement, except policies for workers' compensation and professional liability, will read: "The City of Chicago is an additional insured as respects to operations and activities of, or on behalf of the named insured, performed under contract with or permit from the City of Chicago".
- b) The General, Automobile and Excess/Umbrella Liability Policies described provide for separation of insureds applicable to the named insured and the City.
- c) Workers Compensation and Property insurer shall waive all rights of subrogation against the City of Chicago.
- d) The receipt of this certificate by the City does not constitute agreement by the City that the insurance requirements in the contract have been fully met or that the insurance companies indicated by this certificate are in compliance with all contract requirements

Name and Address of Certificate Holder and Recipient of Notice	
Certificate Holder/Additional Insured	Signature of Authorized Rep.
City of Chicago	Agency/Company
Department of Finance	Address
333 South State Street, Ste. 310	Telephone
Chicago, IL 60604	

FOR CITY USE ONLY:

c:\certificates\procurement

EXHIBIT IX
CITY OF CHICAGO
SAMPLE PROFESSIONAL SERVICES AGREEMENT

PROFESSIONAL SERVICES AGREEMENT

BETWEEN

**THE CITY OF CHICAGO
DEPARTMENT OF _____**

AND



(Subject of Agreement)

**RAHM EMANUEL
MAYOR**

PROFESSIONAL SERVICES AGREEMENT

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- EXHIBIT 7 LIST OF KEY PERSONNEL
- [EXHIBIT 8 PROVISIONS REQUIRED IF FEDERAL FUNDS ARE INVOLVED]

AGREEMENT

This Agreement is entered into as of the _____ day of _____, _____ ("Effective Date") by and between _____, a _____ corporation ("**Contractor**"), and the City of Chicago, a municipal corporation and home rule unit of local government existing under the Constitution of the State of Illinois, acting through its Department of _____ ("**City**"), at Chicago, Illinois. The City and Contractor agree as follows:

TERMS AND CONDITIONS

ARTICLE 1. DEFINITIONS

1.1 Definitions

The following words and phrases have the following meanings for purposes of this Agreement:

"**Additional Services**" means those services which are within the general scope of Services of this Agreement, but beyond the description of services required under Section 2.1, and all services reasonably necessary to complete the Additional Services to the standards of performance required by this Agreement. Any Additional Services requested by the Department require the approval of the City in a written amendment under Section 9.3 of this Agreement before Contractor is obligated to perform those Additional Services and before the City becomes obligated to pay for those Additional Services.

"**Agreement**" means this Professional Services Agreement, including all exhibits attached to it and incorporated in it by reference, and all amendments, modifications or revisions made in accordance with its terms.

"**Chief Procurement Officer**" means the Chief Procurement Officer of the City and any representative duly authorized in writing to act on his behalf.

"Commissioner" means the Commissioner of the Department of _____, and any representative authorized in writing to act on the Commissioner's behalf.

"Department" means the City Department of _____.

"Services" means, collectively, the services, duties and responsibilities described in Article 2 and Exhibit 1 of this Agreement and any and all work necessary to complete them or carry them out fully and to the standard of performance required in this Agreement.

"Subcontractor" means any person or entity with whom Contractor contracts to provide any part of the Services, including subcontractors and subconsultants of any tier, suppliers and materials providers, whether or not in privity with Contractor.

1.2 Interpretation

(a) The term **"include"** (in all its forms) means "include, without limitation" unless the context clearly states otherwise.

(b) All references in this Agreement to Articles, Sections or Exhibits, unless otherwise expressed or indicated are to the Articles, Sections or Exhibits of this Agreement.

(c) Words importing persons include firms, associations, partnerships, trusts, corporations and other legal entities, including public bodies, as well as natural persons.

(d) Any headings preceding the text of the Articles and Sections of this Agreement, and any table of contents or marginal notes appended to it, are solely for convenience or reference and do not constitute a part of this Agreement, nor do they affect the meaning, construction or effect of this Agreement.

(e) Words importing the singular include the plural and vice versa. Words of the masculine gender include the correlative words of the feminine and neuter genders.

(f) All references to a number of days mean calendar days, unless indicated otherwise.

1.3 Incorporation of Exhibits

The following attached Exhibits are made a part of this Agreement:

Exhibit 1	Scope of Services and Time Limits for Performance
Exhibit 2	Schedule of Compensation
Exhibit 3	Special Conditions Regarding MBE/WBE Commitment
Exhibit 4	Economic Disclosure Statement and Affidavit
Exhibit 5	Insurance Requirements and Evidence of Insurance

Exhibit 6	Health Insurance Portability and Accountability Act
Exhibit 7	List of Key Personnel
Exhibit 8	Provisions Required If Federal Funds Are Involved

ARTICLE 2. DUTIES AND RESPONSIBILITIES OF CONTRACTOR

2.1 Scope of Services

This description of Services is intended to be general in nature and is neither a complete description of Contractor's Services nor a limitation on the Services that Contractor is to provide under this Agreement. Contractor must provide the Services in accordance with the standards of performance set forth in Section 2.3. The Services that Contractor must provide are described in Exhibit 1, Scope of Services and Time Limits for Performance.

2.2 Deliverables

In carrying out its Services, Contractor must prepare or provide to the City various Deliverables. "**Deliverables**" include work product, such as written reviews, recommendations, reports and analyses, produced by Contractor for the City.

The City may reject Deliverables that do not include relevant information or data, or do not include all documents or other materials specified in this Agreement or reasonably necessary for the purpose for which the City made this Agreement or for which the City intends to use the Deliverables. If the City determines that Contractor has failed to comply with the foregoing standards, it has 30 days from the discovery to notify Contractor of its failure. If Contractor does not correct the failure, if it is possible to do so, within 30 days after receipt of notice from the City specifying the failure, then the City, by written notice, may treat the failure as a default of this Agreement under Section 8.1.

Partial or incomplete Deliverables may be accepted for review only when required for a specific and well-defined purpose for the benefit of the City and when consented to in advance by the City. Such Deliverables will not be considered as satisfying the requirements of this Agreement and partial or incomplete Deliverables in no way relieve Contractor of its obligations under this Agreement.

2.3 Standard of Performance

Contractor must perform all Services required of it under this Agreement with that degree of skill, care and diligence normally shown by a contractor performing services of a scope and purpose and magnitude comparable with the nature of the Services to be provided under this Agreement. Contractor acknowledges that it is entrusted with or has access to valuable and confidential information and records of the City and with respect to that information, Contractor agrees to be held to the standard of care of a fiduciary. **Any review, approval, acceptance of Services or Deliverables or payment for any of the Services by the City does not relieve Contractor of its responsibility for the professional skill and care and technical accuracy of**

its Services and Deliverables. This provision in no way limits the City's rights against Contractor under this Agreement, at law or in equity.

Contractor must be appropriately licensed to perform the Services, if required by law, and must ensure that all Services that require the exercise of professional skills or judgment are accomplished by professionals qualified and competent in the applicable discipline and appropriately licensed as may be required by law. Contractor must provide copies of any such licenses. Contractor remains responsible for the professional and technical accuracy of all Services or Deliverables furnished, whether by Contractor or its Subcontractors or others on its behalf. All Deliverables must be prepared in a form and content satisfactory to the Department and delivered in a timely manner consistent with the requirements of this Agreement.

If Contractor fails to comply with the foregoing standards, Contractor must, at the City's option, perform again, at its own expense, all Services required to be re-performed as a direct or indirect result of that failure, unless the reason is failure to have and maintain required licensure. See subsection 8.1 (b)(ii) regarding failure to comply with licensure requirements.

2.4 Personnel

(a) Adequate Staffing

Contractor must, upon receiving a fully executed copy of this Agreement, assign and maintain during the term of this Agreement and any extension of it an adequate staff of competent personnel that is fully equipped, licensed as appropriate, available as needed, qualified and assigned exclusively to perform the Services. Contractor must include among its staff the Key Personnel and positions as identified below. The level of staffing may be revised from time to time by notice in writing from Contractor to the City and with prior written consent of the City.

(b) Key Personnel

Contractor must not reassign or replace Key Personnel without the written consent of the City. "**Key Personnel**" means those job titles and the persons assigned to those positions in accordance with the provisions of this Section 2.4(b). The Department may at any time in writing notify Contractor that the City will no longer accept performance of Services under this Agreement by one or more Key Personnel listed. Upon that notice Contractor must immediately suspend the key person or persons from performing Services under this Agreement and must replace him or them in accordance with the terms of this Agreement. Key Personnel, if any, are identified in Exhibit 7.

(c) Salaries and Wages

Contractor and Subcontractors must pay all salaries and wages due all employees performing Services under this Agreement unconditionally and at least once a month without deduction or rebate on any account, except only for those payroll deductions that are mandatory

by law or are permitted under applicable law and regulations. If in the performance of this Agreement Contractor underpays any such salaries or wages, the Comptroller for the City may withhold, out of payments due to Contractor, an amount sufficient to pay to employees underpaid the difference between the salaries or wages required to be paid under this Agreement and the salaries or wages actually paid these employees for the total number of hours worked. The amounts withheld may be disbursed by the Comptroller for and on account of Contractor to the respective employees to whom they are due. The parties acknowledge that this Section 2.4(c) is solely for the benefit of the City and that it does not grant any third party beneficiary rights.

2.5 Minority and Women's Business Enterprises Commitment

In the performance of this Agreement, including the procurement and lease of materials or equipment, Contractor must abide by the minority and women's business enterprise commitment requirements of the Municipal Code of Chicago (“**Municipal Code**”), §2-92-420 *et seq.* (1990), except to the extent waived by the Chief Procurement Officer and the Special Conditions Regarding MBE/WBE Commitment set forth in Exhibit 3. Contractor's completed Schedules C-1 and D-1 in Exhibit 3, evidencing its compliance with this requirement, are a part of this Agreement, upon acceptance by the Chief Procurement Officer. Contractor must utilize minority and women's business enterprises at the greater of the amounts listed in those Schedules C-1 and D-1 or the percentages listed in them as applied to all payments received from the City.

2.6 Insurance

Contractor must provide and maintain at Contractor's own expense, during the term of this Agreement and any time period following expiration if Contractor is required to return and perform any of the Services or Additional Services under this Agreement, the insurance coverages and requirements specified in Exhibit 5 of this Agreement, insuring all operations related to this Agreement.

2.7 Indemnification

- (a) Contractor must defend, indemnify, and hold harmless the City, its officers, representatives, elected and appointed officials, agents and employees from and against any and all Losses, including those related to:
 - (i) injury, death or damage of or to any person or property;
 - (ii) any infringement or violation of any property right (including any patent, trademark or copyright);
 - (iii) Contractor's failure to perform or cause to be performed Contractor's promises and obligations as and when required under this Agreement, including Contractor's failure to perform its obligations to any Subcontractor;

(iv) the City's exercise of its rights and remedies under Section 8.2 of this Agreement; and

(v) injuries to or death of any employee of Contractor or any Subcontractor under any workers compensation statute.

(b) "**Losses**" means, individually and collectively, liabilities of every kind, including losses, damages and reasonable costs, payments and expenses (such as, but not limited to, court costs and reasonable attorneys' fees and disbursements), claims, demands, actions, suits, proceedings, judgments or settlements, any or all of which in any way arise out of or relate to Contractor's breach of this Agreement or to Contractor's negligent or otherwise wrongful acts or omissions or those of its officers, agents, employees, consultants, Subcontractors or licensees.

(c) At the City Corporation Counsel's option, Contractor must defend all suits brought upon all such Losses and must pay all costs and expenses incidental to them, but the City has the right, at its option, to participate, at its own cost, in the defense of any suit, without relieving Contractor of any of its obligations under this Agreement. Any settlement must be made only with the prior written consent of the City Corporation Counsel, if the settlement requires any action on the part of the City.

(d) To the extent permissible by law, Contractor waives any limits to the amount of its obligations to defend, indemnify, hold harmless, or contribute to any sums due under any Losses, including any claim by any employee of Contractor that may be subject to the Workers Compensation Act, 820 ILCS 305/1 *et seq.* or any other related law or judicial decision (such as, *Kotecki v. Cyclops Welding Corporation*, 146 Ill. 2d 155 (1991)). The City, however, does not waive any limitations it may have on its liability under the Illinois Workers Compensation Act, the Illinois Pension Code, any other statute or judicial decision.

(e) The indemnities in this section survive expiration or termination of this Agreement for matters occurring or arising during the term of this Agreement or as the result of or during Contractor's performance of Services beyond the term. Contractor acknowledges that the requirements set forth in this section to defend, indemnify, and hold harmless the City are apart from and not limited by the Contractor's duties under this Agreement, including the insurance requirements in Exhibit 5 of this Agreement.

2.8 Ownership of Documents

All Deliverables, data, findings or information in any form prepared, assembled or encountered by or provided to Contractor under this Agreement are property of the City, including, as further described in Section 2.9 below, all copyrights inherent in them or their preparation. During performance of its Services, Contractor is responsible for any loss or damage to the Deliverables, data, findings or information while in Contractor's or any Subcontractor's possession. Any such lost or damaged Deliverables, data, findings or information must be restored at the expense of Contractor. If not restorable, Contractor must

bear the cost of replacement and of any loss suffered by the City on account of the destruction, as provided in Section 2.7.

2.9 Copyright Ownership

Contractor and the City intend that, to the extent permitted by law, the Deliverables to be produced by Contractor at the City's instance and expense under this Agreement are conclusively deemed "**works made for hire**" within the meaning and purview of Section 101 of the United States Copyright Act, 17 U.S.C. §101 *et seq.*, and that the City will be the sole copyright owner of the Deliverables and of all aspects, elements and components of them in which copyright can subsist, and of all rights to apply for copyright registration or prosecute any claim of infringement.

To the extent that any Deliverable does not qualify as a "work made for hire," Contractor hereby irrevocably grants, conveys, bargains, sells, assigns, transfers and delivers to the City, its successors and assigns, all right, title and interest in and to the copyrights and all U.S. and foreign copyright registrations, copyright applications and copyright renewals for them, and other intangible, intellectual property embodied in or pertaining to the Deliverables prepared for the City under this Agreement, and all goodwill relating to them, free and clear of any liens, claims or other encumbrances, to the fullest extent permitted by law. Contractor will, and will cause all of its Subcontractors, employees, agents and other persons within its control to, execute all documents and perform all acts that the City may reasonably request in order to assist the City in perfecting its rights in and to the copyrights relating to the Deliverables, at the sole expense of the City. Contractor warrants to the City, its successors and assigns, that on the date of transfer Contractor is the lawful owner of good and marketable title in and to the copyrights for the Deliverables and has the legal rights to fully assign them. Contractor further warrants that it has not assigned and will not assign any copyrights and that it has not granted and will not grant any licenses, exclusive or nonexclusive, to any other party, and that it is not a party to any other agreements or subject to any other restrictions with respect to the Deliverables. Contractor warrants that the Deliverables are complete, entire and comprehensive, and that the Deliverables constitute a work of original authorship.

2.10 Records and Audits

(a) Records

(i) Contractor must deliver or cause to be delivered to the City all documents, including all Deliverables prepared for the City under the terms of this Agreement, promptly in accordance with the time limits prescribed in this Agreement, and if no time limit is specified, then upon reasonable demand for them or upon termination or completion of the Services under this Agreement. If Contractor fails to make such delivery upon demand, then Contractor must pay to the City any damages the City may sustain by reason of Contractor's failure.

(ii) Contractor must maintain any such records including Deliverables not delivered to the City or demanded by the City for a period that is the longer of (A) 5 years after the final payment made in connection with this Agreement (or, 6 years after the final payment

made in connection with this Agreement, with respect to any records that are required to be maintained pursuant to the Contractor's obligations under Exhibit 6 and the regulations implementing the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and the Health Information Technology for Economic and Clinical Health Act (HITECH), which was part of the American Recovery and Reinvestment Act of 2009, specifically 45 C.F.R. § 164.530(j)), or (B) as directed by the Local Records Act (50 ILCS 205) and relevant records retention schedule. Contractor must not dispose of such records following the expiration of the relevant period without notification of and written approval from the City in accordance with Article 10.

In addition to the records to be stored by Contractor, all records that are possessed by Contractor in its service to the City to perform a governmental function are public records of the City pursuant to the Illinois Freedom of Information Act ("FOIA"), unless the records are exempt under the Act. FOIA requires that the City produce records in a very short period of time. If the Contractor receives a request from the City to produce records, the Contractor shall do so within 72 hours of the notice.

(b) Audits

(i) Contractor and any of Contractor's Subcontractors must furnish the Department with all information that may be requested pertaining to the performance and cost of the Services. Contractor must maintain records showing actual time devoted and costs incurred. Contractor must keep books, documents, papers, records and accounts in connection with the Services open to audit, inspection, copying, abstracting and transcription and must make these records available to the City and any other interested governmental agency, at reasonable times during the performance of its Services.

(ii) To the extent that Contractor conducts any business operations separate and apart from the Services required under this Agreement using, for example, personnel, equipment, supplies or facilities also used in connection with this Agreement, then Contractor must maintain and make similarly available to the City detailed records supporting Contractor's allocation to this Agreement of the costs and expenses attributable to any such shared usages.

(iii) Contractor must maintain its books, records, documents and other evidence and adopt accounting procedures and practices sufficient to reflect properly all costs of whatever nature claimed to have been incurred and anticipated to be incurred for or in connection with the performance of this Agreement. This system of accounting must be in accordance with generally accepted accounting principles and practices, consistently applied throughout.

(iv) No provision in this Agreement granting the City a right of access to records and documents is intended to impair, limit or affect any right of access to such records and documents which the City would have had in the absence of such provisions.

(v) The City may in its sole discretion audit the records of Contractor or its Subcontractors, or both, at any time during the term of this Agreement or within six years after the Agreement ends, in connection with the goods, work, or Services provided under this Agreement. Each calendar year or partial calendar year is considered an "audited period." If, as a result of any such audit, it is determined that Contractor or any of its Subcontractors has overcharged the City in the audited period, the City will notify

Contractor. Contractor must then promptly reimburse the City for any amounts the City has paid Contractor due to the overcharges and also some or all of the cost of the audit, as follows:

- A. If the audit has revealed overcharges to the City representing less than 5% of the total value, based on the Agreement prices, of the goods, work, or Services provided in the audited period, then the Contractor must reimburse the City for 50% of the cost of the audit and 50% of the cost of each subsequent audit that the City conducts;
- B. If, however, the audit has revealed overcharges to the City representing 5% or more of the total value, based on the Agreement prices, of the goods, work, or Services provided in the audited period, then Contractor must reimburse the City for the full cost of the audit and of each subsequent audit.
- C. If the audit reveals that the Contractor was not paid the full amount required under the Agreement, the City will pay to the Contractor the sum equal to the amount of the deficiency.

Failure of Contractor to reimburse the City in accordance with subsection A or B above is an event of default under Section 8.1 of this Agreement, and Contractor will be liable for all of the City's costs of collection, including any court costs and attorneys' fees.

2.11 Confidentiality

(a) All Deliverables and reports, data, findings or information in any form prepared, assembled or encountered by or provided by Contractor under this Agreement are property of the City and are confidential, except as specifically authorized in this Agreement or as may be required by law. Contractor must not allow the Deliverables to be made available to any other individual or organization without the prior written consent of the City. Further, all documents and other information provided to Contractor by the City are confidential and must not be made available to any other individual or organization without the prior written consent of the City. Contractor must implement such measures as may be necessary to ensure that its staff and its Subcontractors are bound by the confidentiality provisions in this Agreement.

(b) Contractor must not issue any publicity news releases or grant press interviews, and except as may be required by law during or after the performance of this Agreement, disseminate any information regarding its Services or the project to which the Services pertain without the prior written consent of the Commissioner.

(c) If Contractor is presented with a request for documents by any administrative agency or with a subpoena duces tecum regarding any records, data or documents which may be in Contractor's possession by reason of this Agreement, Contractor must immediately give notice to the Commissioner and the Corporation Counsel for the City with the understanding that the City will have the opportunity to contest such process by any means available to it before the records, data or documents are submitted to a court or other third party. Contractor, however, is not obligated to withhold the delivery beyond the time ordered by a court or administrative agency, unless the subpoena or request is quashed or the time to produce is otherwise extended.

(d) HIPAA, HITECH, and AIDS Confidentiality Act. To the extent not defined herein the capitalized terms below and in Exhibit 6 will have the same meaning as set forth in the Health Insurance Portability and Accountability Act, the Health Information Technology for Economic and Clinical Health Act, and their implementing regulations (collectively “HIPAA”). See 45 CFR parts 160, 162 and 164. Contractor and all its Subcontractors must comply with HIPAA and all rules and regulations applicable to it or them. Contractor must also comply with the Illinois AIDS Confidentiality Act (410 ILCS 305/1 through 16) and the rules and regulations of the Illinois Department of Public Health promulgated under it. If Contractor fails to comply with the applicable provisions under HIPAA or the Illinois AIDS Confidentiality Act, such failure will constitute an event of default under this Agreement for which no opportunity for cure will be provided.

Additionally, if Contractor is a Business Associate it must comply with all requirements of the HIPAA applicable to Business Associates including the provisions contained in Exhibit 6.

2.12 Assignments and Subcontracts

(a) Contractor must not assign, delegate or otherwise transfer all or any part of its rights or obligations under this Agreement: (i) unless otherwise provided for elsewhere in this Agreement; or (ii) without the express written consent of the Chief Procurement Officer and the Department. The absence of such a provision or written consent voids the attempted assignment, delegation or transfer and is of no effect as to the Services or this Agreement. No approvals given by the Chief Procurement Officer, including approvals for the use of any Subcontractors, operate to relieve Contractor of any of its obligations or liabilities under this Agreement.

(b) All Subcontractors are subject to the prior approval of the Chief Procurement Officer. Approval for the use of any Subcontractor in performance of the Services is conditioned upon performance by the Subcontractor in accordance with the terms and conditions of this Agreement. If any Subcontractor fails to perform the Services in accordance with the terms and conditions of this Agreement to the satisfaction of the Department, the City has the absolute right upon written notification to immediately rescind approval and to require the performance of this Agreement by Contractor personally or through any other City-approved Subcontractor. Any approval for the use of Subcontractors in the performance of the Services under this Agreement under no circumstances operates to relieve Contractor of any of its obligations or liabilities under this Agreement.

(c) Contractor, upon entering into any agreement with a Subcontractor, must furnish upon request of the Chief Procurement Officer or the Department a copy of its agreement. Contractor must ensure that all subcontracts contain provisions that require the Services be performed in strict accordance with the requirements of this Agreement, provide that the Subcontractors are subject to all the terms of this Agreement and are subject to the approval of the Department and the Chief Procurement Officer. If the agreements do not prejudice any of the City's rights under this Agreement, such agreements may contain different provisions than are provided in this Agreement with respect to extensions of schedule, time of completion,

payments, guarantees and matters not affecting the quality of the Services.

(d) Contractor must not transfer or assign any funds or claims due or to become due under this Agreement without the prior written approval of the Chief Procurement Officer. The attempted transfer or assignment of any funds, either in whole or in part, or any interest in them, which are due or to become due to Contractor under this Agreement, without such prior written approval, has no effect upon the City.

(e) Under §2-92-245 of the Municipal Code, the Chief Procurement Officer may make direct payments to Subcontractors for Services performed under this Agreement. Any such payment has the same effect as if the City had paid Contractor that amount directly. Such payment by the City to Contractor's Subcontractor under no circumstances operates to relieve Contractor of any of its obligations or liabilities under this Agreement. This section is solely for the benefit of the City and does not grant any third party beneficiary rights.

(f) The City reserves the right to assign or otherwise transfer all or any part of its interests under this Agreement to any successor.

ARTICLE 3. DURATION OF AGREEMENT

3.1 Term of Performance

This Agreement takes effect as of the Effective Date and continues, except as provided under Sections 4.4 or Article 8, until _____, as that date may be extended under Section 3.3.

3.2 Timeliness of Performance

(a) Contractor must provide the Services and Deliverables within the time limits required under any request for services pursuant to the provisions of Section 2.1 and Exhibit 1. **Further, Contractor acknowledges that TIME IS OF THE ESSENCE and that the failure of Contractor to comply with the required time limits may result in economic or other losses to the City.**

(b) Neither Contractor nor Contractor's agents, employees or Subcontractors are entitled to any damages from the City, nor is any party entitled to be reimbursed by the City, for damages, charges or other losses or expenses incurred by Contractor by reason of delays or hindrances in the performance of the Services, whether or not caused by the City.

3.3 Agreement Extension Option

The Chief Procurement Officer may at any time before this Agreement expires elect to extend this Agreement for up to 2 years, under the same terms and conditions as this original Agreement, by notice in writing to Contractor.

ARTICLE 4. COMPENSATION

4.1 Basis of Payment

The City will pay Contractor according to the Schedule of Compensation in the attached Exhibit 2 for the completion of the Services in accordance with this Agreement, including the standard of performance in Section 2.3.

4.2 Method of Payment

Contractor must submit monthly invoices (in triplicate) to the City for labor and other direct costs as billed, as outlined in the Schedule of Compensation in Exhibit 2. The invoices must be in such detail as the City requests. The City will process payment within 60 days after receipt of invoices and all supporting documentation necessary for the City to verify the Services provided under this Agreement.

4.3 Funding

The source of funds for payments under this Agreement is Fund number _____. Payments under this Agreement must not exceed \$ _____ without a written amendment in accordance with Section 9.3. Funding for this Agreement is subject to the availability of funds and their appropriation by the City Council of the City.

4.4 Non-Appropriation

If no funds or insufficient funds are appropriated and budgeted in any fiscal period of the City for payments to be made under this Agreement, then the City will notify Contractor in writing of that occurrence, and this Agreement will terminate on the earlier of the last day of the fiscal period for which sufficient appropriation was made or whenever the funds appropriated for payment under this Agreement are exhausted. Payments for Services completed to the date of notification will be made to Contractor except that no payments will be made or due to Contractor under this Agreement beyond those amounts appropriated and budgeted by the City to fund payments under this Agreement.

ARTICLE 5. DISPUTES

Except as otherwise provided in this Agreement, Contractor must and the City may bring any dispute arising under this Agreement which is not resolved by the parties to the Chief Procurement Officer for decision based upon the written submissions of the parties. (A copy of the "Regulations of the Department of Procurement Services for Resolution of Disputes between Contractors and the City of Chicago" is available in City Hall, 121 N. LaSalle Street, Room 301, Bid and Bond Room, Chicago, Illinois 60602.) The Chief Procurement Officer will issue a written decision and send it to the Contractor by mail. The decision of the Chief Procurement Officer is final and binding. The sole and exclusive remedy to challenge the decision of the

Chief Procurement Officer is judicial review by means of a common law writ of certiorari.

ARTICLE 6. COMPLIANCE WITH ALL LAWS

6.1 Compliance with All Laws Generally

(a) Contractor must observe and comply with all applicable federal, state, county and municipal laws, statutes, ordinances and executive orders, in effect now or later and whether or not they appear in this Agreement, including those set forth in this Article 6, and Contractor must pay all taxes and obtain all licenses, certificates and other authorizations required by them. Contractor must require all Subcontractors to do so, also. Further, Contractor must execute an Economic Disclosure Statement and Affidavit ("**EDS**") in the form attached to this Agreement as Exhibit 4. Notwithstanding acceptance by the City of the EDS, Contractor's failure in the EDS to include all information required under the Municipal Code renders this Agreement voidable at the option of the City. Contractor must promptly update its EDS(s) on file with the City whenever any information or response provided in the EDS(s) is no longer complete and accurate. Contractor agrees that Contractor's failure to maintain current throughout the term and any extensions of the term, the disclosures and information pertaining to ineligibility to do business with the City under Chapter 1-23 of the Municipal Code, as such is required under Sec. 2-154-020, shall constitute an event of default.

(b) Notwithstanding anything in this Agreement to the contrary, references to a statute or law are considered to be a reference to (i) the statute or law as it may be amended from time to time; (ii) all regulations and rules pertaining to or promulgated pursuant to the statute or law; and (iii) all future statutes, laws, regulations, rules and executive orders pertaining to the same or similar subject matter.

6.2 Nondiscrimination

(a) Contractor

Contractor must comply with applicable federal, state, and local laws and related regulations prohibiting discrimination against individuals and groups. If this Agreement is federally funded in whole or in part, additional provisions related to nondiscrimination may be set forth in Exhibit 8.

(i) Federal Requirements

Contractor must not engage in unlawful employment practices, such as (1) failing or refusing to hire or discharging any individual, or otherwise discriminating against any individual with respect to compensation or the terms, conditions, or privileges of the individual's employment, because of the individual's race, color, religion, sex, age, handicap/disability or national origin; or (2) limiting, segregating or classifying

Contractor's employees or applicants for employment in any way that would deprive or tend to deprive any individual of employment opportunities or otherwise adversely affect the individual's status as an employee, because of the individual's race, color, religion, sex, age, handicap/disability or national origin.

Contractor must comply with, and the procedures Contractor utilizes and the Services Contractor provides under this Agreement must comply with, the Civil Rights Act of 1964, 42 U.S.C. sec. 2000e *et seq.* (1981), as amended and the Civil Rights Act of 1991, P.L. 102-166. Attention is called to: Exec. Order No. 11246, 30 Fed. Reg. 12,319 (1965), reprinted in 42 U.S.C. 2000e note, as amended by Exec. Order No. 11375, 32 Fed. Reg. 14,303 (1967) and by Exec. Order No. 12086, 43 Fed. Reg. 46,501 (1978); Age Discrimination Act, 42 U.S.C. §6101-6106 (1981); Age Discrimination in Employment Act, 29 U.S.C. §621-34; Rehabilitation Act of 1973, 29 U.S.C. §793-794 (1981); Americans with Disabilities Act, 42 U.S.C. §12101 *et seq.*; 41 C.F.R. Part 60 *et seq.* (1990); and all other applicable federal statutes, regulations and other laws.

(ii) **State Requirements**

Contractor must comply with, and the procedures Contractor utilizes and the Services Contractor provides under this Agreement must comply with, the Illinois Human Rights Act, 775 ILCS 5/1-101 *et seq.* (1990), as amended and any rules and regulations promulgated in accordance with it, including the Equal Employment Opportunity Clause, 44 Ill. Admin. Code §750 Appendix A. Furthermore, Contractor must comply with the Public Works Employment Discrimination Act, 775 ILCS 10/0.01 *et seq.* (1990), as amended, and all other applicable state statutes, regulations and other laws.

(iii) **City Requirements**

Contractor must comply with, and the procedures Contractor utilizes and the Services Contractor provides under this Agreement must comply with, the Chicago Human Rights Ordinance, ch. 2-160, Section 2-160-010 *et seq.* of the Municipal Code of Chicago (1990), as amended, and all other applicable City ordinances and rules.

(b) **Subcontractors**

Contractor must incorporate all of this Section 6.2 by reference in all agreements entered into with any suppliers of materials, furnisher of services, Subcontractors of any tier, and labor organizations that furnish skilled, unskilled and craft union skilled labor, or that may provide any such materials, labor or services in connection with this Agreement. Further, Contractor must furnish and must cause each of its Subcontractor(s) to furnish such reports and information as requested by the federal, state, and local agencies charged with enforcing such laws and regulations, including the Chicago Commission on Human Relations.

6.3 Inspector General

It is the duty of any bidder, proposer or Contractor, all Subcontractors, every applicant for certification of eligibility for a City contract or program, and all officers, directors, agents, partners and employees of any bidder, proposer, Contractor, Subcontractor or such applicant to cooperate with the Legislative Inspector General or the Inspector General in any investigation or hearing, if applicable, undertaken pursuant to Chapters 2-55 or 2-56, respectively, of the Municipal Code. Contractor understands and will abide by all provisions of Chapters 2-55 and 2-56 of the Municipal Code. All subcontracts must inform Subcontractors of the provision and require understanding and compliance with it.

6.4 MacBride Ordinance

The City of Chicago through the passage of the MacBride Principles Ordinance seeks to promote fair and equal employment opportunities and labor practices for religious minorities in Northern Ireland and provide a better working environment for all citizens in Northern Ireland.

In accordance with Section 2-92-580 of the Municipal Code of the City of Chicago, if Contractor conducts any business operations in Northern Ireland, the Contractor must make all reasonable and good faith efforts to conduct any business operations in Northern Ireland in accordance with the MacBride Principles for Northern Ireland as defined in Illinois Public Act 85-1390 (1988 Ill. Laws 3220).

The provisions of this Section 6.4 do not apply to contracts for which the City receives funds administered by the United States Department of Transportation, except to the extent Congress has directed that the Department of Transportation not withhold funds from states and localities that choose to implement selective purchasing policies based on agreement to comply with the MacBride Principles for Northern Ireland, or to the extent that such funds are not otherwise withheld by the Department of Transportation.

6.5 Business Relationships with Elected Officials

Pursuant to MCC Sect. 2-156-030(b), it is illegal for any elected official, or any person acting at the direction of such official, to contact either orally or in writing any other City official or employee with respect to any matter involving any person with whom the elected official has any business relationship that creates a financial interest on the part of the official, or the domestic partner or spouse of the official, or from whom or which he has derived any income or compensation during the preceding twelve months or from whom or which he reasonably expects to derive any income or compensation in the following twelve months. In addition, no elected official may participate in any discussion in any City Council committee hearing or in any City Council meeting or vote on any matter involving the person with whom the elected official has any business relationship that creates a financial interest on the part of the official, or the domestic partner or spouse of the official, or from whom or which he has derived any income or compensation during the preceding twelve months or from whom or which he reasonably expects to derive any income or compensation in the following twelve months.

Violation of MCC § 2-156-030 by any elected official with respect to this contract will be

grounds for termination of this contract. The term financial interest is defined as set forth in MCC Chapter 2-156.

6.6 Chicago "Living Wage" Ordinance

(a) Section 2-92-610 of the Municipal Code provides for a living wage for certain categories of workers employed in the performance of City contracts, specifically non-City employed security guards, parking attendants, day laborers, home and health care workers, cashiers, elevator operators, custodial workers and clerical workers ("**Covered Employees**"). Accordingly, pursuant to Section 2-92-610 and regulations promulgated under it:

(i) If Contractor has 25 or more full-time employees, and

(ii) If at any time during the performance of this Agreement, Contractor and/or any Subcontractor or any other entity that provides any portion of the Services (collectively "**Performing Parties**") uses 25 or more full-time security guards, or any number of other full-time Covered Employees, then

(iii) Contractor must pay its Covered Employees, and must ensure that all other Performing Parties pay their Covered Employees, not less than the minimum hourly rate as determined in accordance with this provision (the "**Base Wage**") for all Services performed under this Agreement.

(b) Contractor's obligation to pay, and to ensure payment of, the Base Wage will begin at any time during the term of this Agreement when the conditions set forth in (a)(i) and (a)(ii) above are met, and will continue until the end of the term of this Agreement.

(c) As of July 1, 2014, the Base Wage is \$11.93 per hour, and each July 1 thereafter, the Base Wage will be adjusted using the most recent federal poverty guidelines for a family of four as published annually by the U.S. Department of Health and Human Services, to constitute the following: the poverty guidelines for a family of four divided by 2000 hours or the current base wage, whichever is higher. The currently applicable Base Wage is available from the Department of Procurement Services. At all times during the term of this Agreement, Contractor and all other Performing Parties must pay the Base Wage (as adjusted in accordance with the above). If the payment of prevailing wages is required for Services done under this Agreement, and the prevailing wages for Covered Employees are higher than the Base Wage, then Contractor and all other Performing Parties must pay the prevailing wage rates.

(d) Contractor must include provisions in all subcontracts requiring its Subcontractors to pay the Base Wage to Covered Employees. Contractor agrees to provide the City with documentation acceptable to the Chief Procurement Officer demonstrating that all Covered Employees, whether employed by Contractor or by a Subcontractor, have been paid the Base Wage, upon the City's request for such documentation. The City may independently audit Contractor and/or Subcontractors to verify compliance with this section. Failure to comply with the requirements of this section will be an event of default under this Agreement, and further,

failure to comply may result in ineligibility for any award of a City contract or subcontract for up to 3 years.

(e) Not-for-Profit Corporations: If Contractor is a corporation having federal tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and is recognized under Illinois not-for-profit law, then the provisions of subsections (a) through (d) above do not apply.

6.7 Environmental Warranties and Representations

In accordance with Section 11-4-1600(e) of the Municipal Code of Chicago, Contractor warrants and represents that it, and to the best of its knowledge, its subcontractors have not violated and are not in violation of the following sections of the Code (collectively, the Waste Sections):

7-28-390 Dumping on public way;
7-28-440 Dumping on real estate without permit;
11-4-1410 Disposal in waters prohibited;
11-4-1420 Ballast tank, bilge tank or other discharge;
11-4-1450 Gas manufacturing residue;
11-4-1500 Treatment and disposal of solid or liquid waste;
11-4-1530 Compliance with rules and regulations required;
11-4-1550 Operational requirements; and
11-4-1560 Screening requirements.

During the period while this Agreement is executory, Contractor's or any subcontractor's violation of the Waste Sections, whether or not relating to the performance of this Agreement, constitutes a breach of and an event of default under this Agreement, for which the opportunity to cure, if curable, will be granted only at the sole discretion of the Chief Procurement Officer. Such breach and default entitles the City to all remedies under the Agreement, at law or in equity.

This section does not limit Contractor's and its subcontractors' duty to comply with all applicable federal, state, county and municipal laws, statutes, ordinances and executive orders, in effect now or later, and whether or not they appear in this Agreement.

Non-compliance with these terms and conditions may be used by the City as grounds for the termination of this Agreement, and may further affect Contractor's eligibility for future contract awards.

6.8 Prohibition on Certain Contributions

No Contractor or any person or entity who directly or indirectly has an ownership or beneficial interest in Contractor of more than 7.5% ("Owners"), spouses and domestic partners of such Owners, Contractor's Subcontractors, any person or entity who directly or indirectly has an ownership or beneficial interest in any Subcontractor of more than 7.5% ("Sub-owners") and

spouses and domestic partners of such Sub-owners (Contractor and all the other preceding classes of persons and entities are together, the "Identified Parties"), shall make a contribution of any amount to the Mayor of the City of Chicago (the "Mayor") or to his political fundraising committee during (i) the bid or other solicitation process for this Contract or Other Contract, including while this Contract or Other Contract is executory, (ii) the term of this Contract or any Other Contract between City and Contractor, and/or (iii) any period in which an extension of this Contract or Other Contract with the City is being sought or negotiated.

Contractor represents and warrants that since the date of public advertisement of the specification, request for qualifications, request for proposals or request for information (or any combination of those requests) or, if not competitively procured, from the date the City approached the Contractor or the date the Contractor approached the City, as applicable, regarding the formulation of this Contract, no Identified Parties have made a contribution of any amount to the Mayor or to his political fundraising committee.

Contractor shall not: (a) coerce, compel or intimidate its employees to make a contribution of any amount to the Mayor or to the Mayor's political fundraising committee; (b) reimburse its employees for a contribution of any amount made to the Mayor or to the Mayor's political fundraising committee; or (c) bundle or solicit others to bundle contributions to the Mayor or to his political fundraising committee.

The Identified Parties must not engage in any conduct whatsoever designed to intentionally violate this provision or Mayoral Executive Order No. 2011-4 or to entice, direct or solicit others to intentionally violate this provision or Mayoral Executive Order No. 2011-4.

Violation of, non-compliance with, misrepresentation with respect to, or breach of any covenant or warranty under this provision or violation of Mayoral Executive Order No. 2011-4 constitutes a breach and default under this Contract, and under any Other Contract for which no opportunity to cure will be granted. Such breach and default entitles the City to all remedies (including without limitation termination for default) under this Contract, under Other Contract, at law and in equity. This provision amends any Other Contract and supersedes any inconsistent provision contained therein.

If Contractor violates this provision or Mayoral Executive Order No. 2011-4 prior to award of the Contract resulting from this specification, the CPO may reject Contractor's bid.

For purposes of this provision:

"Other Contract" means any agreement entered into between the Contractor and the City that is (i) formed under the authority of MCC Ch. 2-92; (ii) for the purchase, sale or lease of real or personal property; or (iii) for materials, supplies, equipment or services which are approved and/or authorized by the City Council.

"Contribution" means a "political contribution" as defined in MCC Ch. 2-156, as amended.

"Political fundraising committee" means a "political fundraising committee" as defined in MCC Ch. 2-156, as amended.

6.9 Firms Owned or Operated by Individuals with Disabilities

The City encourages consultants to use Subcontractors that are firms owned or operated by individuals with disabilities, as defined by Section 2-92-586 of the Municipal Code of the City of Chicago, where not otherwise prohibited by federal or state law.

6.10 Ineligibility to do Business with City.

Failure by the Contractor or any Controlling Person (defined in Section 1-23-010 of the Municipal Code) thereof to maintain eligibility to do business with the City in violation of Section 1-23-030 of the Municipal Code shall render this Contract voidable or subject to termination, at the option of the Chief Procurement Officer. Contractor agrees that Contractor's failure to maintain eligibility (or failure by Controlling Persons to maintain eligibility) to do business with the City in violation of Section 1-23-030 of the Municipal Code shall constitute an event of default.

6.11 Duty to Report Corrupt or Unlawful Activity

Pursuant to §2-156-018 of the Municipal Code, it is the duty of the Contractor to report to the Inspector General, directly and without undue delay, any and all information concerning conduct which it knows to involve corrupt activity. "Corrupt Activity" means any conduct set forth in Subparagraph (a)(1), (2) or (3) of §1-23-020 of the Municipal Code. Knowing failure to make such a report will be an event of default under this Agreement. Reports may be made to the Inspector General's toll free hotline, 866-IG-TIPLINE (866-448-4754).

6.12 Deemed Inclusion

Provisions required by law, ordinances, rules, regulations, or executive orders to be inserted in this Agreement are deemed inserted in this Agreement whether or not they appear in this Agreement or, upon application by either party, this Agreement will be amended to make the insertion; however, in no event will the failure to insert the provisions before or after this Agreement is signed prevent its enforcement.

ARTICLE 7. SPECIAL CONDITIONS

7.1 Warranties and Representations

In connection with signing and carrying out this Agreement, Contractor:

(a) warrants that Contractor is appropriately licensed under Illinois law to perform the Services required under this Agreement and will perform no Services for which a professional license is required by law and for which Contractor is not appropriately licensed;

(b) warrants it is financially solvent; it and each of its employees, agents and Subcontractors of any tier are competent to perform the Services required under this Agreement; and Contractor is legally authorized to execute and perform or cause to be performed this Agreement under the terms and conditions stated in this Agreement;

(c) warrants that it will not knowingly use the services of any ineligible contractor or Subcontractor for any purpose in the performance of its Services under this Agreement;

(d) warrants that Contractor and its Subcontractors are not in default at the time this Agreement is signed, and have not been deemed by the Chief Procurement Officer to have, within 5 years immediately preceding the date of this Agreement, been found to be in default on any contract awarded by the City ;

(e) represents that it has carefully examined and analyzed the provisions and requirements of this Agreement; it understands the nature of the Services required; from its own analysis it has satisfied itself as to the nature of all things needed for the performance of this Agreement; this Agreement is feasible of performance in accordance with all of its provisions and requirements, and Contractor warrants it can and will perform, or cause to be performed, the Services in strict accordance with the provisions and requirements of this Agreement;

(f) represents that Contractor and, to the best of its knowledge, its Subcontractors are not in violation of the provisions of §2-92-320 of the Municipal Code , and in connection with it, and additionally in connection with the Illinois Criminal Code, 720 ILCS 5/33E as amended, and the Illinois Municipal Code, 65 ILCS 5/11-42.1-1;

(g) acknowledges that any certification, affidavit or acknowledgment made under oath in connection with this Agreement is made under penalty of perjury and, if false, is also cause for termination under Sections 8.2 and 8.3 of this Agreement; and

(h) warrants and represents that neither Contractor nor an Affiliate of Contractor (as defined below) appears on the Specially Designated Nationals List, the Denied Persons List, the unverified List, the Entity List, or the Debarred List as maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or by the Bureau of Industry and Security of the U.S. Department of Commerce (or their successors), or on any other list of persons or entities with which the City may not do business under any applicable law, rule, regulation, order or judgment. "Affiliate of Contractor" means a person or entity that directly (or indirectly through one or more intermediaries) controls, is controlled by or is under common control with Contractor. A person or entity will be deemed to be controlled by another person or entity if it is controlled in any manner whatsoever that results in control in fact by that other person or entity

(either acting individually or acting jointly or in concert with others) whether directly or indirectly and whether through share ownership, a trust, a contract or otherwise.

7.2 Ethics

(a) In addition to the foregoing warranties and representations, Contractor warrants:

(i) no officer, agent or employee of the City is employed by Contractor or has a financial interest directly or indirectly in this Agreement or the compensation to be paid under this Agreement except as may be permitted in writing by the Board of Ethics established under Chapter 2-156 of the Municipal Code .

(ii) no payment, gratuity or offer of employment will be made in connection with this Agreement by or on behalf of any Subcontractors to Contractor or higher tier Subcontractors or anyone associated with them, as an inducement for the award of a subcontract or order.

(b) Contractor must comply with Chapter 2-156 of the Municipal Code. Contractor acknowledges that any Agreement entered into, negotiated or performed in violation of any of the provisions of Chapter 2-156, including any contract entered into with any person who has retained or employed a non-registered lobbyist in violation of Section 2-156-305 of the Municipal Code is voidable as to the City.

7.3 Joint and Several Liability

If Contractor, or its successors or assigns, if any, is comprised of more than one individual or other legal entity (or a combination of them), then under this Agreement, each and without limitation every obligation or undertaking in this Agreement to be fulfilled or performed by Contractor is the joint and several obligation or undertaking of each such individual or other legal entity.

7.4 Business Documents

At the request of the City, Contractor must provide copies of its latest articles of incorporation, by-laws and resolutions, or partnership or joint venture agreement, as applicable.

7.5 Conflicts of Interest

(a) No member of the governing body of the City or other unit of government and no other officer, employee or agent of the City or other unit of government who exercises any functions or responsibilities in connection with the Services to which this Agreement pertains is permitted to have any personal interest, direct or indirect, in this Agreement. No member of or delegate to the Congress of the United States or the Illinois General Assembly and no alderman

of the City or City employee is allowed to be admitted to any share or part of this Agreement or to any financial benefit to arise from it.

(b) Contractor represents that it, and to the best of its knowledge, its Subcontractors if any (Contractor and Subcontractors will be collectively referred to in this Section 7.5 as "**Consulting Parties**"), presently have no direct or indirect interest and will not acquire any direct or indirect interest in any project or contract that would conflict in any manner or degree with the performance of its Services under this Agreement.

(c) Upon the request of the City, Consulting Parties must disclose to the City their past client lists and the names of any clients with whom they have an ongoing relationship. Consulting Parties are not permitted to perform any Services for the City on applications or other documents submitted to the City by any of Consulting Parties' past or present clients. If Consulting Parties become aware of a conflict, they must immediately stop work on the assignment causing the conflict and notify the City.

(d) Without limiting the foregoing, if the Consulting Parties assist the City in determining the advisability or feasibility of a project or in recommending, researching, preparing, drafting or issuing a request for proposals or bid specifications for a project, the Consulting Parties must not participate, directly or indirectly, as a prime, subcontractor or joint venturer in that project or in the preparation of a proposal or bid for that project during the term of this Agreement or afterwards. The Consulting Parties may, however, assist the City in reviewing the proposals or bids for the project if none of the Consulting Parties have a relationship with the persons or entities that submitted the proposals or bids for that project.

(e) Further, Consulting Parties must not assign any person having any conflicting interest to perform any Services under this Agreement or have access to any confidential information, as described in Section 2.11 of this Agreement. If the City, by the Commissioner in his reasonable judgment, determines that any of Consulting Parties' services for others conflict with the Services that Consulting Parties are to render for the City under this Agreement, Consulting Parties must terminate such other services immediately upon request of the City.

(f) Furthermore, if any federal funds are to be used to compensate or reimburse Contractor under this Agreement, Contractor represents that it is and will remain in compliance with federal restrictions on lobbying set forth in Section 319 of the Department of the Interior and Related Agencies Appropriations Act for Fiscal Year 1990, 31 U.S.C. §1352, and related rules and regulations set forth at 54 Fed. Reg. 52,309 ff. (1989), as amended. If federal funds are to be used, Contractor must execute a Certification Regarding Lobbying, which is part of the EDS and incorporated by reference as if fully set forth here.

7.6 Non-Liability of Public Officials

Contractor and any assignee or Subcontractor of Contractor must not charge any official, employee or agent of the City personally with any liability or expenses of defense or hold any official, employee or agent of the City personally liable to them under any term or provision of

this Agreement or because of the City's execution, attempted execution or any breach of this Agreement.

7.7 EDS / Certification Regarding Suspension and Debarment

Contractor certifies, as further evidenced in the EDS attached as Exhibit 4, by its acceptance of this Agreement that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from participation in this transaction by any federal department or agency. Contractor further agrees by executing this Agreement that it will include this clause without modification in all lower tier transactions, solicitations, proposals, contracts and subcontracts. If Contractor or any lower tier participant is unable to certify to this statement, it must attach an explanation to the Agreement.

ARTICLE 8. EVENTS OF DEFAULT, REMEDIES, TERMINATION, SUSPENSION AND RIGHT TO OFFSET

8.1 Events of Default Defined

The following constitute events of default:

- (a) Any material misrepresentation, whether negligent or willful and whether in the inducement or in the performance, made by Contractor to the City.
- (b) Contractor's material failure to perform any of its obligations under this Agreement including the following:
 - (i) Failure to perform the Services with sufficient personnel and equipment or with sufficient material to ensure the timely performance of the Services;
 - (ii) Failure to have and maintain all professional licenses required by law to perform the Services;
 - (iii) Failure to timely perform the Services;
 - (iv) Failure to perform the Services in a manner reasonably satisfactory to the Commissioner or the Chief Procurement Officer or inability to perform the Services satisfactorily as a result of insolvency, filing for bankruptcy or assignment for the benefit of creditors;
 - (v) Failure to promptly re-perform, as required, within a reasonable time and at no cost to the City, Services that are rejected as erroneous or unsatisfactory;

- (vi) Discontinuance of the Services for reasons within Contractor's reasonable control;
- (vii) Failure to comply with Section 6.1 in the performance of the Agreement;
- (viii) Failure promptly to update EDS(s) furnished in connection with this Agreement when the information or responses contained in it or them is no longer complete or accurate;
- (ix) Failure to comply with any other material term of this Agreement, including the provisions concerning insurance and nondiscrimination; and
- (x) Any other acts specifically stated in this Agreement as constituting an act of default.

(c) Any change in ownership or control of Contractor without the prior written approval of the Chief Procurement Officer (when such prior approval is permissible by law), which approval the Chief Procurement Officer will not unreasonably withhold.

(d) Contractor's default under any other agreement it may presently have or may enter into with the City for the duration of this Agreement. Contractor acknowledges that in the event of a default under this Agreement the City may also declare a default under any such other agreements.

(e) Contractor's violation of City ordinance(s) unrelated to performance under the Agreement such that, in the opinion of the Chief Procurement Officer, it indicates a willful or reckless disregard for City laws and regulations.

8.2 Remedies

(a) Notices. The occurrence of any event of default permits the City, at the City's sole option, to declare Contractor in default. The Chief Procurement Officer may in his sole discretion give Contractor an opportunity to cure the default within a certain period of time, which period of time must not exceed 30 days unless extended by the Chief Procurement Officer. Whether to declare Contractor in default is within the sole discretion of the Chief Procurement Officer and neither that decision nor the factual basis for it is subject to review or challenge under the Disputes provision of this Agreement.

The Chief Procurement Officer will give Contractor written notice of the default, either in the form of a cure notice ("**Cure Notice**"), or, if no opportunity to cure will be granted, a default notice ("**Default Notice**"). If the Chief Procurement Officer gives a Default Notice, he will also indicate any present intent he may have to terminate this Agreement, and the decision to terminate is final and effective upon giving the notice. If the Chief Procurement Officer decides not to terminate, this decision will not preclude him from later deciding to terminate the Agreement in a later notice, which will be final and effective upon the giving of the notice or on

the date set forth in the notice, whichever is later. The Chief Procurement Officer may give a Default Notice if Contractor fails to effect a cure within the cure period given in a Cure Notice. When a Default Notice with intent to terminate is given as provided in this Section 8.2 and Article 10, Contractor must discontinue any Services, unless otherwise directed in the notice, and deliver all materials accumulated in the performance of this Agreement, whether completed or in the process, to the City.

(b) Exercise of Remedies. After giving a Default Notice, the City may invoke any or all of the following remedies:

(i) The right to take over and complete the Services, or any part of them, at Contractor's expense and as agent for Contractor, either directly or through others, and bill Contractor for the cost of the Services, and Contractor must pay the difference between the total amount of this bill and the amount the City would have paid Contractor under the terms and conditions of this Agreement for the Services that were assumed by the City as agent for Contractor under this Section 8.2;

(ii) The right to terminate this Agreement as to any or all of the Services yet to be performed effective at a time specified by the City;

(iii) The right of specific performance, an injunction or any other appropriate equitable remedy;

(iv) The right to money damages;

(v) The right to withhold all or any part of Contractor's compensation under this Agreement;

(vi) The right to deem Contractor non-responsible in future contracts to be awarded by the City;

(vii) The right to declare default on any other contract or agreement Contractor may have with the City.

(c) City's Reservation of Rights. If the Chief Procurement Officer considers it to be in the City's best interests, he may elect not to declare default or to terminate this Agreement. The parties acknowledge that this provision is solely for the benefit of the City and that if the City permits Contractor to continue to provide the Services despite one or more events of default, Contractor is in no way relieved of any of its responsibilities, duties or obligations under this Agreement, nor does the City waive or relinquish any of its rights.

(d) Non-Exclusivity of Remedies. The remedies under the terms of this Agreement are not intended to be exclusive of any other remedies provided, but each and every such remedy is cumulative and is in addition to any other remedies, existing now or later, at law, in equity or by statute. No delay or omission to exercise any right or power accruing upon any event of

default impairs any such right or power, nor is it a waiver of any event of default nor acquiescence in it, and every such right and power may be exercised from time to time and as often as the City considers expedient.

8.3 Early Termination

(a) In addition to termination under Sections 8.1 and 8.2 of this Agreement, the City may terminate this Agreement, or all or any portion of the Services to be performed under it, at any time by a notice in writing from the City to Contractor. The City will give notice to Contractor in accordance with the provisions of Article 10. The effective date of termination will be the date the notice is received by Contractor or the date stated in the notice, whichever is later. If the City elects to terminate this Agreement in full, all Services to be provided under it must cease and all materials that may have been accumulated in performing this Agreement, whether completed or in the process, must be delivered to the City effective 10 days after the date the notice is considered received as provided under Article 10 of this Agreement (if no date is given) or upon the effective date stated in the notice.

(b) After the notice is received, Contractor must restrict its activities, and those of its Subcontractors, to winding down any reports, analyses, or other activities previously begun. No costs incurred after the effective date of the termination are allowed. Payment for any Services actually and satisfactorily performed before the effective date of the termination is on the same basis as set forth in Article 4, but if any compensation is described or provided for on the basis of a period longer than 10 days, then the compensation must be prorated accordingly. No amount of compensation, however, is permitted for anticipated profits on unperformed Services. The City and Contractor must attempt to agree on the amount of compensation to be paid to Contractor, but if not agreed on, the dispute must be settled in accordance with Article 5 of this Agreement. The payment so made to Contractor is in full settlement for all Services satisfactorily performed under this Agreement.

(c) Contractor must include in its contracts with Subcontractors an early termination provision in form and substance equivalent to this early termination provision to prevent claims against the City arising from termination of subcontracts after the early termination. Contractor will not be entitled to make any early termination claims against the City resulting from any Subcontractor's claims against Contractor or the City.

(d) If the City's election to terminate this Agreement for default under Sections 8.1 and 8.2 is determined in a court of competent jurisdiction to have been wrongful, then in that case the termination is to be considered to be an early termination under this Section 8.3.

8.4 Suspension

The City may at any time request that Contractor suspend its Services, or any part of them, by giving 15 days prior written notice to Contractor or upon informal oral, or even no notice, in the event of emergency. No costs incurred after the effective date of such suspension are allowed. Contractor must promptly resume its performance of the Services under the same terms and conditions as stated in this Agreement upon written notice by the Chief Procurement Officer and such equitable extension of time as may be mutually agreed upon by the Chief Procurement Officer and Contractor when necessary for continuation or completion of Services. Any additional costs or expenses actually incurred by Contractor as a result of recommencing the Services must be treated in accordance with the compensation provisions under Article 4 of this Agreement.

No suspension of this Agreement is permitted in the aggregate to exceed a period of 45 days within any one year of this Agreement. If the total number of days of suspension exceeds 45 days, Contractor by written notice to the City may treat the suspension as an early termination of this Agreement under Section 8.3.

8.5 Right to Offset

(a) In connection with Contractor's performance under this Agreement, the City may offset any incremental costs and other damages the City incurs in any or all of the following circumstances:

- (i) if the City terminates this Agreement for default or any other reason resulting from Contractor's performance or non-performance;
- (ii) if the City exercises any of its remedies under Section 8.2 of this Agreement;
- (iii) if the City has any credits due or has made any overpayments under this Agreement.

The City may offset these incremental costs and other damages by use of any payment due for Services completed before the City terminated this Agreement or before the City exercised any remedies. If the amount offset is insufficient to cover those incremental costs and other damages, Contractor is liable for and must promptly remit to the City the balance upon written demand for it. This right to offset is in addition to and not a limitation of any other remedies available to the City.

(b) As provided under ' 2-92-380 of the Municipal Code, the City may set off from Contractor's compensation under this Agreement an amount equal to the amount of the fines and penalties for each *outstanding parking violation complaint* and the amount of any *debt* owed by Contractor to the City as those italicized terms are defined in the Municipal Code.

(c) In connection with any liquidated or unliquidated claims against Contractor, and without breaching this Agreement, the City may set off a portion of the price or compensation

due under this Agreement in an amount equal to the amount of any liquidated or unliquidated claims that the City has against Contractor unrelated to this Agreement. When the City's claims against Contractor are finally adjudicated in a court of competent jurisdiction or otherwise resolved, the City will reimburse Contractor to the extent of the amount the City has offset against this Agreement inconsistently with such determination or resolution.

ARTICLE 9. GENERAL CONDITIONS

9.1 Entire Agreement

(a) General

This Agreement, and the exhibits attached to it and incorporated in it, constitute the entire agreement between the parties and no other terms, conditions, warranties, inducements, considerations, promises or interpretations are implied or impressed upon this Agreement that are not addressed in this Agreement.

(b) No Collateral Agreements

Contractor acknowledges that, except only for those representations, statements or promises contained in this Agreement and any exhibits attached to it and incorporated by reference in it, no representation, statement or promise, oral or in writing, of any kind whatsoever, by the City, its officials, agents or employees, has induced Contractor to enter into this Agreement or has been relied upon by Contractor, including any with reference to: (i) the meaning, correctness, suitability or completeness of any provisions or requirements of this Agreement; (ii) the nature of the Services to be performed; (iii) the nature, quantity, quality or volume of any materials, equipment, labor and other facilities needed for the performance of this Agreement; (iv) the general conditions which may in any way affect this Agreement or its performance; (v) the compensation provisions of this Agreement; or (vi) any other matters, whether similar to or different from those referred to in (i) through (vi) immediately above, affecting or having any connection with this Agreement, its negotiation, any discussions of its performance or those employed or connected or concerned with it.

(c) No Omissions

Contractor acknowledges that Contractor was given ample opportunity and time and was requested by the City to review thoroughly all documents forming this Agreement before signing this Agreement in order that it might request inclusion in this Agreement of any statement, representation, promise or provision that it desired or on that it wished to place reliance. Contractor did so review those documents, and either every such statement, representation, promise or provision has been included in this Agreement or else, if omitted, Contractor relinquishes the benefit of any such omitted statement, representation, promise or provision and

is willing to perform this Agreement in its entirety without claiming reliance on it or making any other claim on account of its omission.

9.2 Counterparts

This Agreement is comprised of several identical counterparts, each to be fully signed by the parties and each to be considered an original having identical legal effect.

9.3 Amendments

Except as provided in Section 3.3 of this Agreement, no changes, amendments, modifications or discharge of this Agreement, or any part of it are valid unless in writing and signed by the authorized agent of Contractor and by the Mayor, Comptroller, and Chief Procurement Officer of the City or their respective successors and assigns. The City incurs no liability for Additional Services without a written amendment to this Agreement under this Section 9.3.

Whenever under this Agreement Contractor is required to obtain the City's prior written approval, the effect of any approval that may be granted pursuant to Contractor's request is prospective only from the later of the date approval was requested or the date on which the action for which the approval was sought is to begin. In no event is approval permitted to apply retroactively to a date before the approval was requested.

9.4 Governing Law and Jurisdiction

This Agreement is governed as to performance and interpretation in accordance with the laws of the State of Illinois.

Contractor irrevocably submits itself to the original jurisdiction of those courts located within the County of Cook, State of Illinois, with regard to any controversy arising out of, relating to, or in any way concerning the execution or performance of this Agreement. Service of process on Contractor may be made, at the option of the City, either by registered or certified mail addressed to the applicable office as provided for in this Agreement, by registered or certified mail addressed to the office actually maintained by Contractor, or by personal delivery on any officer, director, or managing or general agent of Contractor. If any action is brought by Contractor against the City concerning this Agreement, the action must be brought only in those courts located within the County of Cook, State of Illinois.

9.5 Severability

If any provision of this Agreement is held or deemed to be or is in fact invalid, illegal, inoperative or unenforceable as applied in any particular case in any jurisdiction or in all cases because it conflicts with any other provision or provisions of this Agreement or of any constitution, statute, ordinance, rule of law or public policy, or for any other reason, those circumstances do not have the effect of rendering the provision in question invalid, illegal, inoperative or unenforceable in any other case or circumstances, or of rendering any other provision or provisions in this Agreement invalid, illegal, inoperative or unenforceable to any

extent whatsoever. The invalidity, illegality, inoperativeness or unenforceability of any one or more phrases, sentences, clauses or sections in this Agreement does not affect the remaining portions of this Agreement or any part of it.

9.6 Assigns

All of the terms and conditions of this Agreement are binding upon and inure to the benefit of the parties and their respective legal representatives, successors and assigns.

9.7 Cooperation

Contractor must at all times cooperate fully with the City and act in the City's best interests. If this Agreement is terminated for any reason, or if it is to expire on its own terms, Contractor must make every effort to ensure an orderly transition to another provider of the Services, if any, orderly demobilization of its own operations in connection with the Services, uninterrupted provision of Services during any transition period and must otherwise comply with the reasonable requests and requirements of the Department in connection with the termination or expiration. Following termination or expiration of this Agreement, rights and obligations that by their nature should survive or which this Agreement expressly states will survive will remain in full force and effect.

9.8 Waiver

Nothing in this Agreement authorizes the waiver of a requirement or condition contrary to law or ordinance or that would result in or promote the violation of any federal, state or local law or ordinance.

Whenever under this Agreement the City by a proper authority waives Contractor's performance in any respect or waives a requirement or condition to either the City's or Contractor's performance, the waiver so granted, whether express or implied, only applies to the particular instance and is not a waiver forever or for subsequent instances of the performance, requirement or condition. No such waiver is a modification of this Agreement regardless of the number of times the City may have waived the performance, requirement or condition. Such waivers must be provided to Contractor in writing.

9.9 Independent Contractor

(a) This Agreement is not intended to and does not constitute, create, give rise to, or otherwise recognize a joint venture, partnership, corporation or other formal business association or organization of any kind between Contractor and the City. The rights and the obligations of the parties are only those set forth in this Agreement. Contractor must perform under this Agreement as an independent contractor and not as a representative, employee, agent, or partner of the City.

(b) This Agreement is between the City and an independent contractor and, if Contractor is an individual, nothing provided for under this Agreement constitutes or implies an employer-employee relationship such that:

(i) The City will not be liable under or by reason of this Agreement for the payment of any compensation award or damages in connection with the Contractor performing the Services required under this Agreement.

(ii) Contractor is not entitled to membership in any City Pension Fund, Group Medical Insurance Program, Group Dental Program, Group Vision Care, Group Life Insurance Program, Deferred Income Program, vacation, sick leave, extended sick leave, or any other benefits ordinarily provided to individuals employed and paid through the regular payrolls of the City.

(iii) The City is not required to deduct or withhold any taxes, FICA or other deductions from any compensation provided to Contractor.

(c)(i) The City is subject to June 24, 2011 the “City of Chicago Hiring Plan” (the “City Hiring Plan”) entered in *Shakman v. Democratic Organization of Cook County*, Case No 69 C 2145 (United State District Court for the Northern District of Illinois). Among other things, the City Hiring Plan prohibits the City from hiring persons as governmental employees in non-exempt positions on the basis of political reasons or factors.

(ii) Contractor is aware that City policy prohibits City employees from directing any individual to apply for a position with Contractor, either as an employee or as a subcontractor, and from directing Contractor to hire an individual as an employee or as a subcontractor. Accordingly, Contractor must follow its own hiring and contracting procedures, without being influenced by City employees. Any and all personnel provided by Contractor under this Agreement are employees or subcontractors of Contractor, not employees of the City of Chicago. This Agreement is not intended to and does not constitute, create, give rise to, or otherwise recognize an employer-employee relationship of any kind between the City and any personnel provided by Contractor.

(iii) Contractor will not condition, base, or knowingly prejudice or affect any term or aspect of the employment of any personnel provided under this Agreement, or offer employment to any individual to provide services under this Agreement, based upon or because of any political reason or factor, including, without limitation, any individual’s political affiliation, membership in a political organization or party, political support or activity, political financial contributions, promises of such political support, activity or financial contributions, or such individual’s political sponsorship or recommendation. For purposes of this Agreement, a political organization or party is an identifiable group or entity that has as its primary purpose the support of or opposition to candidates for elected public office. Individual political activities are the activities of individual persons in support of or in opposition to political organizations or parties or candidates for elected public office.

(iv) In the event of any communication to Contractor by a City employee or City official in violation of Section (ii) above, or advocating a violation of Section (iii) above, Contractor will, as soon as is reasonably practicable, report such communication to the Hiring Oversight Section of the City's Office of the Inspector General, and also to the head of the relevant City Department utilizing services provided under this Agreement. Contractor will also cooperate with any inquiries by OIG Hiring Oversight related to the contract.

(d) The parties agree that this Contract is solely for the benefit of the parties and nothing herein is intended to create any third party beneficiary rights for subcontractors or other third parties.

ARTICLE 10. NOTICES

Notices provided for in this Agreement, unless provided for otherwise in this Agreement, must be given in writing and may be delivered personally or by placing in the United States mail, first class and certified, return receipt requested, with postage prepaid and addressed as follows:

If to the City:

Chicago, Illinois 60602
Attention: Commissioner
and

Department of Procurement Services
Room 806, City Hall
121 North LaSalle Street
Chicago, Illinois 60602
Attention: Chief Procurement Officer

With Copies to:

Department of Law
Room 600, City Hall
121 North LaSalle Street
Chicago, Illinois 60602
Attention: Corporation Counsel

If to Contractor:

Attention: _____

Changes in these addresses must be in writing and delivered in accordance with the provisions of this Article 10. Notices delivered by mail are considered received three days after mailing in accordance with this Article 10. Notices delivered personally are considered effective upon receipt. Refusal to accept delivery has the same effect as receipt.

ARTICLE 11. AUTHORITY

Execution of this Agreement by Contractor is authorized by a resolution of its Board of Directors, if a corporation, or similar governing document, and the signature(s) of each person signing on behalf of Contractor have been made with complete and full authority to commit Contractor to all terms and conditions of this Agreement, including each and every representation, certification and warranty contained in it, including the representations, certifications and warranties collectively incorporated by reference in it.

[Signature Pages, Exhibits and Schedules follow.]

SIGNATURE PAGE(S)

SIGNED at Chicago, Illinois:

CITY OF CHICAGO

By: _____

Mayor

Comptroller

Chief Procurement Officer

Recommended By:

Commissioner

Approved as to form and legality:

Assistant Corporation Counsel

CONTRACTOR¹

By: _____

Its: _____

Attest: _____

State of

County of

This instrument was acknowledged before me on _____ (date) by
(name/s of person/s) as _____ (type of authority, e.g., officer, trustee, etc.) of
(name of party on behalf of whom instrument was executed).

(Signature of Notary Public)

Seal:

¹If Contractor is a joint venture or other legal entity for which this signature format is inappropriate, please substitute an appropriate signature page with appropriate attestation and notarization.

EXHIBIT 6

BUSINESS ASSOCIATE AGREEMENT

The City of Chicago (“City”) and _____ (“Business Associate”) agree to the following terms and conditions, which are intended to comply with the Health Insurance Portability and Accountability Act of 1996, the Health Information Technology for Economic and Clinical Health Act, and their implementing regulations:

The terms below that are capitalized and in bold have the same meanings as set forth in the Health Insurance Portability and Accountability Act of 1996, the Health Information Technology for Economic and Clinical Health Act, which is part of the American Recovery and Reinvestment Act of 2009, and the regulations promulgated thereunder, including the privacy, security, breach, omnibus, and enforcement rules, as each may be amended from time to time (collectively, “HIPAA”). See 45 CFR parts 160 and 164.

Specifically, the following terms used in the Business Associate Agreement shall have the same meaning as in HIPAA: **Breach, Business Associate, Covered Entity, Data Aggregation, Designated Record Set, Disclosure, Financial Remuneration, Fundraising, Health Care Operations, Individual, Marketing, Minimum Necessary, Notice of Privacy Practices, Protected Health Information (“PHI”), Required By Law, Secretary, Security Incident, Subcontractor, Unsecured Protected Health Information, and Use.** The term “**Breach**” has the meaning as set forth in HIPAA when capitalized below, but has the ordinary dictionary meaning when not capitalized below.

For purposes of this Business Associate Agreement, the term “Protected Health Information” or “PHI” includes electronic PHI, also known as ePHI.

1. Interpretation of this Business Associate Agreement. A reference in this Business Associate Agreement to HIPAA means the section in effect or as amended. If there is a dispute as to whether Business Associate is, in fact, a Business Associate, the Business Associate must provide a legal memorandum to the City indicating why the Business Associate does not fall under the definition of Business Associate in HIPAA. If the City disagrees with the legal memorandum regarding the Business Associate’s conclusion that Business Associate is not a Business Associate, the City may choose to report a Breach to the Secretary or take other measures as deemed necessary to ensure the City’s compliance with HIPAA. Any ambiguity or inconsistency in this Business Associate Agreement shall be resolved in favor of a meaning that permits City to comply with HIPAA.
2. Amendment of this Business Associate Agreement. The parties hereto agree to negotiate in good faith to amend this Agreement from time to time as is necessary for City to comply with the requirements of HIPAA and for Business Associate to provide services to City. However, no change, amendment, or modification of this Agreement shall be valid unless it is set forth in writing and signed by both parties.

3. Designation of HIPAA Officer(s). Business Associate agrees to designate, in writing, a HIPAA Privacy and Security Officer(s) who will communicate with the City's HIPAA Privacy and Security Officers for purposes of this Agreement. Business Associate agrees to notify the City's HIPAA Privacy and Security Officers of such designation and the contact information of such officer(s):

HIPAA Privacy Officer
312-747-9698

hipaaprivacyofficer@cityofchicago.org

Arlan McMillan

HIPAA Security Officer

312-744-1345

hipaasecurityofficer@cityofchicago.org

4. Uses and Disclosures of PHI. Business Associate must not use or further disclose Protected Health Information ("PHI") other than as permitted or required by this Agreement, as necessary to perform the services in this Agreement, or as Required By Law.

- a. Business Associate will not sell PHI or use or disclose PHI for the purposes of marketing or fundraising.
- b. Business Associate shall not directly or indirectly receive financial remuneration in exchange for any PHI of an individual or in exchange for making communications regarding treatment or health care operations purposes, unless otherwise allowed in this Agreement.
- c. If Business Associate is authorized to use PHI to provide the City with de-identified information, Business Associate is not permitted to use or disclose the de-identified information for purposes other than those specified in the Agreement.
- d. Business Associate may use PHI to provide data aggregation services to the City, relating to the health care operations of the City.
- e. Business Associate may use and disclose PHI received by the Business Associate in its capacity as a Business Associate to the City, if necessary, for the proper management and administration of Business Associate or to carry out the legal responsibilities of Business Associate, provided that, as to any such disclosure, the following requirements are met:
 - i. The disclosure is required by law; or
 - ii. The Business Associate obtains reasonable assurances from the person to whom the information is disclosed that it will be held confidentially and used or further disclosed only as required by law or for the purpose for which it was disclosed to the person, and the person notifies Business Associate of any instances of which it is aware in which the confidentiality of the information has been the subject of a Breach.
- f. Except as otherwise limited in this Agreement, Business Associate may use and disclose PHI obtained from or on behalf of the City to perform functions, activities, or services for, or on behalf of, the City as specified in the Agreement, provided that such use or disclosure would not violate HIPAA if done by the City.

5. Minimum Necessary. Business Associate shall use, disclose, or request only the minimum necessary PHI necessary to accomplish the intended purpose of the use, disclosure, or request. Business Associate represents that the PHI used, disclosed, or requested by Business Associate is the minimum necessary to carry out purposes of the Agreement. Prior to any use or disclosure, Business Associate shall determine whether a limited data set would be sufficient for these purposes.

6. Safeguards of PHI. Business Associate must use appropriate safeguards with respect to PHI that it creates, receives, maintains, or transmits on behalf of the City to prevent the use or disclosure of PHI other than as provided for in this Agreement. The safeguards must reasonably protect PHI from any intentional or unintentional use or disclosure in violation of HIPAA privacy regulations (45 CFR Part 164, subpart E) and limit incidental uses or disclosures made pursuant to a use or disclosure otherwise permitted by this Agreement. The safeguards must also reasonably and appropriately protect the confidentiality, integrity, and availability of PHI that Business Associate creates, receives, maintains, or transmits on the City's behalf as required by the HIPAA security regulations (45 CFR Part 164, subpart C). Where applicable, Business Associate must comply with the HIPAA security regulations (45 CFR Part 164, subpart C) with respect to electronic protected health information, to prevent the use or disclosure other than as provided for by this Agreement. Where feasible, PHI will not leave the City's facilities and will be accessed under the supervision of City employees.

7. Applicability of Business Associate Agreement to Subcontractors and Agents. Business Associate must ensure that any agent, including a subcontractor, that creates, receives, maintains, or transmits PHI on behalf of the Business Associate agrees to the same restrictions, conditions, and requirements that apply through this Agreement to Business Associate with respect to such information, by entering into a contract or other arrangement that complies with HIPAA. An agent or subcontractor of a Business Associate is not permitted to use or disclose PHI in a manner that would not be permissible if done by the Business Associate. Business Associate will ensure that its subcontractors and agents to which Business Associate is permitted by this Agreement or in writing by the City to disclose PHI agree to implement reasonable and appropriate safeguards to protect PHI. Business Associate will obtain reasonable assurances from any subcontractors and agents to which Business Associate discloses PHI that the subcontractor or agent will hold PHI in confidence and further use or disclose PHI only for the purpose for which Business Associate disclosed PHI to the subcontractor or agent or as Required By Law.

Business Associate will obtain reasonable assurances that any subcontractor or agent to which Business Associate discloses PHI will notify the Business Associate within 5 calendar days (who will, in turn, notify the City within 5 calendar days, as described below) of any instance in which the subcontractor or agent becomes aware of a Breach of unsecured PHI; possible Breach of unsecured PHI; any security incident of which it becomes aware, including: any attempted or successful unauthorized access, use, disclosure, modification, or destruction of PHI; or any attempted or successful interference with agent or subcontractor's system operations of which agent/subcontractor becomes aware.

Agent/subcontractor is not required to report the following types of unsuccessful security incidents: pings and other broadcast attacks on agent/subcontractor's firewall, port scans, unsuccessful log-on attempts, denial of service attacks, and any combination of the above, so long as no such incident results in unauthorized access, use, or disclosure of PHI.

If a delay is requested by a law enforcement official in accordance with 45 CFR 164.412, agent/subcontractor may delay notification to Business Associate for the time period specified in HIPAA. Agent or subcontractor's report will include the information described in 45 CFR 164.404(c) and such other information as the Business Associate or the City may reasonably request.

8. Reporting of Breaches, Potential Breaches, and Security Incidents. Business Associate must report to the City any use or disclosure of the PHI not provided for by this Agreement of which it becomes aware, as well as any Breach of Unsecured PHI; potential Breach of unsecured PHI; any security incident of which it becomes aware; any attempted or successful unauthorized access, use, disclosure, modification, or destruction of PHI; or any attempted or successful interference with Business Associate's system operations of which Business Associate becomes aware.

Business Associate will make the report to the City's HIPAA Privacy and Security Officers not more than five (5) calendar days after Business Associate discovers such non-permitted use or disclosure, Breach, security incident, or other incident as described above. Business Associate shall provide any reports or notices required by HIPAA as a result of Business Associate's Breach. On behalf of the City, Business Associate will provide such reports or notices to any party or entity (including but not limited to media, Secretary, and individuals affected by the Breach) entitled by law to receive the reports or notices. Business Associate agrees to pay the costs associated with notifying individuals affected by the Breach, which may include, but are not limited to, paper, printing, and mailing costs.

Business Associate is not required to report the following types of unsuccessful security incidents: pings and other broadcast attacks on Business Associate's firewall, port scans, unsuccessful log-on attempts, denial of service attacks, and any combination of the above, so long as no such incident results in unauthorized access, use, or disclosure of PHI.

If a delay is requested by a law enforcement official in accordance with 45 CFR 164.412, Business Associate may delay notifying City for the time period specified in HIPAA. Business Associate's report will include the information described in 45 CFR 164.404(c) and such other information as the City may reasonably request.

9. Mitigation and Penalties. Business Associate must mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a Breach or of a use or disclosure of PHI by Business Associate in violation of the requirements of this Agreement. Business Associate shall take reasonable steps to put corrective measures in place to prevent future Breaches (such as retraining employees and upgrading security systems). At the City's request, Business Associate shall take reasonable steps to mitigate the harm to affected Individuals whose PHI has

been or may have been compromised as a result of a Breach by Business Associate, including obtaining credit monitoring services and offering identity theft insurance. To the extent that the City incurs civil or criminal monetary penalties as a result of a Breach by the Business Associate, the Business Associate agrees to reimburse the City for such penalties.

10. Designated Record Sets - Access. If the Business Associate has PHI in a Designated Record Set, then Business Associate must provide access to or otherwise make available, at the request of the City, and in the time and manner designated by the City, PHI in a Designated Record Set, to the City or, as directed by City, to an Individual in order to meet the requirements under 45 CFR 164.524.

11. Designated Record Sets – Amendments. If the Business Associate has PHI in a Designated Record Set, then Business Associate must make any amendments to PHI in a Designated Record Set that the City directs or agrees to pursuant to 45 CFR 164.526 at the request of City or an Individual, and in the time and manner designated by the City.

12. Internal Practices, Books, and Records. Business Associate must make its internal practices, books, and records relating to the use and disclosure of PHI received from, or created or received by the Business Associate on behalf of, the City available to the Secretary for purposes of determining compliance with HIPAA. Business Associate also must make internal practices, books, and records relating to the use and disclosure of PHI received from, or created or received by Business Associate on behalf of, the City available to the City in a time and manner designated by the City, for purposes of the Secretary determining City’s compliance with HIPAA.

13. Accounting of Disclosures - Documentation. Business Associate must document the disclosures of PHI and information relating to such disclosures as would be required for City to respond to a request by an individual for an accounting of disclosures of PHI in accordance with HIPAA, specifically 45 CFR 164.528.

14. Accounting of Disclosures – Provision of Information. Business Associate must provide to City or an individual, in time and manner designated by City, information collected which relates to the disclosure of PHI, to permit City to respond to a request by an individual for an accounting of disclosures of PHI in accordance with 45 CFR 164.528. If the Business Associate receives a request for accounting of disclosures directly from the individual, the Business Associate must respond to such request for an accounting of disclosures, provide the accounting of disclosures to the individual within the time required by 45 CFR 164.528, and provide the information regarding such request to the City, in the time and manner designated by the City.

15. Survival, Termination, and Return or Destruction of PHI. Upon termination of this Agreement for any reason, the Business Associate’s obligations under these contractual obligations shall survive termination and remain in effect:

- (a) until Business Associate has completed the return or destruction (in accordance with the US Department of Health and Human Services’ Guidance to Render Unsecured Protected Health Information Unusable, Unreadable, or Indecipherable to Unauthorized

Individuals) of all of the PHI provided by City to Business Associate, or created or received by Business Associate on behalf of City, and
(b) to the extent that Business Associate retains any PHI.

Upon the expiration or termination of the underlying Agreement, if feasible, the Business Associate must either:

- (1) return all PHI received from the City, or created, maintained, or received by Business Associate on behalf of the City, which the Business Associate still maintains in any form, to the City or
- (2) destroy it, at the City's option (in accordance with the US Department of Health and Human Services' Guidance to Render Unsecured Protected Health Information Unusable, Unreadable, or Indecipherable to Unauthorized Individuals).

This provision shall apply to PHI that is in the possession of subcontractors or agents of Business Associate. Business Associate shall retain no copies of the PHI.

If Business Associate determines that returning or destroying the PHI is infeasible, Business Associate shall extend the protections of this Agreement to such PHI and limit further uses and disclosures of such PHI to those purposes that make the return or destruction infeasible, for so long as Business Associate maintains such PHI. If it is infeasible for Business Associate to obtain, from a subcontractor or agent any PHI in the possession of the subcontractor or agent, Business Associate shall require the subcontractors and agents to agree to extend any and all protections, limitations and restrictions contained in this Agreement to the subcontractors' and/or agents' use and/or disclosure of any PHI retained after the termination of this Agreement, and to limit any further uses and/or disclosures to the purposes that make the return or destruction of the PHI infeasible.

In the event of a breach of the terms of these contractual obligations, the cure and remedies of the Agreement shall govern. HIPAA's privacy rule (45 CFR § 164.504(e)(2)) requires that the Business Associate will authorize termination of the contract by the City, if the City determines that the Business Associate has violated a material term of these contractual obligations.

16. Compliance with Obligations. To the extent the Business Associate is to carry out one or more of City's obligation(s) under Subpart E of 45 CFR Part 164, the Business Associate must comply with the requirements of Subpart E that apply to the City in the performance of such obligation(s). Business Associate may not use or disclose PHI in a manner that would violate Subpart E of 45 CFR Part 164 if done by the City.

17. No Third Party Rights. The terms and conditions of this Agreement are intended for the sole benefit of Business Associate and City and do not create any third party rights.

18. Governing Law. To the extent not preempted by federal law, the Agreement shall be governed and construed in accordance with the laws of the State of Illinois.

EXHIBIT X

**INFORMATION REGARDING THE CITY'S CURRENT PLAN and
STATEMENT OF INVESTMENT POLICY**

Information Regarding Current Plan:

Plan Sponsor: The City of Chicago Deferred Compensation Committee

Employer: City of Chicago

Plan Name: City of Chicago Employees Deferred Compensation Plan

Payroll System: City of Chicago maintains a single payroll center, which provides the record-keeper one consolidated input file. Contribution data is reported by semi-monthly pay frequency.

Administrator: Nationwide Retirement Solutions

Custodial Trustee **Nationwide Trust Company** Custodian for all investments, Chicago Blended Fixed Account contains a GSA account with *Ramirez Asset Management*, formally *Holland Asset Management*; *J.P. Morgan*; and *BNP Paribas*. (*Nationwide Life* provides the insurance guarantee on the three bond managers and will continue to provide the wrap management)

Fixed Fund

Investment Managers:

- Nationwide Life Insurance Company General Account
- Mass Mutual Financial General Account
- Nationwide GSA
 - BNP PARIBIS.
 - Ramirez Asset Management
 - JP Morgan

(BNP PARIBIS, Ramirez Asset Management and JP Morgan are within the Nationwide GSA- Insurance wrapper)

Plan Type: Section 457 Deferred Compensation Plan

Eligible Employees: There are approximately **30,903** employees in the City who are eligible for participation.

Life Insurance No new purchases
Monumental Life Insurance Company
Security Benefit Life

Participant Information:

Number of participants with an account balance as of 12/31/2013:	36,046
Number of active participants:	24,229
Number of inactive participants with no contributions in the last 12 months:	11,813
Number of new enrollments in the last 12 months:	922
Number of participants receiving systematic distributions:	1,573

Account Size Among Active Participants:	
<u>Account Size</u>	<u>Participants As of December 31,2013</u>
Under \$10,000	5,791
\$10,000 to \$24,999	5,073
\$25,000 to \$49,999	5,947
\$50,000 to \$99,999	7,221
\$100,000 to \$149,999	4,099
\$150,000 to \$199,999	2,597
\$200,000 to \$249,999	1,765
\$250,000 to \$299,999	1,246
Over \$300,000	2,298

<u>Account Size</u>	<u>Participants As of December 31,2012</u>
Average account balance \$96,288.00	
Average annual contributions \$7,021.00	36,042

Participant Census By Salary as of December 31, 2012	
<u>Salary Levels</u>	<u>Number of Participants</u>
\$0 to \$20,000	448
\$20,001 to \$30,000	1,296
\$30,001 to \$40,000	1,619
\$40,001 to \$50,000	2,093
\$50,001 to \$60,000	2,693
\$60,001 to \$70,000	8,961
\$70,001 +	18,953

Distribution Summary – 2013 Calendar Year		
<u>Distribution</u>		<u>Number of Participants</u>
Lump Sum Payments		1444
Partial Lump Sum Payments		2,338
Periodic Payments	Monthly	1,310
	Quarterly	50
	Semi-Annual	16
	Annually	197
Total Periodic Payments		1,573
Service Credit Transfers		185
Rollovers		469
Hardship Distributions		338
Other Distributions		3,561
Purchased Annuity		0
Total Distributions		<u>9,908</u>

Assets by Participant Age and Averages as of December 31, 2013				
<u>Age</u>	<u>Participants</u>	<u>Assets</u>	<u>% of Total</u>	<u>Avg Balance</u>
-25	92	\$78,994.00	0.02%	\$6,293.00
26-35	3,247	\$73,459,501.00	2.12%	\$22,624.00
36-45	8,907	\$583,061,058.00	16.80%	\$65,461.00
46-55	11,194	\$1,157,717,509.00	33.35%	\$103,423.00
56-65	8,356	\$1,098,510,304.00	31.65%	\$131,464.00
66+	4,246	\$557,288,415.00	16.06%	\$131,250.00
Total	<u>36,042</u>	<u>\$3,470,615,780.00</u>	<u>100.00%</u>	<u>\$96,288.00</u>

Annual Net Cash Flow Total Plan			
	2012	2013	Totals
Contributions	\$136.3 million	\$136.1 million	\$272.4 million
Distributions	(\$162.9 million)	(\$179.0 million)	(\$341.9 million)
Total Net Cash Flow	(\$26.6 million)	(\$42.9 million)	(\$69.5 million)

Chicago Blended Fixed Option Annual Net Cash Flow			
	2012	2013	Totals
Contributions	\$95.0 million	\$89.5 million	\$184.5 million
Distributions	(\$123.5 million)	(\$134.7 million)	(\$258.2 million)
Total Net Cash Flow	(\$28.5 million)	(\$45.2 million)	(\$73.7 million)

Nationwide General Account Annual Net Cash Flow	
Contributions	
2012	10,509,766.79
2013	(9,689,227.57)

**Chicago Blended Fixed Option
3-Year Yield History**

2012				
Product	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Nationwide Life (Gen. Acct.)	3.95%	3.95%	3.95%	3.95%
Nationwide Chicago GSA	3.03%	3.32%	2.83%	2.68%
Hartford Life (Gen. Acct.)	4.25%	4.25%	4.25%	4.25%
Blended Rate	3.70%	3.81%	3.62%	3.56%

2013				
Product	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Nationwide Life (Gen. Acct.)	3.85%	3.75%	3.65%	3.60%
Nationwide Chicago GSA	2.51%	2.59%	2.56%	2.33%
Hartford Life (Gen. Acct.)	3.55%	3.75%	3.65%	3.65%
Blended Rate	3.23%	3.30%	3.22%	3.12%

2013				
Product	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Nationwide Life (Gen. Acct.)	3.55%			
Nationwide Chicago GSA	2.35%			
Hartford Life (Gen. Acct.)	3.30%			
Blended Rate	3.00%			

Chicago Blended Fixed Option

	Market Value 12/31/13
Mass Mutual.	\$662,626,650
Nationwide Life Insurance Co. Guaranteed Separate Account (GSA)	\$775,703,041
Nationwide Life Insurance Co.	\$533,353,299
Total	\$1,971,682,990

**Nationwide Life Insurance Co. Guaranteed
Separate Account (GSA)**

	Market Value 12/31/13
BNP Paribas	\$254,677,580
Ramirez Asset Management	\$268,500,571
JP Morgan	\$243,016,972
Nationwide Cash Buffer*	\$9,507,918
Total	\$775,703,041

* The buffer account is in place to "insulate" the managed separate account and enable the GSA sub advisors to execute the investment policy more effectively by introducing portfolio stability and minimizing asset trades. Daily net purchases and net redemptions for the GSA are applied to the cash buffer only.

Amounts Available for Transfer

Nationwide Life Insurance Co.	\$533,353,299
Total	\$533,353,299

**Nationwide Life Insurance Co. Guaranteed
Separate Account (GSA)**

BNP Paribas	33%
Ramirez Asset Management	35%
JP Morgan	31%
Nationwide Cash Buffer	1%
Total	100%

Mass Mutual Co.	3.30%
Nationwide Life Insurance Co. Guaranteed Separate Account (GSA)	2.35%
Nationwide Life Insurance Co.	3.55%
Blended Rate	3.00%

Chicago Blended Fixed Option Fund Liquidity rules for Contribution/Benefit Payments

	Daily net purchases	Daily net redemptions (pro rata)
Hartford Life Insurance Co.	25%	34%
Nationwide Life Insurance Co. Guaranteed Separate Account (GSA)	50%	39%
Nationwide Life Insurance Co.	25%	27%
Total	100%	100%

Highlights of the Deferred Compensation Plan

Plan features are as follows:

Eligibility:	City of Chicago active permanent employees are eligible to participate.
Rollovers:	Rollover contributions from other eligible plans and IRAs are allowed.
Plan Year:	January 1 to December 31
Benefit Payment Events	The Plan allows for withdrawals for the following events: <ul style="list-style-type: none">▪ Termination of employment▪ Retirement▪ Death▪ Financial Hardship
In-Service Withdrawals	Participants may withdraw their contributions plus interest for the following reason: <ul style="list-style-type: none">▪ Financial hardship as approved by the Committee.▪ In-service withdrawal if 1) account balance is less than \$5,000, 2) participant has not deferred to the Plan in two years or more and 3) the participant has never taken a withdrawal of this type before.
Form of Distribution	<ul style="list-style-type: none">▪ Lump Sum▪ Partial Lump Sum▪ Payment in equal amounts for period designated by participants▪ Systematic Withdrawal Option▪ Nationwide Life Purchased Annuities
Self-Directed Brokerage Accounts	Yes, limited to Mutual Funds. Charles Schwab, 116 participants with total assets at 12/31/2013 \$6,053,526
Catch-up Contributions	As permitted by law
Purchase of Service Credit	Allowed to purchase permissive service credits. City has four (4) pension funds, each of which accept 457(b) assets to purchase permissive service credits.
Life Insurance	Grandfathered existing policies No new issuance
Loans	Implementation is in process.
Roth Feature	Yes
Managed Accounts	Under consideration

Social Security Replacement Plan

The Plan also includes a Section 3121 Social Security Replacement Plan. The 457 Plan document sets out the provisions of this program.

There are approximately 65 participants who are participating in this Plan. All contributions are to be invested in the Chicago Blended Fixed Option. Participants may not take unforeseeable emergency distribution or loans from this Plan.



Monumental Life Insurance Company:

Universal Life Insurance

Statistics as of 12/31/2013:

Number of Active Policies: 1,852
Total Active Death Benefit: \$100,773,793.84
Total Cash Value: \$10,298,242.42
Total Surrender Value: \$10,165,811.04

Options Available:

Note: These Universal Life options are no longer offered to new policy holders.

Plan I: Level death benefit

Plan II: Death benefit increases with cash value

Administration:

1. Beneficiary for deferred compensation plan account is also beneficiary for life insurance policy, unless otherwise requested by the participant.
2. No more than 25% of deferrals can be used to purchase life insurance.
3. The life insurance option is not available unless other funding options are chosen.
4. There is an option to increase the insurance amount. If the amount applied for does not exceed \$99,999.00 it will become effective for the stated amount on the application date for a period not exceeding 75 days from that date, providing that the risk is acceptable to the company under its rules, limits and standards for the plan without modification. If the stated amount is above \$99,999.00 coverage will not be effective until the application has been approved by the Company and its Administrative Office and first premium has been received.
5. A cost of insurance is deducted monthly from the policy based on current mortality charges. This charge is based on the 1980 Commission Standard Ordinary tables. Also deducted monthly is a \$2.50 administration expense charge and an expense charge of 3% of total premium.
6. A surrender charge may be assessed at the time of withdrawal.
7. During the first policy year, interest is credited according to a first year interest rate. Thereafter, Excess Interest (interest above 4%) may be credited on this Universal Life Policy based on a company declared rate.
8. Any withdrawals or death benefit proceeds are taxable as ordinary income. Upon transfer of policy ownership, the cash surrender value will be taxed as ordinary income. The life insurance surrender value, in case of distribution under the Plan, may be less than the total contribution to the date of distribution under this life insurance option.
9. If the policy terminates because of a deficiency in premium, continuing deferrals will be credited to a participant's account based on the then current deferral allocation. Participants may switch between Plan I and Plan II.

10. For participants who used tobacco when the policy was originally issued, if they have stopped using tobacco in any form for the past 12 months, adjustments may be made to the policy prospectively. The options available are:
 - a. Decrease premium and keep Death Benefit the same.
 - b. Increase Death Benefit and keep premium the same.
11. Options available while actively employed:
 - a. Cancel life insurance coverage and refund Surrender Value. Surrender Value is transferred into the participant's account according to the current deferral allocation.
 - b. Use the current Cash Value to obtain a Single Premium Paid-Up Policy.
 - c. Stop deferral flow and allow the Surrender Value to keep the policy in force until exhausted. Policy then lapses.
12. Options available upon separation from service:
 - a. Transfer ownership of the policy from the City to the participant. Any Surrender Value at the time of policy conversion is taxable to the participant in the year of conversion. The life insurance company handles income tax reporting. Participant then pays premiums directly to the life insurance company. Premiums may be paid via ACH on a monthly basis, or via check on a quarterly, semi-annual or annual frequency. Participant elects a beneficiary for the policy upon conversion. After conversion, any death benefit is then paid to beneficiary(ies) upon the death of the participant and is not considered taxable income.
 - b. Cancel life insurance coverage and refund Surrender Value. Surrender Value is transferred into the participant's account according to the current deferral allocation.
 - c. Cancel life insurance coverage and refund Surrender Value directly to the participant. Surrender Value is taxable to the participant in the year received. Life insurance company handles income tax withholding and reporting.
 - d. Use the current Cash Value to obtain a Single Premium Paid-Up Policy.
 - e. Stop deferral flow and allow the Surrender Value to keep the policy in force until exhausted. Policy then lapses.
13. Upon the death of the participant, the life insurance company must receive a certified copy of the participant's death certificate. This is in addition to the certified copy of the death certificate required by the Plan administrator.
14. Options available upon death of the participant:
 - a. Beneficiary(ies) receives lump sum death benefit. Death benefit is taxable to the beneficiary(ies). Tax withholding and reporting are handled by the life insurance company.
 - b. Beneficiary(ies) elect a settlement option available from the life insurance company. All payment issuance, tax withholding and reporting are handled by the life insurance company.
 - c. Beneficiary(ies) elect to transfer the death benefit into other Plan investment options for a consolidated distribution from the Plan.
15. Participants who are not currently deferring into the Plan may continue to pay premiums on active policies by requesting a transfer of funds from their investments to the life insurance company.

SECURITY BENEFIT LIFE

Salary Continuation Insurance

Statistics as of 12/31/2013:

Number of Active Policies: 12
Total Active Death Benefit: N/A
Total Cash Value: N/A
Total Surrender Value: N/A

Options Available:

Note: These Salary Continuation options are no longer offered to new policy holders.

Replacement to Age 65 (the remaining policies are this option only)

Administration

1. Beneficiary for deferred compensation plan account is also beneficiary for salary continuation policy, unless otherwise requested by the participant.
2. No more than 25% of deferrals can be used to purchase salary continuation.
3. The salary continuation option is not available unless other funding options are chosen.
4. Salary continuation does not build cash value.
5. The amount of salary continuation approved may be rated at issuance due to medical information received; if rated, the premium will remain the same while the amount of salary continuation may be reduced 50% or 75%.
6. Benefits paid under salary continuation are taxable as ordinary income. The life insurance company handles all payment issuance, tax withholding and tax reporting.
7. Options available while actively employed:
 - a. Cancel the salary continuation coverage.
8. Options available upon separation from service:
 - a. Cancel the salary continuation coverage.
 - b. Transfer ownership of the policy from the City to the participant. Premiums may be paid via ACH on a monthly basis, or via check on a quarterly, semi-annual or annual frequency. Participant elects a beneficiary for the policy upon conversion. After conversion, any salary continuation is then paid to beneficiary(ies) upon the death of the participant and is not considered taxable income.
9. Upon the death of the participant, the life insurance company must receive a certified copy of the participant's death certificate. This is in addition to the certified copy of the death certificate required by the Plan administrator.
10. Options available upon death of the participant:

- a. Beneficiary(ies) receives amount of salary continuation on a monthly basis until the end of the elected Replacement Period.
11. Participants who are not currently deferring into the Plan may continue to pay premiums on active policies by requesting a transfer of funds from their investments to the life insurance company.
 12. Participants whose Replacement Period expires may not renew the salary continuation coverage.

■

Current Investment Options

Asset Class	Fund	Ticker Symbol	Balance
Stable Value	Nationwide General Account	N/A	\$533,353,299
	Mass Mutual General Account	N/A	\$662,626,650
	Nationwide GSA:		
	BNP Paribas		\$254,677,580
	Ramirez Asset Management		\$268,500,571
	JP Morgan		\$243,016,972
	Nationwide Cash Buffer		\$9,507,917
	Total Chicago Blend Fixed Account		\$1,971,682,990
Bond Fund	Dodge & Cox Income Fund	DODIX	\$56,043,580
Large Cap Value	Dodge & Cox Stock Fund	DODGX	\$117,331,926
Large Cap Blend Passive	Vanguard Inst Index	VINIX	\$107,725,108
	Vanguard Total Stock MT	VITSX	\$33,281,784
Large Cap Blend Active	T. Rowe Price Divided Gr	PRDGX	\$81,314,281
Large Cap Growth	American Growth Fund of AMER	RGAFX	\$153,898,947
	T. Rowe Price Growth	PRGFX	\$79,083,617
	Fidelity Contra Fund	FCNTX	\$256,016,516
Mid Cap Value	JP Morgan Mid Cap Value INST	FLMVX	\$80,287,194
Mid Cap Blend Passive	WF Adv C&B Mid Cap Value	CBMSX	\$4,926,188
	Ariel Appreciation	CAAIX	\$52,512,301
	Vanguard Mid Cap Index	VMISX	\$17,365,640
Mid Cap Growth	Baird Mid Cap Inv	BMSDX	\$39,910,311
Small Cap Value	Invesco/Van Kampen Small Cap Value	VSMIX	\$15,832,688
Small Cap Blend	Royce Pennsylvania*	PENNX	\$40,523,198
	Vanguard Small Cap Index	VSCIX	\$16,608,314
Small Cap Growth	Lord Abbeth Div Growth	LADYX	\$32,959,434
International	American Funds Euro Pacific	RERFX	\$111,185,856
Global Fund	American Funds Capital World Income RS	RWIFX	\$52,236,416
Lifecycle Funds (Conservative)	Vanguard Life Strategy (Conservative Growth)	VSCGX	\$11,704,666
Lifecycle Moderate	Vanguard Life Strategy Moderate Growth	VSMGX	\$32,194,716
Lifecycle Fund Aggressive	Vanguard Fund Aggressive	VASGX	\$48,614,989

* Royce Penn in 3Q14 mapped to Vanguard Small Cap Index

Lifecycle Funds	T. Rowe Ret Ind Adv	TRRIX	\$2,066,371
	T. Rowe 2010	TRRAX	\$939,300
	TR. Rice Retirement 2015	TRRGX	\$6,661,198
	TR. Rice Retirement 2020	TRRBX	\$17,641,151
	TR. Rice Retirement 2025	TRRHX	\$12,284,046
	TR. Rice Retirement 2030	TRRCX	\$13,131,887
	TR. Rice Retirement 2035	TRRJX	\$5,420,062
	TR. Rice Retirement 2040	TRRDY	\$5,490,376
	TR. Rice Retirement 2045	TRRKX	\$1,172,585
	TR. Rice Retirement 2050	TRRMX	\$682,620
	TR. Rice Retirement 2055	TRRNX	\$770,862
Total			\$3,464,567,417

Statement of Investment Policy:

City Of Chicago
Employees Section 457
Deferred Compensation Plan

Statement of Investment Policy

July 2009

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Introduction

The City Of Chicago (the City) on behalf of the City of Chicago Deferred Compensation Plan through its Deferred Compensation Committee (the “Committee”) hereby adopts this Statement of Investment Policy (Statement) for the City Of Chicago Employees Section 457 Deferred Compensation Plan.

Objectives of the Plan

The Plan is a long-term retirement savings vehicle and is intended as a source of retirement income for eligible participants. The investment options available from the Plan cover a broad range of investment risk and rewards appropriate for these kinds of retirement savings programs. Participants bear the risk and reap the rewards of investment returns that result from the investment options they select.

The Plan is a qualified defined contribution plan as defined by the Employee Retirement Income Security Act of 1974 (ERISA).

This Statement of Investment Policy serves the following purposes:

- To ensure that a broad range of investment options are offered to Plan participants;
- To establish an investment program that will allow Plan participants the opportunity to structure an investment strategy that meets their individual return objectives and risk tolerances;
- To define the investment categories offered by the Plan;
- To establish investment objectives and guidelines for each investment category offered within the Plan;
- To establish benchmarks and performance standards for each investment category and to evaluate each option’s performance against appropriate benchmarks and standards;
- To establish a procedure for reporting and monitoring of the various investment options;
- To define the procedures for investment option evaluation and formal investment option review; and
- To set guidelines and procedures for either adding or replacing an investment option which, in the Committee’s opinion, does not, or will not, fulfill the Plan’s objectives or performance for which it was selected and replace the option with an appropriate substitute.

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Selection of Investment Options

The Plan has chosen to offer thirty five investment options in fifteen investment categories:

Category
Chicago Blended Fixed Option (Stable Value)
Core Fixed Income
Large Cap Value Equity
Large Cap Blend Equity (passive/active)
Large Cap Growth Equity
Mid Cap Value Equity
Mid Cap Blend Equity
Mid Cap Growth Equity
Small Cap Value Equity
Small Cap Blend Equity
Small Cap Growth Equity
International Equity
Global Equity
Lifestyle Funds
Lifecycle Funds

Each investment option offered under the Plan shall:

- Operate in full accordance with its current published prospectus or “fact sheet”;
- Have its performance results measured against the applicable performance standards described herein for that investment category.

If the Committee determines an investment option no longer meets the performance criteria, it may replace that option with a suitable alternative pursuant to the investment option evaluation procedure outlined herein.

From time-to-time, the Committee, in its discretion, may add investment options/categories to the current core options. At such time, the Statement of Investment Policy will be modified to include these additions.

Investment Categories, Objectives, Guidelines & Performance Standards

The Plan shall offer at least one investment option within each of the following investment categories:

Blended Fixed Option (Stable Value)

Objective

The objective of this investment category is to seek a high level of current income, consistent with capital preservation and liquidity maintenance.

Performance Standards

- To provide a competitive rate of interest that exceeds the Hueler Stable Value Index.

Core Fixed Income

Objective

The objective of this investment category is to seek current income, with a secondary objective of capital appreciation.

Performance Standards (Net of fees)

- To exceed the return of the Barclays Capital Aggregate Bond Index over a market cycle¹, or generally a period of 3 to 5 years.
- To exceed the median return of the core fixed income fund universe over a market cycle.
- Risk, as measured by the standard deviation of quarterly returns, shall be consistent with that of the Barclays Capital Aggregate Bond Index and the core fixed income universe.

Large Cap Value Equity

Objective

The objective of this investment category is to invest primarily in the common stock of large capitalization domestic companies considered by the fund manager to be undervalued relative to the market. Investment returns should primarily be derived from capital appreciation.

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Performance Standards (Net of Fees)

- To exceed the return of the Russell 1000 Value Index over a market cycle, or generally a period of 3 to 5 years.
- To exceed the median return of the large cap value equity fund universe over a market cycle.
- Risk, as measured by the standard deviation of quarterly returns, shall be consistent with that of the Russell 1000 Value Index and the large cap value equity fund universe.

Large Cap Blend Equity

Objective (Passive)

The objective of this investment category is to approximate the performance of the Standard & Poor's 500 Index by investing in common stock of the large capitalization domestic companies comprising the Index. The S&P 500 Index is an equity composite of the 500 largest companies in the United States based on market capitalization. Investment returns are expected to be derived primarily from capital appreciation and, to a lesser degree, dividend income. The Dow Jones US Total Stock Market Index is a secondary option.

Objective (Active)

The objective of this investment category is to invest primarily in the common stock of large capitalization domestic companies considered by the fund manager to be undervalued relative to the market or to have above-average potential for capital appreciation. Investment returns are expected to be derived primarily from capital appreciation

Performance Standards (Net of Fees)

Passive:

- To approximate the performance of the S&P 500 Index or the Dow Jones US Total Stock Market Index over a market cycle, or generally a period of 3 to 5 years.
- To exceed the median return of the large cap blend equity fund universe over a market cycle.

Active:

- To exceed the return of the S&P 500 Index or the Dow Jones US Total Stock Market Index over a market cycle, or generally a period of 3 to 5 years.
- To exceed the median return of the large cap blend equity fund universe over a market cycle.
- Risk, as measured by the standard deviation of quarterly returns, shall be consistent with that of the S&P 500 Index or the Dow Jones US Total Stock Market Index and the large cap blend equity fund universe.

Large Cap Growth Equity

Objective

The objective of this investment category is to invest primarily in the common stock of large capitalization domestic companies considered by the fund manager to have above average potential for capital appreciation. Investment returns are expected to be derived primarily from capital appreciation.

Performance Standards (Net of Fees)

- To exceed the return of the Russell 1000 Growth Index over a market cycle, or generally a period of 3 to 5 years.
- To exceed the median return of the large cap growth equity fund universe over a market cycle.
- Risk, as measured by the standard deviation of quarterly returns, shall be consistent with that of the Russell 1000 Growth Index and the large cap growth equity fund universe.

Mid Cap Value Equity

Objective

The objective of this investment category is to invest primarily in the common stocks of medium-sized companies considered by the fund manager to be undervalued relative to the market. Investment returns are expected to be derived primarily from capital appreciation.

Performance Standards (Net of Fees)

- To exceed the return of the Russell Mid Cap Value Index over a market cycle, or generally a period of 3 to 5 years.
- To exceed the median return of the mid cap value equity fund universe over a market cycle.
- Risk, as measured by the standard deviation of quarterly returns, shall be consistent with that of the Russell Mid Cap Value Index and the mid cap value equity fund universe.

Mid Cap Blend Equity

Objective

The objective of this investment category is to invest primarily in the common stocks of medium-sized companies considered by the fund manager to be undervalued relative to the market or to have above-average potential for capital appreciation. Investment returns are expected to be derived primarily from capital appreciation.

Performance Standards (Net of Fees)

- To exceed the return of the Russell Mid Cap Index or MSCI Mid Cap 450 Index over a market cycle, or generally a period of 3 to 5 years.
- To exceed the median return of the mid cap equity fund universe over a market cycle.
- Risk, as measured by the standard deviation of quarterly returns, shall be consistent with that of the Russell Mid Cap Index or MSCI Mid Cap 450 Index and the mid cap equity fund universe.

Mid Cap Growth Equity

Objective

The objective of this investment category is to invest primarily in the common stocks of medium-sized companies considered by the fund manager to have above average potential for capital appreciation. Investment returns are expected to be derived primarily from capital appreciation.

Performance Standards (Net of Fees)

- To exceed the return of the Russell Mid Cap Growth Index over a market cycle, or generally a period of 3 to 5 years.
- To exceed the median return of the mid cap growth equity fund universe over a market cycle.
- Risk, as measured by the standard deviation of quarterly returns, shall be consistent with that of the Russell Mid Cap Growth Index and the mid cap growth equity fund universe.

Small Cap Value Equity

Objective

The objective of this investment category is to invest primarily in the common stocks of small-sized companies considered by the fund manager to be undervalued relative to the market. Investment returns are expected to be derived primarily from capital appreciation.

Performance Standards (Net of Fees)

- To exceed the return of the Russell 2000 Value Index over a market cycle, or generally a period of 3 to 5 years.
- To exceed the median return of the small cap value equity fund universe over a market cycle.
- Risk, as measured by the standard deviation of quarterly returns, shall be consistent with that of the Russell 2000 Value Index and the small cap value equity fund universe.

Small Cap Blend Equity

Objective

The objective of this investment category is to invest primarily in the common stocks of small capitalization domestic companies considered by the fund manager to be undervalued relative to the market (value) or to have above average potential for capital appreciation (growth). Investment returns are expected to be derived primarily from capital appreciation and, to a lesser extent, dividend income.

Performance Standards (Net of Fees)

- To exceed the return of the S&P Small Cap 600 Index or MSCI Small Cap 1750 Index over a market cycle, or generally a period of 3 to 5 years.
- To exceed the median return of the small cap equity fund universe over a market cycle.
- Risk, as measured by the standard deviation of quarterly returns, shall be consistent with that of the S&P Small Cap 600 Index or MSCI Small Cap 1750 Index and the small cap equity fund universe.

Small Cap Growth Equity

Objective

The objective of this investment category is to invest primarily in the common stocks of small-sized companies considered by the fund manager to have above average potential for capital appreciation. Investment returns are expected to be derived primarily from capital appreciation.

Performance Standards (Net of Fees)

- To exceed the return of the Russell 2000 Growth Index over a market cycle, or generally a period of 3 to 5 years.
- To exceed the median return of the small cap growth equity fund universe over a market cycle.
- Risk, as measured by the standard deviation of quarterly returns, shall be consistent with that of the Russell 2000 Growth Index and the small cap growth equity fund universe.

International Equity

Objective

The objective of this investment category is to invest primarily in the common stock of companies located outside the United States. Investment returns are expected to be derived primarily from capital appreciation.

Performance Standards (Net of Fees)

- To exceed the return of the MSCI ACWI ex-US Index (net dividends) over a full market cycle, or generally a period of 3 to 5 years.
- To exceed the median return of the international equity large core fund universe over a full market cycle.
- Risk, as measured by the standard deviation of quarterly returns, shall be consistent with that of

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the MSCI ACWI ex-US Index (net) and the international equity large core fund universe.

Global Equity

Objective

The objective of this investment category is to invest primarily in the common stock of companies located throughout the world, including the United States. Investment returns are expected to be derived primarily from capital appreciation.

Performance Standards (Net of Fees)

- To exceed the return of the MSCI World Index (net dividends) over a full market cycle, or generally a period of 3 to 5 years.
- To exceed the median return of the global equity large core fund universe over a full market cycle.
- Risk, as measured by the standard deviation of quarterly returns, shall be consistent with that of the MSCI World Index (net) and the global equity large core fund universe.

Lifestyle

Objective

The objective of this investment category is to invest in an allocation of fixed income and equity securities according to certain risk characteristics. Conservative funds are weighted in favor of fixed income securities to provide a less risky investment option to participants in or nearing retirement, or with a low tolerance for volatile investment performance. Moderate funds seek a balance between fixed income and equity securities to provide potential for higher returns, while seeking to limit the volatility of overall fund performance. Aggressive funds are weighted in favor of equities to provide potential for high returns, but through increased risk, to participants with long investment horizons or with a high tolerance for risk. Investment returns may be derived from a combination of current income and capital appreciation.

Performance Standards (Net of fees)

- To exceed the return of a composite index over a market cycle, or generally a period of 3 to 5 years.
- The composite index for each fund will be established by the fund manager to reflect the asset location of the portfolio.

Lifecycle

Objective

The objective of this investment category is to invest in equity, fixed income and/or money market instruments using asset allocations targeting varying investment time horizons. The allocation to equity, fixed income, and cash changes as the investor's retirement date is approached. Investment returns are expected to be derived from current income and/or capital appreciation, based on the current allocation of the particular fund.

Performance Standards (Net of fees)

- To exceed the return of a composite index over a market cycle, or generally a period of 3 to 5 years.
- The composite index for each fund will be established by the fund manager to reflect the asset location of the portfolio.

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Reporting and Monitoring Procedures

The Committee will review the Plan periodically, but no less than annually. The review will include the following:

- Current trends and developments in the capital markets and investment management community (market review);
- The current level of diversification provided by the investment categories and options offered by the Plan under the investment fund line-up (review of the correlation between investment categories and options);
- Changes in the investment management staff related to each investment option (organizational review);
- The continued consistency between the stated investment guidelines of each investment option and Plan policies (review of the guidelines of each investment option);
- The compliance of each investment option with stated investment guidelines (review of the holdings and characteristics of each investment option), including style drift analysis;
- The compliance of each investment option's risk and return characteristics with the expectations stated herein (performance review).

Investment Option Evaluation (Watchlist)

The Committee, in its discretion, may conduct informal review and evaluation of an investment option at any time.

The Committee may place an investment option under formal fund review, terminate an investment option, or "freeze" an investment option to new contributions for any of the following reasons:

1. The investment option has not met the performance standards under the Plan for the investment category;
2. The investment option has changed investment manager, or such change appears imminent;

3. The investment option has had a significant change in ownership or control;
4. The investment option has changed investment focus or has experienced style drift, departing from the investment objectives or parameters in its prospectus or “fact sheet”;
5. The investment option has violated an SEC rule or regulation.
6. The fund has experienced other changes or problems in its procedures, operations, investing, or
7. reporting which, in the Committee’s view, has or could detract from the objectives of the Plan.

Formal Investment Option Review

When an investment option has been placed under formal review, the Committee shall conduct a detailed evaluation of the investment option, its operations, and its performance. During the review, the Committee: 1) may suspend contributions to the investment option from existing participants and 2) may close the investment option to new enrollers. If the Committee suspends contributions to the investment option from existing participants; the Committee must promptly notify all plan participants. Upon completion of the evaluation, the Committee may continue the investment option under formal review status (continue with the suspension of the fund), remove the investment option from formal review (open the fund to contributions), or terminate the investment option.

- If a positive conclusion is reached concerning the Manager’s continued ability to meet their performance criteria and investment constraints in the future, then no action will be taken. However, the Committee will revisit the performance issues within six months.
- If a positive conclusion is not reached concerning the Manager’s continued ability to meet performance criteria and investment constraints in the future then the fund will be frozen and will trigger the termination of the fund.

Termination of Investment Option

1. The Committee, with the investment consultant, will promptly seek a new fund appropriate for the given asset class.
2. The Committee will promptly notify all Plan participants that the Committee has terminated the fund as an investment option under the Plan.
3. With regards to the terminated fund, the Committee has the option to:
 - a. Transfer, or “map”, the monies in the terminated fund to another fund of similar risk and return characteristics. The terminated fund is then totally removed from the Plan.
 - b. Close the terminated fund to future contributions, however, give the participants the option to keep, or remove, the monies in the terminated fund.

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Responsibilities of the Benefits Committee

The Committee oversees the Plan to ensure that these benefits are competitive while performing within certain standards and objectives. The Committee will meet periodically to review the performance of the administrator, recordkeeper, custodian, investment fund(s) and communications of the Plan to its employees.

As fiduciary of the Plan, the Committee must meet a regular standard of conduct under ERISA. First, fiduciaries must discharge their duties for the “exclusive purpose” of providing participants and beneficiaries with benefits under the Plan. Fiduciaries must also act 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 the enterprise of like character and with like aims. Note that the standard is one of the knowledgeable fiduciary, that is, one that is “familiar with such matters.” The objective good faith beliefs of Plan fiduciaries, including the Committee, are not enough. Rather, their conduct must be objectively prudent.

In order to make prudent decisions, the Committee must exercise due diligence and independent investigation before reaching a decision, and should document its decision making process in writing. In exercising due diligence, consulting with and relying on outside experts, such as actuaries, accountants, and attorneys, is often required.

Furthermore, there are certain transactions, called “prohibited transactions,” which the Committee must avoid, which generally include transactions between the Plan and a “party in interest” to the Plan. For purposes of ERISA, a party in interest of the Plan generally includes any Plan fiduciary, service provider, any employee organization whose members are covered by the Plan, any person who owns 50% or more by any of the above. In addition, employees, officers, directors or 10% or more shareholders, or 10% or more partner or joint venturer of any of the above individuals would fall into this category.

Generally, any transaction classified as a prohibited transaction is improper regardless of whether or not it is harmful to the Plan.

Finally, the Committee, as the plan fiduciary, must act in accordance the Plan documents and other instruments governing the Plan, including the summary Plan description, in administering the Plan.

Glossary of Terms

Alpha

Alpha is the value added by active management of the portfolio's assets, given the risk of that portfolio. In other words, alpha is equal to the incremental return earned by the manager when the market is flat or stationary. An alpha of zero indicates that the manager earned the exact return dictated by the level of market risk (i.e., beta) of the portfolio. A positive alpha indicates that the manager has earned, on average, more than the portfolio's level of market risk would have dictated. A negative alpha indicates that the manager has earned, on average, less than the portfolio's level of market risk would have dictated.

Asset Allocation

Diversification of the Fund's investment across various asset classes.

Batting Average

A measure of a manager's ability to beat or match the market consistently. It is calculated by dividing the number of quarters (or months) in which the manager beat or matched an index by the total number of quarters (or months) in the period. For example, a manager who meets or outperforms the market every quarter in a given period would have a batting average of 100. A manager who beats the market half of the time would have a batting average of 50.

Beta

Beta is the systematic risk of the portfolio. Measured by the slope of the least squares regression, beta is the measure of portfolio risk which cannot be removed through diversification. Beta is also known as market risk. Beta is a statistical estimate of the average change in the portfolio's performance with a corresponding 1.0 percent change in the risk index. A beta of 1.0 indicates that the portfolio moves, on average, lock step with the risk index. A beta in excess of 1.0 indicates that the portfolio is highly sensitive to movements in the risk index. A beta of 1.5, for example, indicates that the portfolio tends to move 1.5 percent with every 1.0 percent movement in the risk index. A beta of less than 1.0 indicates that the portfolio is not as sensitive to movements in the risk index. A beta of 0.5, for example, indicates that the portfolio moves only 0.5 percent for every 1.0 percent movement in the risk index.

Bottom-Up

An investment strategy in which companies are considered based simply on their own merit, without regard for the sectors they are part of or the current economic conditions. A person following this strategy will be looking very closely at the company's management, history, business model, growth prospects and other company characteristics: he or she will not be considering general industry and economic trends and then extrapolating them to the specific company. Followers of this strategy believe that some companies are superior to their peer groups, and will therefore outperform regardless of industry and economic circumstances. The purpose of bottom-up investing is to identify such companies.

Contrarian

Style of management that invests in companies that are relatively unpopular and out of favor with a majority of investors.

Core Managers

Core equity managers handle diversified portfolios, typically using a broad index as their benchmark. They are hired to obtain at least general market performance. Core managers are the foundation of active equity portfolio management on which specialized, more dynamic management is built.

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Correlation Coefficient (r)

The correlation coefficient measures the extent of linear association between 2 variables. The range of possible correlation coefficients is -1.0 to $+1.0$. A correlation coefficient of 0.0 indicates that the 2 variables are not correlated. Zero correlation would imply that the 2 variables move completely independently of each other over time. The correlation coefficients -1.0 and $+1.0$ indicates perfect correlation. Negative correlation coefficients imply that the 2 variables move in opposite directions and positive correlation coefficients imply causality. The fact that 2 variables are highly correlated does not imply that one variable caused the other to behave in a particular fashion.

Coefficient of Determination (R²)

R squared, the coefficient of determination, measures the strength of the least squares regression relationship between the portfolio (the dependent variable) and the risk index (the independent variable). The statistic reveals the extent to which the variability in the dependent variable can be explained by the variability in the independent variable. The strength of the R-squared statistic will reflect on the strength of alpha and beta. A weak R-squared, for example, would indicate that alpha and beta cannot be strictly interpreted. For example, with regard to an investment manager's product being regressed against an index, a R-squared of 0.75 implies that 75% of that manager's returns can be explained by the index.

Diversification

Minimizing of non-systematic portfolio risk by investing assets in several securities and investment categories with low correlation between each other.

Downside-Capture Ratio

The downside capture ratio measures the performance of the portfolio relative to the risk index during those periods where the risk index posted negative returns. The ratio is simply the cumulative performance of the portfolio during periods when the index was negative divided by the cumulative performance of the risk index during the same negative periods. The measure reveals the percentage of the cumulative negative index return which was 'shared' by the portfolio. A downside capture ratio of 1.0 indicates that the portfolio performed as poorly as the index during negative periods. A downside capture ratio of 0.80 , for example, indicates that the portfolio declined only 80 percent as much as the risk index whereas a downside capture ratio of 1.2 indicates that the portfolio declined 20 percent more than the index.

Fundamental

This style includes managers who generate ideas by examining industry publications, 13D filings, company reports and documents, and thorough discussions with company officials. They also use SEC documents to examine a company's financial strength. Attention is also given to industry dynamics as well as the potential for events to occur that would expose a company's underlying values.

Growth Managers

Growth actually encompasses several styles. In general, managers emphasizing growth stocks attempt to identify companies whose sales, earnings, etc. are growing or are expected to grow more rapidly than other stocks and for the economy as a whole.

Index (Benchmark)

A point of reference from which measurements may be made or something that serves as a standard by which others may be measured or judged.

Indexing (Passive Investing)

The objective of the index style is to mirror a specified benchmark such as the S&P 500, or another index, and replicate the performance of that index by purchasing all or a representative sampling of the stocks in that index. Managers hold a large number of stocks in their portfolios with performance results not heavily dependent upon any single issue.

Information Ratio

The information ratio is equal to the annualized excess return of the portfolio (relative to the index) divided by the standard deviation of those excess returns (i.e., tracking error). The statistic can be used to compare the risk adjusted returns of several portfolio, with risk being defined as tracking error. A low relative return and low tracking risk portfolio can have the same value added as a portfolio with high relative return and high tracking risk. Since the information ratio is a determination of the value added vis-à-vis the risk benchmark, the higher the ratio, the better.

Sector Rotation

Stresses identification and overemphasis of the sectors of the stock market expected to perform well and underweighting the expected laggards. The investment approach is "top down" in that emphasized sectors are usually identified as those that should perform well based upon anticipated economic, political, demographic and social trends.

Sharpe Ratio

The Sharpe Ratio is a measure of reward per unit of risk, with risk here being defined as standard deviation. For this reason, the statistic is also known as the reward-to-variability ratio. With Sharpe, the numerator (i.e., reward) is defined as the annualized excess return of the portfolio versus the risk-free rate (i.e., T-bills). The denominator (i.e., risk) is defined as the standard deviation of the portfolio's returns. The result is a measure of excess return per unit of risk. The Sharpe Ratio only has value when it is used as the basis of comparison between portfolios. In general, the higher the Sharpe Ratio, the better.

Standard Deviation

Measures the dispersion of returns around the mean return. Statistically, it is a measure of variability equal to the square root of the variance (which is a measure of variability equal to the sum of the squares of a return's deviation from the mean, divided by n observations). Assuming that the distribution of portfolio returns is normally distributed (i.e., in a bell shaped curve), approximately 68 percent of the portfolio's returns will fall within ± 1 standard deviation of the mean return, 95 percent of the returns will fall within ± 2 standard deviations of the mean and 99% of the returns will fall within ± 3 standard deviations of the mean. If, for example, a portfolio's mean return is 10 percent and the standard deviation is 4 percent, you can expect that 68 out of 100 portfolio returns will fall within the range of 6 percent to 14 percent.

Top-Down

An investment strategy which first finds the best sectors or industries to invest in, and then searches for the best companies within those sectors or industries. This investing strategy begins with a look at the overall economic picture and then narrows it down to sectors, industries and companies that are expected to perform well. Analysis of the fundamentals of a given security is the final step.

Tracking Error

A statistical measure that quantifies how much a portfolio's returns differ from that of an index. Specifically, it is the standard deviation of excess returns. For indexing, since a manager can not perfectly match the performance of the index or benchmark, the tracking error quantifies the degree to which the strategy differed from the index or benchmark. Tracking error helps to quantify how much active management risk a manager is taking relative to an index. A tracking error of less than 2.0 is often considered an "enhanced" strategy; from 2.0 to 5.0, "structured"; from 5.0 to 10 and above is considered traditionally active. The higher the tracking error, the more that manager is deviating from the index.

Upside-Capture Ratio

The upside capture ratio measures the performance of the portfolio relative to the risk index during those periods where the risk index posted positive returns. The ratio is simply the cumulative performance of the portfolio during periods when the index was positive divided by the cumulative performance of the risk index during the same positive periods. The measure reveals the percentage of the cumulative positive index return, which was 'shared' by the portfolio. An upside capture ratio of 1.0 indicates that the portfolio performed as well as the index during positive periods. An upside capture ratio of 0.80, for example, indicates that the portfolio rose only 80 percent as much as the risk index whereas an upside capture ratio of 1.2 indicates that the portfolio rose 20 percent more than the index.

Value Managers

Value managers analyze a universe of stocks and identify those that may be significantly undervalued (cheap) relative to a variety of fundamental and/or technical criteria. A variety of different "tests" are applied to each stock under analysis based upon the manager's definition of value. Some of the most common measures of value include the price/earnings (P/E) ratio, price/book value ratio, and price/cash flow ratio.

Volatility

A measure of the size and frequency of the fluctuations in the value of a stock, bond or a portfolio. The greater the volatility, the higher the risk involved in holding the investment.

Index Definitions

Barclays Capital Aggregate Bond Index

The U.S. Aggregate Index covers the USD-denominated, investment-grade, fixed-rate, taxable, bond market of SEC-registered securities. The index includes bonds from the Treasury, Government-Related, Corporate, MBS (agency fixed-rate and hybrid ARM passthroughs), ABS, and CMBS sectors. The U.S. Aggregate Index is a component of the U.S. Universal Index in its entirety. The index was created in 1986, with index history backfilled to January 1, 1976.

S&P 500 Index

Includes the 500 leading companies in leading industries in the U.S. economy. The S&P 500 focuses on the large cap segment of the market, with approximately 75% coverage of U.S. equities. Companies must have a market capitalization of over \$3 billion and there must be public float of at least 50%.

Dow Jones US Stock Market Index

An all-inclusive measure composed of all U.S. equity securities with readily available prices. This broad index is sliced according to stock-size segment, style and sector to create distinct subindexes that track every major segment of the market. The index is created and maintained according to an objective and transparent methodology with the fundamental aim of providing reliable, accurate measures of U.S. equity performance.

Russell 1000 Value Index

The Russell 1000 Value Index measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 companies with lower price-to-book ratios and lower expected growth values. The Russell 1000 Value Index is constructed to provide a comprehensive and unbiased barometer for the large-cap value segment. The Index is completely reconstituted annually to ensure new and growing equities are included and that the represented companies continue to reflect value characteristics.

Russell 1000 Growth Index

The Russell 1000 Growth Index measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. The Russell 1000 Growth Index is constructed to provide a comprehensive and unbiased barometer for the large-cap growth segment. The Index is completely reconstituted annually to ensure new and growing equities are included and that the represented companies continue to reflect growth characteristics.

MSCI Mid Cap 450 Index

The MSCI US Mid Cap 450 Index represents the universe of medium capitalization companies in the US equity market. This index targets for inclusion 450 companies and represents, as of October 29, 2004, approximately 15% of the capitalization of the US equity market.

Russell Mid Cap Index

The Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell Midcap Index is a subset of the Russell 1000® Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The Russell Midcap Index represents approximately 31% of the total market capitalization of the Russell 1000 companies. The Russell Midcap Index is constructed to provide a comprehensive and unbiased barometer for the mid-cap segment. The Index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true mid-cap opportunity set.

Russell Mid Cap Value Index

The Russell Midcap Value Index measures the performance of the mid-cap value segment of the U.S. equity universe. It includes those Russell Midcap Index companies with lower price-to-book ratios and lower forecasted growth values. The Russell Midcap Value Index is constructed to provide a comprehensive and unbiased barometer of the mid-cap value market. The Index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true mid-cap value market.

Russell Mid Cap Growth Index

The Russell Midcap Growth Index measures the performance of the mid-cap growth segment of the U.S. equity universe. It includes those Russell Midcap Index companies with higher price-to-book ratios and higher forecasted growth values. The Russell Midcap Growth Index is constructed to provide a comprehensive and unbiased barometer of the mid-cap growth market. The Index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true mid-cap growth market.

S&P Small Cap 600 Index

The index is designed to be an efficient portfolio of companies in a segment typically renowned for poor trading liquidity and financial instability. Covers approximately 3% of the U.S. equities market. Companies have a market capitalization of between \$200 million and \$1 billion and there must be public float of at least 50%.

MSCI Small Cap 1750 Index

The MSCI US Small Cap 1750 Index represents the universe of small capitalization companies in the US equity market. This index targets for inclusion 1,750 companies and represents, as of October 29, 2004, approximately 12% of the capitalization of the US equity market.

Russell 2000 Value Index

The Russell 2000 Value Index measures the performance of small-cap value segment of the U.S. equity universe. It includes those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values. The Russell 2000 Value Index is constructed to provide a comprehensive and unbiased barometer for the small-cap value segment. The Index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set and that the represented companies continue to reflect value characteristics.

Russell 2000 Growth Index

The Russell 2000 Growth Index measures the performance of the small-cap growth segment of the U.S. equity universe. It includes those Russell 2000 companies with higher price-to-value ratios and higher forecasted growth values. The Russell 2000 Growth Index is constructed to provide a comprehensive and unbiased barometer for the small-cap growth segment. The Index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set and that the represented companies continue to reflect growth characteristics.

MSCI All Cap World ex-U.S. Index

A free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. As of June 2009 the MSCI ACWI consisted of 44 country indices comprising 22 developed and 22 emerging market country indices. The developed market country indices included are: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom. The emerging market country indices included are: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Israel, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey.

MSCI World (net) Index

A free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets. As of June 2007 the MSCI World Index consisted of the following 23 developed market country indices: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom, and the United States.

EXHIBIT XI

Current Plan Document

**CITY OF CHICAGO
DEFERRED COMPENSATION PLAN**

The City of Chicago has approved and adopted an amended and restated City of Chicago Deferred Compensation Plan (the “Plan”) effective as of the Effective Date. The Plan is intended to be an “eligible deferred compensation plan” as defined in §457(b) of the Internal Revenue Code of 1986 (“Eligible 457 Plan”). The Plan consists of the provisions set forth in this plan document and is applicable to current Participants and also to each eligible Public Employee who hereafter elects to participate in the Plan in accordance with its terms. The Plan is effective as to each such Public Employee upon the date he/she becomes a “Participant” by entering into and filing with the Administrative Services Provider the Participation Agreement and/or the Acknowledgement Card referred to herein.

ARTICLE I DEFINITIONS

1.01 “**Account**” means the separate Account(s) which the Administrative Services Provider maintains under the Plan for a Participant’s Deferred Compensation. The Administrative Services Provider may establish separate Accounts for multiple Beneficiaries of a Participant to facilitate required minimum distributions under Section 4.03 based on each Beneficiary’s life expectancy.

1.02 “**Accounting Date**” means the last day of the Plan Year.

1.03 “**Acknowledgement Card**” means the application to the Administrative Services Provider to participate in the Plan’s Social Security replacement feature pursuant to Section 2.03 of the Plan.

1.04 “**Administrative Services Provider**” means the person or entity which acts as the third party administrative services provider appointed by the Employer or the Deferred Compensation Plan Committee to carry out nondiscretionary administrative functions for the Plan. In the absence of appointment of a third party as the Administrative Services Provider, the Employer, acting through the Deferred Compensation Plan Committee or other duly authorized designee, shall serve as the Administrative Services Provider.

1.05 “**Beneficiary**” means a person who the Plan or a Participant designates and who is or may become entitled to a Participant’s Account upon the Participant’s death. A Beneficiary who becomes entitled to a benefit under the Plan remains a Beneficiary under the Plan until the Beneficiary has received full distribution of his/her Plan benefit. A Beneficiary’s right to (and the Administrative Services Provider’s duty to provide to the Beneficiary) information or data concerning the Plan does not arise until the Beneficiary first becomes entitled to receive a benefit under the Plan.

1.06 “**Code**” means the Internal Revenue Code of 1986, as amended.

1.07 “**Compensation**” for purposes of allocating Deferral Contributions with respect to a Public Employee means the employee’s wages, salaries, fees for professional services, and other amounts received without regard to whether or not an amount is paid in cash for personal services actually rendered in the course of employment with the Employer, to the extent that the amounts are includible in gross income (or to the extent the amounts would have been received and includible in gross income but for an election under Code §§ 125(a), 132(f)(4), 402(e)(3), 402(h)(1)(B), 402(k), and 457(b), including an election to defer Compensation under Article III). Compensation also includes any amount that the Internal Revenue Service in published guidance declares to constitute compensation for purposes of an Eligible 457 Plan. Notwithstanding the foregoing, for the avoidance of doubt, a Participant’s Compensation for purposes of allocating Deferral Contributions shall not include settlement awards paid to the Participant that are not based on wages, salaries, fees for professional services, or other compensation.

(A) Elective Contributions. Compensation under Section 1.07 includes Elective Contributions. “Elective Contributions” are amounts excludible from the Public Employee’s gross income under Code §§125, 132(f)(4), 402(e)(3), 402(h)(1)(B), 403(b), 408(p) or 457, and contributed by the Employer, at the Public Employee’s election, to a cafeteria plan, a qualified transportation fringe benefit plan, a 401(k) arrangement, a SARSEP, a tax-sheltered annuity, a SIMPLE plan or a Code §457 plan.

(B) Differential wage payments. For years beginning after December 31, 2008, (i) an individual receiving a differential wage payment, as defined by Code §3401(h)(2), shall be treated as an employee of the employer making the payment; (ii) the differential wage payment shall be treated as compensation; and (iii) the plan will not be treated

as failing to meet the requirements of any provision described in Code §414(u)(1)(C) by reason of any contribution or benefit which is based on the differential wage payment.

(C) Social Security Replacement Compensation. With respect to a Public Employee who elects to make Deferral Contributions to the Social Security replacement feature of the Plan pursuant to Section 2.03, such Deferral Contributions shall be based solely on the portion of such Public Employee's Compensation that is comprised of base wages or base salary ("Social Security Replacement Compensation").

1.08 **"Custodian"** means a bank or person who qualifies as a non-bank custodian under Code §401(f)(2) and who accepts the position of Custodian of the Plan's assets that are held under a Custodial Account by executing a Custodial Account Agreement.

1.09 **"Custodial Account"** means an account established under the Plan pursuant to Code §457(g)(3) to hold, for the exclusive benefit of Participants and their Beneficiaries, assets of the Plan that are not held in a trust or annuity contract, including, without limitation, Deferred Compensation, amounts rolled into or transferred to the Plan, property and rights purchased with such amounts, and all income attributable to such amounts, property or rights, and under which a Custodian is appointed. For purposes of the Plan, a Custodial Account is treated as a trust.

1.10 **"Custodial Account Agreement"** means an agreement with a Custodian with respect to a Custodial Account.

1.11 **"Deferral Contributions"** means with respect to a Participant the Participant's Salary Reduction Contributions and Designated Roth Contributions, which are contributions the Employer makes to the Plan on behalf of a Participant who entered into a Participation Agreement and/or Acknowledgement Card pursuant to which such Participant elected to participate in the Plan. The Employer or the Administrative Services Provider (if applicable) in applying the Code §457(b) limit will take into account Deferral Contributions in the Taxable Year in which deferred. The Employer or Administrative Services Provider (if applicable) in determining the amount of a Participant's Deferral Contributions disregards the net income, gain and loss attributable to Deferral Contributions.

1.12 **"Deferred Compensation"** means as to a Participant the amount of Deferral Contributions, Rollover Contributions and Transfers adjusted for allocable net income, gain or loss, in the Participant's Account.

1.13 **"Deferred Compensation Plan Committee"** means the committee whose members are appointed from time to time by the Mayor of the City of Chicago to perform the functions and duties reserved to the Employer, unless the context clearly indicates otherwise, under the Plan. In the absence of appointment of committee members by the Mayor, "Deferred Compensation Plan Committee" shall mean the Comptroller, Budget Director, Chief Financial Officer and Commissioner of Human Resources of the City of Chicago.

1.13A **"Designated Roth Contributions"** means a Participant's Deferral Contributions that are includible in the Participant's gross income at the time deferred and have been irrevocably designated as Designated Roth Contributions by the Participant in his or her deferral election. A Participant's Designated Roth Contributions will be separately accounted for, as will gains and losses attributable to those Designated Roth Contributions. However, forfeitures may not be allocated to such account. The Plan must also maintain a record of a Participant's investment in the contract (i.e., Designated Roth Contributions that have not been distributed) and the year in which the Participant first made a Designated Roth Contribution.

1.14 **"Effective Date"** of this amendment and restatement of the Plan means the later of the date as of which the Chicago City Council approved the Plan or the date on which the Plan was executed by the Mayor of the City of Chicago, thereby adopting the Plan. For administrative purposes, the term "Effective Date" as to any provision of the Plan means the earlier of (a) the Effective Date as defined in the immediately preceding sentence or (b) the date as of which such provision was required by applicable law to apply to the Plan or, in the case of discretionary Plan provisions, the date as of which the provision was approved for inclusion in the Plan..

1.15 **"Employer"** means the City of Chicago or any of its departments for which services are performed by a Participant. "Employer" for purposes of the Plan also includes agencies of the City of Chicago that the City of Chicago permits from time to time to be employers under the Plan whose eligible employees may become

Participants. As of the Effective Date, the only such agency that is an Employer under the Plan is the Board of Election Commissioners for the City of Chicago.

1.16 **“Excess Deferrals”** means Deferral Contributions to an Eligible 457 Plan for a Participant that exceed the Taxable Year maximum limitation of Code §§457(b) and (e)(18).

1.17 **“Includible Compensation”** means, for the Public Employee’s Taxable Year, the Public Employee’s total Compensation within the meaning of Code §415(c)(3) paid to the Public Employee for services rendered to the Employer. Includible Compensation includes Deferral Contributions under the Plan, compensation deferred under any other plan described in Code §457, and any amount excludible from the Employee’s gross income under Code §§401(k), 403(b), 125 or 132(f)(4) or any other amount excludible from the Public Employee’s gross income for federal income tax purposes. The Employer will determine Includible Compensation without regard to community property laws.

1.18 **“Independent Contractor”** means any person receiving any type of compensation from the Employer for which services are rendered pursuant to one or more written contracts, if such person is not treated by the Employer as an employee. Independent Contractors are not eligible to participate in the Plan.

1.19 **“Leased Employee”** means an employee within the meaning of Code § 414(n).

1.20 **“Normal Retirement Age”** means the age specified in writing by the Participant within a range of ages ending no later than 70½ and beginning no earlier than the earliest age at which the Participant has the right to retire under the applicable Employer’s retirement plan other than the Plan (if he/she belongs to or has a right to belong to such a plan), without consent of the Employer and to receive immediate retirement benefits without actuarial or similar reduction because of retirement before some later specified age in the applicable Employer’s retirement plan. Otherwise, the Normal Retirement Age designated by the Participant or Employer shall be no earlier than age 65 years.

Special Rule for Eligible Plans of Qualified Police or Firefighters. A Participant who is a qualified police officer or firefighter as defined under Code §415(b)(2)(H)(ii)(I) may designate a Normal Retirement Age between age 50 years and age 70½ years.

1.21 **“Participant”** is a Public Employee who elects to participate in the Plan in accordance with the provisions of Section 2.01 or an individual who has previously deferred Compensation under the Plan by a Participation Agreement and/or Acknowledgement Card and has not received a complete distribution of his/her Account.

1.22 **“Participation Agreement”** means the agreement to enroll and participate in the Plan that is completed by the Participant and provided to the Administrative Services Provider. The Participation Agreement is the agreement, by which the Employer reduces the Participant’s Compensation for contribution to the Participant’s Account.

1.23 **“Plan”** means the City of Chicago Deferred Compensation Plan (As Amended and Restated Effective September 5, 2014). All section references within the Plan are Plan section references unless the context clearly indicates otherwise.

1.24 **“Plan Entry Date”** means the date on which a Public Employee completes and files a Participation Agreement with the Administrative Services Provider.

1.25 **“Plan Year”** means the calendar year in which the Plan initially became effective (1981), and each succeeding calendar year during the existence of the Plan.

1.26 **“Post-Severance Compensation”** has the meaning set forth in Section 3.02(C).

1.27 **“Public Employee”** means any person, including an elected or appointed official, who receives any type of Compensation from the Employer for which services are rendered. For purposes of this Plan, “Public Employee” shall specifically exclude Independent Contractors and Leased Employees.

1.28 **“QDRO”** means a qualified domestic relations order as defined in Code §414(p).

1.29 **“Rollover Contribution”** means the amount of cash or property which an eligible retirement plan described in Code §402(c)(8)(B) distributes to an eligible Public Employee or to a Participant in an eligible rollover distribution under Code §402(c)(4) and which the eligible Public Employee or Participant rolls directly or indirectly into the Plan. A Rollover Contribution excludes after-tax employee contributions, as adjusted for net income, gain or loss. A Participant’s “Rollover Contributions Account” shall be the subaccount under his/her Account established to hold the Participant’s Rollover Contributions, if any. A Rollover Contributions Account includes net income, gain or loss attributable to the Rollover Contribution(s).

1.29A **“Salary Reduction Contributions”** means a Participant’s Deferral Contributions that are elective deferrals which are not includible in the Participant’s gross income at the time deferred and have been irrevocably designated as Salary Reduction Contributions by the Participant in his or her deferral election. A Participant’s Salary Reduction Contributions will be separately accounted for, as will net income, gain or loss, attributable to those Salary Reduction Contributions. All Deferral Contributions of a Participant prior to the effective date as of which the Participant first makes Designated Roth Contributions are Salary Reduction Contributions.

1.30 **“Service”** means any period of time the Public Employee is in the employ of the Employer. A Public Employee terminates Service upon incurring a Severance from Employment.

(A) Qualified Military Service. Service includes any “Qualified Military Service” (within the meaning of Code §414(u)) the Plan must credit for contributions and benefits in order to satisfy the crediting of Service requirements of Code §414(u). A Participant whose employment is interrupted by Qualified Military Service under Code §414(u) or who is on a leave of absence for Qualified Military Service under Code §414(u) may elect to make additional Deferral Contributions upon resumption of employment with the Employer equal to the maximum Deferral Contributions that the Participant could have elected during that period of Qualified Military Service if the Participant’s employment with the Employer had continued (at the same level of Compensation) without the interruption of leave, reduced by the Deferral Contributions, if any, actually made for the Participant during the period of the interruption or leave. This right applies for five years following the resumption of employment (or, if sooner, for a period equal to three times the period of the interruption or leave). The Plan shall apply the limitations of Article III to all Deferral Contributions under this paragraph with respect to the year to which the Deferral Contribution relates.

(A) (B) “Continuous Service” means Service with the Employer during which the Public Employee does not incur a Severance from Employment.

(C) “Severance from Employment.”

(1) **Public Employee.** A Public Employee has a Severance from Employment when the Public Employee ceases to be a Public Employee of the Employer. A Participant does not incur a Severance from Employment if, in connection with a change in employment, the Participant’s new employer continues or assumes sponsorship of the Plan or accepts a Transfer of Plan assets as to the Participant.

(2) **Uniformed Services.** for purposes of distributions to an individual in the uniformed services, such individual will be treated as incurring a Severance from Employment during any period the individual is performing service in the uniformed services described in Code §3401(h)(2)(A). However, the Plan will not distribute the benefit to such an individual without that individual’s consent, so long as the individual is receiving differential wage payments.

If an individual elects to receive a distribution under this provision, the individual may not make Deferral Contributions to the Plan during the 6-month period beginning on the date of the distribution.

1.31 **“Social Security Replacement Compensation”** has the meaning set forth in Section 1.07(C).

1.32 **“State”** means (a) one of the 50 states of the United States or the District of Columbia, or (b) a political subdivision of a State, or any agency or instrumentality of a State or its political subdivision. A State does not include the federal government or any agency or instrumentality thereof.

1.33 **“Taxable Year”** means the calendar year or other taxable year of a Participant.

1.34 “**Transfer**” means a transfer of Eligible 457 Plan assets to another Eligible 457 Plan which is not a Rollover Contribution and which is made in accordance with Section 5.02.

1.35 “**Unforeseeable Emergency**” means severe financial hardship to the Participant or the primary Beneficiary of the Participant (as designated in writing by the Participant) resulting from a sudden and unexpected illness or accident of the Participant, the primary Beneficiary of the Participant, or a dependent (as defined in Code §152(a)) of the Participant or primary Beneficiary, loss of the Participant’s or primary Beneficiary’s property due to casualty, or other similar or extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant or primary Beneficiary.

ARTICLE II PARTICIPATION IN PLAN

2.01 ELIGIBILITY. Each eligible Public Employee becomes a Participant in the Plan when he/she completes and files a Participation Agreement and/or Acknowledgement Card, as applicable. The Participant is obligated to inform the Employer of his/her participation in any other State or local deferred compensation plan(s) in any Taxable Year beginning after December 31, 1981. Each Public Employee who was a Participant in the Plan on the day before the Effective Date continues as a Participant in the Plan.

2.02 PARTICIPATION UPON REEMPLOYMENT. A Participant who incurs a Severance from Employment will re-enter the Plan as a Participant on the date of his/her re-employment.

2.03 SPECIAL ELIGIBILITY PROVISIONS FOR PARTICIPANTS USING THE PLAN’S SOCIAL SECURITY REPLACEMENT FEATURE. The Employer has elected to use the Plan as a Social Security replacement plan with respect to eligible Public Employees who are employed by the City of Chicago, Law Department or the Board of Election Commissioners for the City of Chicago; provided, however, that any such Public Employee who becomes eligible for, and elects to participate in, the Municipal Employees’ Annuity and Benefit Fund of Chicago (or successor plan thereto or other pension fund of the Employer that requires as a condition of participation that employees make Social Security replacement contributions) shall cease to be eligible to participate in the Plan’s Social Security replacement feature. Eligible Public Employees who elect to make contributions to the Plan pursuant to the Plan’s Social Security replacement feature shall not be permitted to receive Unforeseeable Emergency withdrawals described in Section 4.05(a) or to take loans pursuant to Section 6.03 with respect to such Social Security replacement contributions or income thereon. The restrictions in the immediately preceding sentence shall not apply with respect to the Participant’s contributions to the Plan, if any, that are not made under the Plan’s Social Security replacement feature. Eligible Public Employees who elect to make contributions to the Plan pursuant to the Plan’s Social Security replacement feature shall not be permitted to make Designated Roth Contributions pursuant to the Plan’s Social Security replacement feature, and, for clarification, reference to “Deferral Contributions” in this Section 2.03 shall mean Salary Reduction Contributions and shall not include Designated Roth Contributions.

(A) Eligibility for new Public Employees to participate in Social Security replacement feature of Plan. A new Public Employee who is eligible to make contributions to the Plan pursuant to the Plan’s Social Security replacement feature may, in his/her sole discretion, sign and file with the Administrative Services Provider an Acknowledgement Card and thereby consent to a reduction of salary by the amount of the Deferral Contribution specified in the Acknowledgement Card. Contributions to such a Participant’s Account that are intended to be Social Security replacement contributions must equal at least 7.5% of the Participant’s Social Security Replacement Compensation, or such other minimum amount as shall be required for the Plan to be considered a retirement system under Code §3121(b)(7)(F) and Treas. Reg. §31.3121(b)(7)-2, and the reduction in the Participant’s salary shall begin as soon as administratively practicable thereafter, but in no event earlier than the first pay period commencing during the first month after the date on which the Acknowledgement Card is filed with the Administrative Services Provider. There shall be made available under the Plan one or more investment options for the investment of Social Security replacement contributions that satisfy(-ies) the reasonable interest rate requirement of Treas. Reg. §31.3121(b)(7)-2(e)(2)(iii)(C).

(B) Eligibility for current Public Employees to participate in Social Security replacement feature of Plan. A Public Employee who is either newly eligible to participate in the Plan or is already a Participant in the Plan and is eligible to make contributions to the Plan pursuant to the Plan’s Social Security replacement feature may, in his/her sole discretion, sign and file with the Administrative Services Provider an Acknowledgement Card and thereby

consent to a reduction of salary by the amount of the Deferral Contribution specified in the Acknowledgement Card. Contributions to such a Participant's Account that are intended to be Social Security replacement contributions must equal at least 7.5% of the Participant's Social Security Replacement Compensation or such other minimum amount as shall be required for the Plan to be considered a retirement system under Code §3121(b)(7)(F) and Treas. Reg. §31.3121(b)(7)-2, and the reduction in the Participant's salary shall begin soon as administratively practicable thereafter, but in no event earlier than the first pay period commencing during the first month after the date on which the Acknowledgement Card is filed with the Administrative Services Provider.

ARTICLE III DEFERRAL CONTRIBUTIONS/LIMITATIONS

3.01 AMOUNT.

(A) Contribution Formula. For each Plan Year, the Employer will contribute to the Plan on behalf of each Public Employee who is a Participant in the Plan the amount of Deferral Contributions the Public Employee elected to make under the Plan for such Plan Year.

(B) Return of Contributions. The Employer contributes to this Plan on the condition its contribution is not due to a mistake of fact. If any Participant Salary Reduction Contribution is due to a mistake of fact, the Employer will return the Participant's contribution, within one year after payment of the contribution.

(C) Payment of Contribution. The Employer will deposit Deferral Contributions to the Custodial Account or other funding vehicle established under the Plan as soon as administratively practicable but not later than 30 days from the date such contributions are withheld from the Participant's pay. Neither the Administrative Services Provider nor the Custodian is responsible for the delay of deposits of Deferral Contributions caused by the Employer.

3.02 DEFERRAL CONTRIBUTIONS.

(A) Deferral from Vacation and Back Pay. Except with respect to contributions made to the Plan pursuant to the Plan's Social Security replacement feature, Participants may make Deferral Contributions from accumulated vacation pay, if any, or from back pay, if any.

(B) Application to Leave of Absence and Disability. The Participation Agreement and/or Acknowledgement Card will continue to apply during the Participant's leave of absence or the Participant's disability (as the Employer shall establish), if the Participant has Compensation (or Social Security Replacement Compensation, as the case may be) other than imputed compensation or disability benefits.

(C) Post-severance deferrals limited to Post-Severance Compensation. Deferral Contributions are permitted from an amount received following Severance from Employment only if the amount is Post-Severance Compensation.

Post-Severance Compensation defined. Post-Severance Compensation includes the amounts described in (1) and (2) below, paid after a Participant's Severance from Employment with the Employer, but only to the extent such amounts are paid by the later of 2½ months after Severance from Employment or the end of the calendar year that includes the date of such Severance from Employment.

(1) Regular pay. Post-Severance Compensation *includes* regular pay after Severance of Employment, if any, if: (i) the payment is regular compensation for services during the Participant's regular working hours, or compensation for services outside the Participant's regular working hours (such as overtime or shift differential), commissions, bonuses, or other similar payments; and (ii) the payment would have been paid to the Participant prior to a Severance from Employment if the Participant had continued in employment with the Employer.

(2) Leave cashouts. Post-Severance Compensation *includes* leave cashouts, if any, if those amounts would have been included in the definition of Compensation if they were paid prior to the Participant's Severance from Employment, and the amounts, if any, are payment for unused accrued bona fide vacation or other leave, but only if the Participant would have been able to use the leave if employment had continued.

(3) Salary continuation payments for military service Participants. Post-Severance Compensation includes payments to an individual who does not currently perform services for the Employer by reason of Qualified Military Service (as described in Code §414(u)(1)) to the extent those payments do not exceed the amounts the individual would have received if the individual had continued to perform services for the Employer rather than entering Qualified Military Service.

Limitation on Post-Severance Compensation. Any payment of Compensation (or Social Security Replacement Compensation, as applicable) paid after Severance of Employment that is not described in Section 3.02(C)(1) or 3.02(C)(2) is not Post-Severance Compensation, even if payment is made by the later of 2½ months after Severance from Employment or by the end of the calendar year that includes the date of such Severance of Employment.

(D) Miscellaneous. Nothing in this Section 3.02, or any other provision of the Plan referring to compensation, is intended to modify, or shall be construed as modifying, any compensation policy, arrangement or practice of the Employer.

3.03 NORMAL LIMITATION. Except as provided in Sections 3.04 and 3.05, a Participant's maximum Deferral Contributions (excluding Rollover Contributions and Transfers) under this Plan for a Taxable Year may not exceed the lesser of:

(a) The applicable dollar amount as specified under Code §457(e)(15) (or, beginning January 1, 2006, such larger amount as the Commissioner of the Internal Revenue may prescribe), or

(b) 100% of the Participant's Includible Compensation for the Taxable Year.

3.04 NORMAL RETIREMENT AGE CATCH-UP CONTRIBUTION. For one or more of the Participant's last three Taxable Years ending before the Taxable Year in which the Participant attains Normal Retirement Age, the Participant's maximum Deferral Contributions may not exceed the lesser of:

(a) Twice the dollar amount under the Section 3.03 normal limitation, or

(b) the underutilized limitation.

(A) Underutilized Limitation. A Participant's underutilized limitation is equal to the sum of: (i) the normal limitation on contributions for the Taxable Year, and (ii) the normal limitation on contributions for each of the prior Taxable Years of the Participant commencing after 1981 during which the Participant was eligible to participate in the Plan and the Participant's Deferral Contributions were subject to the normal limitation or any other Code §457(b) limit, less the amount of Deferral Contributions for each such prior Taxable Year, excluding age 50 catch-up contribution described in Section 3.05.

(B) Multiple 457 Plans. If the Employer maintains more than one Eligible 457 Plan, the Plans may not permit any Participant to have more than one Normal Retirement Age under the Plans.

(C) Pre-2002 Coordination. In determining a Participant's underutilized limitation for pre-2002 Taxable Years, the coordination rule in effect under now repealed Code §457(c)(2) applies. Additionally, the normal limitation for pre-2002 Taxable Years is applied in accordance with Code §457(b)(2) as then in effect.

3.05 AGE 50 CATCH-UP CONTRIBUTION. All Public Employees who are eligible to make Deferral Contributions under this Plan and who have attained age 50 years before the close of the Taxable Year are eligible to make age 50 catch-up contributions for that Taxable Year in accordance with, and subject to the limitations of, Code §414(v). Such catch-up contributions are not taken into account for purposes of the provisions of the Plan implementing the required limitations of Code §457. If, for a Taxable Year, a Public Employee makes a catch-up contribution under Section 3.04, the Employee is not eligible to make age 50 catch-up contributions under this Section 3.05. A catch-up eligible Participant in each Taxable Year is entitled to make contributions equal to the greater of the catch-up amount determined under Section 3.04 or the catch-up amount determined under Section 3.05 plus the Section 3.03 normal limitation amount.

3.06 CONTRIBUTION ALLOCATION. The Administrative Services Provider will allocate to each Participant's Account his/her Deferral Contributions.

3.07 ALLOCATION CONDITIONS. The Plan does not impose any allocation conditions.

3.08 ROLLOVER CONTRIBUTIONS. The Plan permits Rollover Contributions.

(A) Operational Administration. The Employer, operationally and on a nondiscriminatory basis, may elect to permit or not to permit Rollover Contributions to this Plan or may elect to limit an eligible Public Employee's right or a Participant's right to make a Rollover Contribution. If the Employer permits Rollover Contributions, any Participant (or as applicable, any eligible Public Employee), with the Employer's written consent and after filing with the Administrative Services Provider the form prescribed by the Administrative Services Provider, may make a Rollover Contribution to the Custodial Account or other funding vehicle established under the Plan. Before a Rollover Contribution is accepted by the Plan, a Participant (or eligible Public Employee) may be required to furnish satisfactory evidence that the proposed rollover is in fact a "Rollover Contribution" which the Code permits an employee to make to an eligible retirement plan. The Plan may require that a Rollover Contribution be comprised solely of cash or may permit the rollover of property other than property which could: (1) generate unrelated business taxable income; (2) create difficulty or undue expense in storage, safekeeping or valuation; or (3) create other practical problems for the Custodial Account or other funding vehicle established under the Plan.

(B) (B) Pre-Participation Rollover. If an eligible Public Employee makes a Rollover Contribution to the Custodial Account or other funding vehicle established under the Plan prior to entering into a Participation Agreement or completing and signing an Acknowledgement Card, the Public Employee shall be treated as a limited Participant (as described in Rev. Rul. 96-48 or in any successor ruling). If a limited Participant has a Severance from Employment prior to becoming a Participant in the Plan, his/her Rollover Contributions Account shall be distributed to the limited Participant in accordance with Article IV.

(C)

(D) (C) Separate Accounting. The Administrative Services Provider shall account separately for: (1) amounts rolled into this Plan from an eligible retirement plan (other than from another Eligible 457 Plan); and (2) amounts rolled into this Plan from another Eligible 457 Plan. The Administrative Services Provider for purposes of ordering any subsequent distribution from this Plan may designate a distribution from a Participant's Rollover Contributions Account as coming first from either of (1) or (2) above if the Participant has both types of Rollover Contributions Accounts.

3.09 DISTRIBUTION OF EXCESS DEFERRALS. In the event that a Participant has Excess Deferrals, the Plan will distribute to the Participant the Excess Deferrals and allocable net income, gain or loss, in accordance with this Section 3.09 and Section 3A.04, as applicable.

The Administrative Services Provider will distribute Excess Deferrals from the Plan as soon as is reasonably practicable following the Administrative Services Provider's or Employer's determination of the amount of the Excess Deferral.

(A) Plan Aggregation. If the Employer maintains more than one Eligible 457 Plan, the Employer must aggregate all such Plans in determining whether any Participant has Excess Deferrals.

(B) Individual Limitation. If a Participant participates in another Eligible 457 Plan maintained by a different employer, and the Participant has Excess Deferrals, the Administrative Services Provider may, but is not required to, correct the Excess Deferrals by making a corrective distribution from this Plan.

3.10 DOLLAR LIMITS. The table below shows the applicable dollar amounts described in Section 3.03(a) and limitations on age 50 catch-up contributions described in Section 3.05 through the 2006 calendar year. These amounts are adjusted after 2006 for changes in the cost-of-living to the extent permitted in Code §415(d).

Year	Applicable Dollar Amount	Age 50+ Catch-up Contribution Limitation
2002	\$11,000	\$1,000
2003	\$12,000	\$2,000
2004	\$13,000	\$3,000
2005	\$14,000	\$4,000
2006	\$15,000	\$5,000

**ARTICLE IIIA
DESIGNATED ROTH CONTRIBUTIONS**

3A.01 DESIGNATED ROTH CONTRIBUTIONS PERMITTED. Subject to the conditions and limitations of the Plan, an eligible Public Employee may elect that, in lieu of all or a portion of the Salary Reduction Contributions the employee is eligible to make to the Plan for an applicable period, the employee shall make Designated Roth Contributions. Designated Roth Contributions shall be treated in the same manner as Deferral Contributions for all Plan purposes except as provided otherwise in this Plan. The Employer may, in operation, implement (or cause the Administrative Services Provider to implement) administrative rules, including deferral election procedures, with respect to Designated Roth Contributions, provided such rules and procedures are communicated to Participants and permit Participants to modify their elections at least once each Plan Year.

3A.02 UNFORESEEABLE EMERGENCY. If the Plan permits distributions of Salary Reduction Contributions on account of an Unforeseeable Emergency, Designated Roth Contributions may be withdrawn on account of an Unforeseeable Emergency subject to the same qualifications that apply to Salary Reduction Contributions.

3A.03 DISTRIBUTION RULE. Withdrawals (including, but not limited to, withdrawals on account of an Unforeseeable Emergency) from a Participant's Accounts may be directed by the Participant from either Salary Reduction Contributions, Designated Roth Contributions or pro rata from Salary Reduction Contributions and Designated Roth Contributions.

3A.04 CORRECTIVE DISTRIBUTION RULE. For any calendar year in which a Participant may make both Designated Roth Contributions and Salary Reduction Contributions and for which a corrective distribution is made to the Participant, the corrective distribution from the Participant's Accounts will be taken pro rata from a Participant's Salary Reduction Contributions and Designated Roth Contributions made during such calendar year, or the Participant may elect which type of Deferral Contributions shall be distributed first.

3A.05 LOANS. If Participant loans are permitted under the Plan, for any loans made after the date as of which Participants may make Designated Roth Contributions to the Plan the loan policy or program shall permit Participants to use as security a Participant's Designated Roth Contribution Account; provided, however, that loans may not be funded from the Participant's Designated Roth Contribution account.

3A.06 ROLLOVERS. A direct rollover of a distribution from Designated Roth Contributions shall only be made to a plan which includes Designated Roth Contributions as described in Code Section 402A(e)(1) or to a Roth IRA as described in Code Section 408A, and only to the extent the rollover is permitted under the rules of Code Section 402(c).

(a) The Plan may accept a rollover contribution of Designated Roth Contributions only if it is a direct rollover from another plan which permits Designated Roth Contributions as described in Code Section 402A(e)(1) and only to the extent the rollover is permitted under the rules of Code Section 402(c). The Deferred Compensation Plan Committee, operationally and on a uniform and nondiscriminatory basis, may decide whether to accept any such rollovers.

(b) The Plan shall not provide for a direct rollover (including an automatic rollover) for distributions from a Participant's Designated Roth Contribution Account if the amount of the distributions that are eligible rollover distributions are reasonably expected to total less than \$200 during a year. In addition, any distribution from a Participant's Designated Roth Contributions are not taken into account in determining whether distributions from a Participant's other accounts are reasonably expected to total less than \$200 during a year. Furthermore, the Plan will treat a Participant's Designated Roth Contribution Account and the Participant's other Accounts as held under two separate plans for purposes of applying the automatic rollover rules. However, eligible rollover distributions of a Participant's Designated Roth Contributions are taken into account in determining whether the total amount of the Participant's account balances under the Plan exceed the Plan's limits for purposes of mandatory distributions from the Plan.

ARTICLE IV TIME AND METHOD OF PAYMENT OF BENEFITS

4.01 DISTRIBUTION RESTRICTIONS. Except as the Plan provides otherwise, the Administrative Services Provider may not distribute to a Participant his/her Account prior to the Participant's Severance from Employment, the calendar year in which the Participant attains age 70½ years, or such other event for which federal legislation is enacted or regulatory relief granted permitting the Plan to make distributions to qualifying Participants.

(A) Distribution of Rollover Contributions. A Participant may receive a distribution of such Rollover Contributions without regard to the restrictions found in this Section 4.01.

4.02 TIME AND METHOD OF PAYMENT OF ACCOUNT. The Administrative Services Provider will distribute to a Participant who has incurred a Severance from Employment the Participant's Account under one or any combination of payment methods elected by the Participant. The Participant may elect one of the following methods of payment: (1) lump sum payment, (2) partial lump sum payment, (3) installment, or (4) an annuity. In no event will the Administrative Services Provider direct distribution, nor will the Participant elect to have distribution commence, later than the Participant's required beginning date, or under a method that does not satisfy Section 4.03.

Subject to any restrictions imposed by the Participant's investment providers and the Administrative Services Provider, the Participant: (1) may elect to commence distribution no earlier than is administratively practical following Severance from Employment; (2) may elect to postpone distribution of his/her Account to any fixed or determinable date including, but not beyond, the Participant's required beginning date; and (3) may elect the method of payment. A Participant may elect the timing and method of payment of his/her Account no later than 30 days before the date the Participant first would be eligible to commence payment of the Participant's Account. The Administrative Services Provider must furnish to the Participant a form for the Participant to elect the time and a method of payment.

4.03 REQUIRED MINIMUM DISTRIBUTIONS. The Administrative Services Provider may not distribute the Participant's Account, nor may the Participant elect any distribution of his/her Account, under a method of payment which, as of the required beginning date, does not satisfy the minimum distribution requirements of Code §401(a)(9) or which is not consistent with applicable Treasury regulations.

(A) General Rules.

(1) **Precedence.** The requirements of this Section 4.03 will take precedence over any inconsistent provisions of the Plan.

(2) **Requirements of Treasury Regulations Incorporated.** All distributions required under this Section 4.03 will be determined and made in accordance with the Treasury regulations under Code §401(a)(9).

(B) Time and Manner of Distribution

(1) **Required Beginning Date.** The Participant's entire interest in the Plan will be distributed, or begin to be distributed, to the Participant no later than the Participant's required beginning date.

(2) **Death of Participant Before Distribution Begins.** If the Participant dies before distributions begin, the Participant's entire interest will be distributed, or begin to be distributed, no later than as follows:

(a) Spouse Designated Beneficiary. If the Participant's surviving spouse is the Participant's sole designated Beneficiary, distributions to the surviving spouse will begin by December 31 of the calendar year immediately following the calendar year in which the Participant dies, or by December 31 of the calendar year in which the Participant would have attained age 70½ years, if later.

(b) Non-Spouse Designated Beneficiary. If the Participant's surviving spouse is not the Participant's sole designated Beneficiary, then, distributions to the designated Beneficiary will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died.

(c) No Designated Beneficiary. If there is no designated Beneficiary as of September 30 of the year following the year of the Participant's death, the Participant's entire interest in the Plan will be distributed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(d) Death of Spouse. If the Participant's surviving spouse is the Participant's sole designated Beneficiary and the surviving spouse dies after the Participant but before distributions to the surviving spouse begin, this Section 4.03(B)(2), other than Section 4.03(B)(2)(a), will apply as if the surviving spouse were the Participant.

For purposes of this Section 4.03(B) and Section 4.03(D), unless Section 4.03(B)(2)(d) applies, distributions are considered to begin on the Participant's required beginning date. If Section 4.03(B)(2)(d) applies, distributions are considered to begin on the date distributions are required to begin to the surviving spouse under Section 4.03(B)(2)(a). If distributions under an annuity purchased from an insurance company irrevocably commence to the Participant before the Participant's required beginning date (or to the Participant's surviving spouse before the date distributions are required to begin to the surviving spouse under Section 4.03(B)(2)(a)), the date distributions are considered to begin is the date distributions actually commence.

(3) **Forms of Distribution.** Unless the Participant's interest is distributed in the form of an annuity purchased from an insurance company or in a single sum on or before the required beginning date, as of the first distribution calendar year, distributions will be made in accordance with Sections 4.03(C) and 4.03(D). If the Participant's interest in the Plan is distributed in the form of an annuity purchased from an insurance company, distributions thereunder will be made in accordance with the requirements of Section 4.01(a)(9) of the Code and the Treasury regulations.

(C) Required Minimum Distributions during Participant's Lifetime.

(1) **Amount of Required Minimum Distribution for Each Distribution Calendar Year.** During the Participant's lifetime, the minimum amount that will be distributed for each distribution calendar year is the lesser of:

(a) ULT. The quotient obtained by dividing the Participant's Account balance by the number in the Uniform Life Table set forth in Treas. Reg. §1.401(a)(9)-9, using the Participant's attained age as of the Participant's birthday in the distribution calendar year; or

(b) Younger Spouse. If the Participant's sole designated Beneficiary for the distribution calendar year is the Participant's spouse, the quotient obtained by dividing the Participant's Account balance by the number in the Joint and Last Survivor Table set forth in Treas. Reg. §1.401(a)(9)-9, using the Participant's and spouse's attained ages as of the Participant's and spouse's birthdays in the distribution calendar year.

(2) **Lifetime Required Minimum Distributions Continue Through Year of Participant's Death.** Required minimum distributions will be determined under this Section 4.03(C) beginning with the first distribution calendar year and up to and including the distribution calendar year that includes the Participant's date of death.

(D) Required Minimum Distributions after Participant's Death.

(1) **Death On or After Distributions Begin.**

(a) Participant Survived by Designated Beneficiary. If the Participant dies on or after the date distributions begin and there is a designated Beneficiary, the minimum amount that will be distributed for the distribution calendar year of the Participant's death is obtained by dividing the Participant's Account balance by the remaining life expectancy of the Participant. The Participant's remaining life expectancy is calculated using the attained age of the Participant as of the Participant's birthday in the calendar year of death. For each distribution calendar year after the year of the Participant's death, the minimum amount that will be distributed is the quotient obtained by dividing the Participant's Account balance by the remaining life expectancy of the Participant's designated Beneficiary.

(b) No Designated Beneficiary. If the Participant dies on or after the date distributions begin and there is no designated Beneficiary as of September 30 of the calendar year after the calendar year of the Participant's death, the minimum amount that will be distributed for each distribution calendar year after the calendar year of the Participant's death is the quotient obtained by dividing the Participant's Account balance by the Participant's remaining life expectancy calculated using the attained age of the Participant as of the Participant's birthday in the calendar year of death, reduced by one for each subsequent calendar year.

(2) Death before Date Distributions Begin.

(a) Participant Survived by Designated Beneficiary. If the Participant dies before the date distributions begin and there is a designated Beneficiary, the minimum amount that will be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's Account balance by the remaining life expectancy of the Participant's designated Beneficiary, determined as provided in Section 4.03(D)(1).

(b) No Designated Beneficiary. If the Participant dies before the date distributions begin and there is no designated Beneficiary as of September 30 of the year following the year of the Participant's death, distribution of the Participant's entire interest in the Plan will be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(c) Death of Surviving Spouse Before Distributions to Surviving Spouse Are Required to Begin. If the Participant dies before the date distributions begin, the Participant's surviving spouse is the Participant's sole designated Beneficiary, and the surviving spouse dies before distributions are required to begin to the surviving spouse under Section 4.03(B)(2)(a), this Section 4.03(D)(2) will apply as if the surviving spouse were the Participant.

(E) Definitions

(1) **Designated Beneficiary**. The individual who is designated as the Beneficiary under the Plan and is the designated beneficiary under Code §401(a)(9) and Treas. Reg. §1.401(a)(9)-1, Q&A-4.

(2) **Distribution calendar year**. A distribution calendar year means a calendar year for which a minimum distribution is required. For distributions beginning before the Participant's death, the first distribution calendar year is the calendar year immediately preceding the calendar year which contains the Participant's required beginning date. For distributions beginning after the Participant's death, the first distribution calendar year is the calendar year in which the distributions are required to begin under Section 4.03(B)(2). The required minimum distribution for the Participant's first distribution calendar year will be made on or before the Participant's required beginning date. The required minimum distribution for other distribution calendar years, including the required minimum distribution for the distribution calendar year in which the Participant's required beginning date occurs, will be made on or before December 31 of that distribution calendar year.

(3) **Life expectancy**. Life expectancy as computed by use of the Single Life Table in Treas. Reg. §1.401(a)(9)-9.

(4) **Participant's account balance**. The Account balance as of the last valuation date in the calendar year immediately preceding the distribution calendar year (valuation calendar year) increased by the amount of any contributions made and allocated or forfeitures allocated to the Account balance as of dates in the valuation calendar

year after the valuation date and decreased by distributions made in the valuation calendar year after the valuation date. The Account balance for the valuation calendar year includes any Rollover Contributions or Transfers to the Plan either in the valuation calendar year or in the distribution calendar year if distributed or transferred in the valuation calendar year.

(5) **Required beginning date.** A Participant's required beginning date is the April 1 of the calendar year following the later of: (1) the calendar year in which the Participant attains age 70½ years, or (2) the calendar year in which the Participant retires or such other date under Code § 401(a)(9) by which required minimum distributions must commence.

(F) **General 2009 waiver.** The requirements of Code §401(a)(9) and the provisions of the Plan relating thereto, will not apply for the distribution calendar year 2009.

(1) **Special rule regarding waiver period.** For purposes of Code §401(a)(9) and the provisions of the Plan relating thereto: (a) the required beginning date with respect to any individual will be determined without regard to this Article IV for purposes of applying Code §401(a)(9) for distribution calendar years other than 2009; and (b) if the 5-year rule of Code §401(a)(9)(B)(ii) applies, the 5-year period described therein shall be determined without regard to calendar year 2009.

(2) **Eligible rollover distributions.** If all or any portion of a distribution during 2009 is treated as an eligible rollover distribution but would not be so treated if the minimum distribution requirements under Code §401(a)(9) had applied during 2009, then the Plan will not treat such distribution as an eligible rollover distribution for purposes of the direct rollover rules of Code §401(a)(31), the notice requirements of Code §402(f), or the 20% withholding requirement of Code §3405(c).

(3) **Participant may elect.** The Plan will permit an affected Participant to elect whether to receive his/her required minimum distribution for 2009. If the Participant fails to notify the Administrative Services Provider of his/her waiver, the Plan will distribute the 2009 required minimum distribution to the Participant.

4.04 **DEATH BENEFITS.** Upon the death of the Participant, the Administrative Services Provider must pay the Participant's Account in accordance with Section 4.03. Subject to Section 4.03, a Beneficiary may elect the timing and method of payment in the same manner as a Participant may elect under Section 4.02, if such elections apply.

In the case of a death occurring on or after January 1, 2007, if a Participant dies while performing Qualified Military Service (as defined in Code §414(u)), the survivors of the Participant are entitled to any additional benefits (other than benefit accruals relating to the period of Qualified Military Service) provided under the Plan as if the Participant had resumed and then terminated employment on account of death.

4.05 **DISTRIBUTIONS PRIOR TO SEVERANCE FROM EMPLOYMENT.** Notwithstanding the Section 4.01 distribution restrictions and except with respect to Social Security replacement contributions and income thereon, the Plan permits the following in-service distributions in accordance with this Section.

(A) **Unforeseeable Emergency.** In the event of a Participant's Unforeseeable Emergency, the Administrative Services Provider may make a distribution to a Participant who has not incurred a Severance from Employment.

An Unforeseeable Emergency is a severe financial hardship of a Participant or primary Beneficiary of the Participant resulting from: (1) illness or accident of the Participant, the Participant's primary Beneficiary, or the spouse or dependent (as defined in Code §152, and, for Taxable Years beginning on or after January 1, 2005, without regard to Code §152(b)(1), (b)(2), and (d)(1)(B)) of the Participant or primary Beneficiary; (2) loss of the Participant's or primary Beneficiary's property due to casualty; (3) the need to pay for the funeral expenses of the spouse or dependent (as defined in Code §152, and, for Taxable Years beginning on or after January 1, 2005, without regard to Code §152(b)(1), (b)(2), and (d)(1)(B)) of the Participant or primary Beneficiary; or (4) other

similar extraordinary and unforeseeable circumstances arising from events beyond the Participant's or primary Beneficiary's control. The Administrative Services Provider will not pay the Participant more than the amount reasonably necessary to satisfy the emergency need, which may include amounts necessary to pay taxes or penalties on the distribution. The Administrative Services Provider will not make payment to the extent the Participant may relieve the financial hardship by cessation of deferrals under the Plan, through insurance or other reimbursement, or by liquidation of the individual's assets to the extent such liquidation would not cause severe financial hardship.

A Participant's primary Beneficiary is a person whom the Participant designates in writing as a "primary beneficiary" and who is or may become entitled to a Participant's Plan account upon the Participant's death.

(B) De minimis distribution. A Participant may elect to receive a distribution of his/her Account where: (1) the Participant's Account (disregarding Rollover Contributions) does not exceed \$5,000 (or such other amount as does not exceed the Code §411(a)(11)(A) dollar amount); (2) the Participant has not made or received an allocation of any Deferral Contributions under the Plan during the two-year period ending on the date of distribution; and (3) the Participant has not received a prior distribution under this Section 4.05(B).

(C) Distribution of Rollover Contributions. A Participant may request and receive distribution of his/her Account attributable to Rollover Contributions (but not to Transfers) before the Participant has a distributable event under Section 4.01.

4.06 DISTRIBUTIONS UNDER QUALIFIED DOMESTIC RELATIONS ORDERS (QDROs). Notwithstanding any other provision of this Plan, the QDRO provisions will apply. The Administrative Services Provider must comply with the terms of a QDRO, as defined in Code §414(p), which is issued with respect to the Plan.

(A) Time and Method of Payment. This Plan specifically permits distribution to an alternate payee under a QDRO at any time, notwithstanding any contrary Plan provision and irrespective of whether the Participant has attained his/her earliest retirement age (as defined under Code §414(p)) under the Plan. Nothing in this Section 4.06 gives a Participant a right to receive distribution at a time the Plan otherwise does not permit nor authorizes the alternate payee to receive a form of payment the Plan does not permit.

(B) QDRO Procedures. Upon receiving a domestic relations order, the Administrative Services Provider promptly will notify the Participant and any alternate payee named in the order, in writing, of the receipt of the order and the Plan's procedures for determining the qualified status of the order. Within a reasonable period of time after receiving the domestic relations order, the Administrative Services Provider must determine the qualified status of the order and must notify the Participant and each alternate payee, in writing, of the Administrative Services Provider's determination. The Administrative Services Provider must provide notice under this paragraph by mailing to the individual's address specified in the domestic relations order.

(E)

(F) (C) Accounting. If any portion of the Participant's Account balance is payable under the domestic relations order during the period the Administrative Services Provider is making its determination of the qualified status of the domestic relations order, the Administrative Services Provider may maintain a separate accounting of the amounts payable. If the Administrative Services Provider determines the order is a QDRO within 18 months of the date amounts first are payable following receipt of the domestic relations order, the Administrative Services Provider will distribute the payable amounts in accordance with the QDRO. If the Administrative Services Provider does not make its determination of the qualified status of the order within the 18-month determination period, the Administrative Services Provider will distribute the payable amounts in the manner the Plan would distribute if the order did not exist and will apply the order prospectively if the Administrative Services Provider later determines the order is a QDRO.

(G)

(H) To the extent it is not inconsistent with the provisions of the QDRO, the Administrative Services Provider may segregate the QDRO amount in a segregated investment account. The Administrative Services Provider will make any payments or distributions required under this Section 4.06 by separate benefit checks or other separate distribution to the alternate payee(s).

(I) (D) Permissible QDROs. A domestic relations order that otherwise satisfies the requirements for a QDRO will not fail to be a QDRO: (i) solely because the order is issued after, or revises, another domestic relations order or QDRO; or (ii) solely because of the time at which the order is issued, including issuance after the annuity starting date or after the Participant's death. The Administrative Services Provider will only process a QDRO to the extent possible based upon the then-current value or benefit in the Participant's Account.

4.07 DIRECT ROLLOVER OF ELIGIBLE ROLLOVER DISTRIBUTIONS – GOVERNMENTAL PLAN.

(A) Participant Election. A Participant (including for this purpose, a former Public Employee) may elect, at the time and in the manner the Administrative Services Provider prescribes, to have any portion of his/her eligible rollover distribution from the Plan paid directly to an eligible retirement plan specified by the Participant in a direct rollover election. For purposes of this election, a "Participant" includes as to their respective interests, a Participant's surviving spouse and the Participant's spouse or former spouse who is an alternate payee under a QDRO.

(B) Rollover and Withholding Notice. At least 30 days and not more than 180 days prior to the distribution of an eligible rollover distribution, the Administrative Services Provider must provide a written notice (including a summary notice as permitted under applicable Treasury regulations) explaining to the distributee the rollover option, the applicability of mandatory 20% federal withholding to any amount not directly rolled over, and the recipient's right to roll over within 60 days after the date of receipt of the distribution ("rollover notice").

(C) Non-spouse Beneficiary rollover right. A non-spouse Beneficiary who is a "designated beneficiary" under Code §401(a)(9)(E) and the regulations thereunder, by a direct rollover, may roll over all or any portion of his/her distribution to an individual retirement account the Beneficiary establishes for purposes of receiving the distribution. In order to be able to roll over the distribution, the distribution otherwise must satisfy the definition of an eligible rollover distribution.

(1) **Certain requirements not applicable.** Although a non-spouse Beneficiary may roll over directly a distribution, commencing with distributions after December 31, 2009, the distribution will be subject to the direct rollover requirements of Code §401(a)(31) (including the automatic rollover provisions of Code §401(a)(31)(B)), the notice requirements of Code §402(f) and the mandatory withholding requirements of Code §3405(c). If a non-spouse Beneficiary receives a distribution from the Plan, the distribution is not eligible for a "60-day" rollover.

(2) **Trust Beneficiary.** If the Participant's named Beneficiary is a trust, the Plan may make a direct rollover to an individual retirement account on behalf of the trust, provided the trust satisfies the requirements to be a designated beneficiary within the meaning of Code §401(a)(9)(E).

(3) **Required minimum distributions not eligible for rollover.** A non-spouse Beneficiary may not roll over an amount which is a required minimum distribution, as determined under applicable Treasury regulations and other Internal Revenue Service guidance. If the Participant dies before his/her required beginning date and the non-spouse Beneficiary rolls over to an individual retirement account the maximum amount eligible for rollover, the Beneficiary may elect to use either the 5-year rule or the life expectancy rule, pursuant to Treas. Reg. §1.401(a)(9)-3, A-4(c), in determining the required minimum distributions from the individual retirement account that receives the non-spouse Beneficiary's distribution.

(J) (D) Definitions. The following definitions apply to this Section:

(1) **Eligible rollover distribution.** An eligible rollover distribution is any distribution of all or any portion of a Participant's Account, except an eligible rollover distribution does not include: (a) any distribution which is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Participant or the joint lives (or joint life expectancies) of the Participant and the Participant's designated Beneficiary, or for a specified period of ten years or more; (b) any Code §401(a)(9) required minimum distribution; (c) any Unforeseeable Emergency distribution; and (d) any distribution which otherwise would be an eligible rollover distribution, but where the total distributions to the Participant during that calendar year are reasonably expected to be less than \$200.

(2) **Eligible retirement plan.** An eligible retirement plan is an individual retirement account described in Code §408(a), an individual retirement annuity described in Code §408(b), an annuity plan described in Code §403(a), a qualified plan described in Code §401(a), an annuity contract (or custodial agreement) described in Code §403(b), or an eligible deferred compensation plan described in Code §457(b) and maintained by an Employer described in Code §457(e)(1)(A), which accepts the Participant's, the Participant's spouse's or alternate payee's eligible rollover distribution. For distributions made after December 31, 2007, a Participant or Beneficiary may elect to roll over directly an eligible rollover distribution to a Roth individual retirement account described in Code §408A(b).

(3) **Direct rollover.** A direct rollover is a payment by the Plan to the eligible retirement plan specified by the distributee.

(4) **Mandatory distribution.** The Administrative Services Provider is directed to make a mandatory distribution, which is an eligible rollover distribution, without the Participant's consent provided that the Participant's Account is less than \$1,000. A distribution to a Beneficiary is not a mandatory distribution.

(5) **401(a)(31)(B) Effective Date.** The §401(a)(31)(B) Effective Date is the date of the close of the first regular legislative session of the legislative body with the authority to amend the Plan that begins on or after January 1, 2006.

4.08 **ELECTION TO DEDUCT FROM DISTRIBUTION.** For distributions in taxable years beginning after December 31, 2006, an Eligible Retired Public Safety Officer may elect annually for that Taxable Year to have the Plan deduct an amount from a distribution which the Eligible Retired Public Safety Officer otherwise would receive and include in income. The Plan will pay such deducted amounts directly to the provider as described in Section 4.08(A).

(A) Direct payment. The Plan will pay directly to the provider of the accident or health insurance plan or qualified long-term care insurance contract the amounts the Eligible Retired Public Safety Officer has elected to have deducted from the distribution. Such amounts may not exceed the lesser of \$3,000 or the amount the Participant paid for such taxable year for qualified healthcare premiums, and which otherwise complies with Code §402(l).

(B) Definitions.

(1) **Eligible Retired Public Safety Officer.** An "Eligible Retired Public Safety Officer" is an individual who, by reason of disability or attainment of normal retirement age, has experienced a Severance from Employment as a Public Safety Officer with the Employer.

(2) **Public Safety Officer.** A "Public Safety Officer" has the same meaning as in §1204(9)(A) of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. §3796b(9)(A)).

(3) **Qualified health insurance premiums.** The term "qualified health insurance premiums" means premiums for coverage for the Eligible Retired Public Safety Officer, his/her spouse, and dependents, by an accident or health plan or qualified long-term care insurance contract (as defined in Code §7702B(b)).

ARTICLE V TRANSFERS

5.01 **TERMINATION/FREEZING OF PLAN.** The Employer has the right, at any time, to terminate this Plan or to cease (freeze) further Deferral Contributions to the Plan. Upon termination or freezing of the Plan, the provisions of the Plan (other than provisions permitting continued Deferral Contributions) remain operative until distribution of all Accounts. Upon Plan termination, the Administrative Services Provider shall distribute to Participants and Beneficiaries all Deferred Compensation as soon as is reasonably practicable following termination.

5.02 **TRANSFERS.** The Plan: (a) may accept a Transfer of a Participant's Account in another employer's Eligible 457 Plan; or (b) may Transfer a Participant's (or Beneficiary's) Account in this Plan to the another employer's Eligible 457 Plan. The other plan involved in the Transfer must provide for Transfers. The Participant or Beneficiary, after the Transfer will have Deferred Compensation in the recipient plan at least equal to his/her Deferred Compensation in the transferring plan immediately before the Transfer. Any Transfer also must comply

with applicable Treasury regulations, and in particular Treas. Reg. §1.457-10(b)(2) as to post-severance transfers between Eligible 457 Plans; Treas. Reg. §1.457-10(b)(3) as to transfers of all assets between Eligible 457 Plans; and Treas. Reg. §1.457-10(b)(4) as to transfers between Eligible 457 Plans of the same Employer. The Administrative Services Provider will credit any Transfer accepted under this Section 5.02 to the Participant's Account and will treat the transferred amount as a Deferral Contribution for all purposes of this Plan except such Transfer will not be treated as a Deferral Contribution subject to the limitations of Article III. The Plan's transfer of any Participant's or Beneficiary's Account under this Section 5.02 completely discharges the Employer, the Administrative Services Provider, the Custodian and the Plan from any liability to the Participant or Beneficiary for any Plan benefits.

5.03 PURCHASE OF PERMISSIVE SERVICE CREDIT. A Participant, prior to otherwise incurring a distributable event under Article IV, may direct the transfer (as of January 1, 2002, or later) of all or a portion of his/her Account to a governmental defined benefit plan (under Code §414(d)) for: (a) the purchase of permissive service credit (under Code §415(n)(3)(A)) under such plan, or (b) the repayment of contributions and earnings previously refunded with respect to a forfeiture of service credited under the plan (or under another governmental plan within the same State) to which Code §415 does not apply by reason of Code §415(k)(3). Provided, however, a Participant shall not be permitted to transfer that portion of his/her Account that is comprised of Designated Roth Contributions for purposes of purchasing permissive service credits as described in this Section 5.03.

ARTICLE VI ADMINISTRATIVE SERVICES PROVIDER - DUTIES

6.01 TERM/VACANCY. The Administrative Services Provider will serve until its successor is appointed. In case the Employer has not appointed a successor Administrative Services Provider, the Employer will exercise any and all duties of the Administrative Services Provider pending the filling of the vacancy.

6.02 DUTIES. The Administrative Services Provider will have the following duties:

- (a) To create administrative forms necessary for the proper and efficient administration of the Plan provided the forms are not inconsistent with the terms of the Plan;
- (b) To enforce the terms of the Plan and its procedures, including this document and such other documents related to the Plan's operation;
- (c) To make, at the direction of the Participant or Beneficiary or pursuant to Section 4.07(D)(4), distributions of an Account;
- (d) To review in accordance with the Plan's procedures respecting a claim for (or denial of a claim for) a benefit under the Plan;
- (e) To furnish the Employer with information which the Employer may require for tax or other purposes;
- (f) To make distributions on account of unforeseeable emergency in accordance with the Plan's procedures;
- (g) To accept Deferral Contributions, including Social Security replacement contributions, and Rollover Contributions;
- (h) To accept Transfers;
- (i) To accept Participant or, in the case of a deceased Participant, Beneficiary direction of investment;
- (j) To comply with any reporting and disclosure rules applicable to the Plan;
- (k) To make loans to eligible Participants;
- (l) To appoint agents to act for and in performing its third party administrative services to the Plan; and

(m) To undertake any other action the Administrative Services Provider deems reasonable or necessary to provide third party administrative services to the Plan.

6.03 LOANS TO PARTICIPANTS. The Employer has elected to permit the Administrative Services Provider to make Plan loans to Participants by executing a participant loan program document with the Administrative Services Provider. Any loan by the Plan to a Participant shall be made in compliance with Code §72(p). If Plan loans are permitted, the Administrative Services Provider, with the approval and direction of the Employer in accordance with Section 10.03, may establish, amend or terminate from time to time, nondiscriminatory administrative procedures for administering loans. Such loan procedures must be a written document and must include: (1) the procedure for applying for a loan; (2) the criteria for approving or denying a loan; (3) the limitations, if any, on the types and amounts of loans available; and (4) the events constituting default and the steps the Plan will take to preserve Plan assets in the event of default. Any administrative procedures adopted under this Section 6.03 shall be construed as part of the Plan. Notwithstanding anything in this Section 6.03 to the contrary, no loans shall be made from a Participant's Social Security replacement contributions or income thereon and the amount of a Participant's Social Security contributions (as adjusted for earnings and losses thereon) shall be excluded from the Participant's Account balance for purposes of determining the maximum amount of any loan available from the Participant's Account.

6.04 INDIVIDUAL ACCOUNTS / RECORDS. The Administrative Services Provider will maintain a separate Account in the name of each Participant to reflect the value of the Participant's Deferred Compensation under the Plan. The Administrative Services Provider will account separately for a Participant's Social Security replacement contributions.

6.05 VALUE OF PARTICIPANT'S ACCOUNT. The value of each Participant's Account consists of his/her accumulated Deferred Compensation, as of the most recent Accounting Date or any later date as the Administrative Services Provider may determine.

6.06 ALLOCATION OF NET INCOME, GAIN OR LOSS. As of each Accounting Date (and each other valuation date determined under Section 6.04), the Administrative Services Provider will adjust Accounts to reflect net income, gain or loss, if any, since the last Accounting Date or Account valuation. The Administrative Services Provider will continue to allocate net income, gain and loss to a Participant's Account subject to an installment distribution, until the Account is fully distributed.

6.07 ACCOUNT CHARGED The Administrative Services Provider will charge all distributions made to a Participant or to his/her Beneficiary, or transferred under Section 5.02 from his/her Account, against the Account of the Participant when made.

6.08 PARTICIPANT DIRECTION OF INVESTMENT. Subject to the terms and conditions required by the Administrative Services Provider, a Participant will have the right to direct the investment or re-investment of the assets comprising the Participant's Account. The Administrative Services Provider will account separately for the Participant-directed Accounts. The Participant's right to direct investment does not give the Participant any vested interest or secured or preferred position with respect to assets over which he/she has investment responsibility. A Participant's Social Security replacement contributions, if any, may be subject to restrictions on the type and manner of investment.

6.09 VESTING/SUBSTANTIAL RISK OF FORFEITURE. Each Participant's Account will be immediately 100% vested.

6.10 PRESERVATION OF ELIGIBLE PLAN STATUS. The Employer may take any such necessary and appropriate action to preserve the status of the Plan as an Eligible 457 Plan.

6.11 LIMITED LIABILITY. The Employer will not be liable to pay Plan benefits to a Participant in excess of the value of the Participant's Account as the Administrative Services Provider determines in accordance with the Plan terms. Neither the Employer nor the Administrative Services Provider will be liable for losses arising from depreciation or shrinkage in the value of any investments acquired under this Plan.

6.12 LOST PARTICIPANTS. If the Administrative Services Provider is unable to locate any Participant or Beneficiary whose Account becomes distributable (a “lost Participant”), the Administrative Services Provider will apply the provisions of this Section 6.12.

(A) Attempt to Locate. The Administrative Services Provider will attempt to locate a lost Participant and may use one or more of the following methods: (1) provide a distribution notice to the lost Participant at his/her last known address by certified or registered mail; (2) use a commercial locator service, the Internet or other general search method; (3) use the Social Security Administration search program; or (4) use such other methods as the Administrative Services Provider believes prudent.

(B) Failure to Locate. If a lost Participant is not located after 12 months following the date the Administrative Services Provider first attempts to locate the lost Participant using one or more of the methods described in Section 6.12(A), the Administrative Services Provider may employ the unclaimed property processes of the state of the lost Participant’s last known address. Neither the Employer nor the Administrative Services Provider shall be responsible for restoring the Account (including potential gains) if a lost Participant whose Account was deposited with a state later makes a claim for his/her Account.

(C) Nonexclusivity and Uniformity. The provisions of this Section 6.12 are intended to provide permissible but not exclusive means for the Administrative Services Provider to administer the Accounts of lost Participants. The Administrative Services Provider may utilize any other reasonable method to locate lost Participants and to administer the Accounts of lost Participants, including such methods as the Internal Revenue Service or other regulatory agency may in the future specify. The Administrative Services Provider will apply Section 6.12 in a reasonable manner, but may in determining a specific course of action as to a particular Account, reasonably take into account differing circumstances such as the amount of a lost Participant’s Account, the expense in attempting to locate a lost Participant, the Administrative Services Provider’s ability to establish and the expense of establishing a rollover individual retirement account, and other factors. The Administrative Services Provider may charge to the Account of a lost Participant the reasonable expenses incurred under this Section 6.12 and which are associated with the lost Participant’s Account.

6.13 PLAN CORRECTION. The Administrative Services Provider, as directed by the Employer, may undertake such correction of Plan errors as the Employer deems necessary, including but not limited to correction to maintain the Plan’s status as an “eligible deferred compensation plan” under the Code.

ARTICLE VII PARTICIPANT ADMINISTRATIVE PROVISIONS

7.01 BENEFICIARY DESIGNATION. A Participant from time to time may designate, in writing, any person(s) (including a trust or other entity), contingently or successively, to whom the Administrative Services Provider will pay the Participant’s Account (including any life insurance proceeds payable to the Participant’s Account) in the event of death. A Participant also may designate the method of payment of his/her Account. The Administrative Services Provider will prescribe the form for the Participant’s written designation of Beneficiary, which form will have no effect until it is signed, filed with the Administrative Services Provider by the Participant and accepted by the Administrative Services Provider prior to the Participant’s death. Upon the Participant’s filing the form with the Administrative Services Provider, the form revokes all designations filed prior to that date by the same Participant. Provided the Administrative Services Provider has been provided reasonable notice thereof, a divorce decree, or a decree of legal separation, revokes the Participant’s designation, if any, of his/her spouse as his/her Beneficiary under the Plan unless: (a) the decree or a QDRO provides otherwise; or (b) the Participant has re-designated his/her former spouse as Beneficiary following the date of the divorce decree, or other decree of legal separation. The foregoing revocation provision (if applicable) applies only with respect to a Participant whose divorce or legal separation becomes effective on or following the date the Employer executes the Plan.

7.02 NO BENEFICIARY DESIGNATION. If the Participant dies without having a Beneficiary designation on file, the Participant’s interest in the Plan shall be paid to the properly appointed fiduciary of the Participant’s probate estate. Provided, however if a fiduciary has not been appointed and qualified within one hundred twenty (120) days after the Participant’s death, the Participant’s interest in the Plan shall be paid to the Participant’s surviving spouse. If no spouse survives the Participant, the Participant’s interest in the Plan shall be

paid to the Participant's surviving child or children in equal shares. If no spouse or children survive the Participant, the Participant's interest in the Plan shall be paid to the Participant's surviving parent or parents in equal shares. The Participant accepts and acknowledges that the Participant has the burden for executing and filing, with the Administrative Services Provider prior to the Participant's death, a proper Beneficiary designation form. The Participant further accepts and acknowledges that his/her failure to execute and file a proper Beneficiary designation form will result in the distribution of the Participant's interest in the Plan as provided above. The Beneficiary shall have the right to elect the mode of payment of such benefits, subject to the limitations set forth in Section 8.03.

If the Beneficiary survives the Participant, but dies prior to distribution of the Participant's entire Account, the Administrative Services Provider will pay the remaining Account to the Beneficiary's estate unless: (1) the Participant's Beneficiary designation provides otherwise; or (2) the Beneficiary has properly designated a Beneficiary. A Beneficiary only may designate a Beneficiary for the Participant's Account Balance remaining at the Beneficiary's death, and the Beneficiary's designation otherwise complies with the Plan terms.

7.03 PARTICIPATION AGREEMENT AND ACKNOWLEDGEMENT CARD.

(A) General. A Participant must elect to make Deferral Contributions on a Participation Agreement form or, with respect to Social Security replacement contributions, on an Acknowledgement Card, that the Administrative Services Provider provides for this purpose. The Participation Agreement and/or Acknowledgement Card must be consistent with the procedures of the Administrative Services Provider. The Participation Agreement or Acknowledgement Card may impose such other terms and limitations as the Employer or Administrative Services Provider may determine.

(B) Election Timing. A Participation Agreement or Acknowledgement Card may not take effect earlier than the first day of the calendar month following the date the Participant executes the Participation Agreement and as to Compensation paid or made available in such calendar month. However, if a Public Employee is eligible to become a Participant during the Public Employee's calendar month of hire, the Public Employee may execute a Participation Agreement (and/or Acknowledgement Card, as the case may be) before the date he/she becomes a Public Employee, effective for the first pay period commencing during the first month in which he/she becomes a Public Employee. Notwithstanding anything in the Plan to contrary, in no event may a Public Employee commence making Deferral Contributions to the Plan earlier than the time permitted by the applicable provisions of Code §457 and Treasury Regulations promulgated thereunder.

(C) Vacation and Back Pay. If the Plan permits Participants to make Deferral Contributions from accumulated vacation pay or from back pay, if any, a Participant who will incur a Severance from Employment may execute a Participation Agreement before such amounts are paid or made available provided: (i) such amounts are paid or made available before the Participant incurs the Severance from Employment; and (ii) the Participant is a Public Employee in that month.

(D) Modification of Participation Agreement or Acknowledgement Card. A Participation Agreement or Acknowledgement Card remains in effect until a Participant modifies it or ceases to be eligible to participate in the Plan. A Participant may modify his/her Participation Agreement or Acknowledgement Card by executing a new Participation Agreement or Acknowledgement Card. Any modification will become effective no earlier than the beginning of the calendar month commencing after the date such new Participation Agreement or Acknowledgement Card has been filed with the Administrative Services Provider. Filing a new Participation Agreement or Acknowledgement Card will revoke all Participation Agreements or Acknowledgement Cards filed prior to that date. The Employer or Administrative Services Provider may restrict the Participant's right to modify his/her Participation Agreement or Acknowledgement Card in any Taxable Year.

7.04 PERSONAL DATA TO ADMINISTRATIVE SERVICES PROVIDER. Each Participant and each Beneficiary of a deceased Participant must furnish to the Administrative Services Provider such evidence, data or information as the Administrative Services Provider considers necessary or desirable for the purpose of administering the Plan. The provisions of this Plan are effective for the benefit of each Participant upon the condition precedent that each Participant will furnish promptly full, true and complete evidence, data and information when requested by the Administrative Services Provider, provided the Administrative Services Provider advises each Participant of the effect of his/her failure to comply with its request.

7.05 ADDRESS FOR NOTIFICATION. Each Participant and each Beneficiary of a deceased Participant must file with the Administrative Services Provider from time to time, in writing, his/her address and any change of address. Any communication, statement or notice addressed to a Participant, or Beneficiary, at his/her last address filed with the Administrative Services Provider, or as shown on the records of the Employer, binds the Participant, or Beneficiary, for all purposes of this Plan.

7.06 PARTICIPANT OR BENEFICIARY INCAPACITATED. If evidence is submitted to the Administrative Services Provider that a Participant or Beneficiary entitled to a Plan distribution is not able to care for his/her affairs because of a mental condition, a physical condition, or by reason of age, the Administrative Services Provider may make the distribution to the Participant's or Beneficiary's guardian, conservator, trustee, custodian (including under a Uniform Transfers or Gifts to Minors Act) or to his/her attorney-in-fact or to other legal representative upon furnishing evidence of such status satisfactory to the Administrative Services Provider. The Administrative Services Provider does not have any liability with respect to payments so made and the Administrative Services Provider has no duty to make inquiry as to the competence of any person entitled to receive payments under the Plan.

ARTICLE VIII MISCELLANEOUS

8.01 NO ASSIGNMENT OR ALIENATION. A Participant or Beneficiary does not have the right to commute, sell, assign, pledge, transfer or otherwise convey or encumber the right to receive any payments under the Plan, Custodial Account or other funding vehicle established under the Plan and the Administrative Services Provider will not recognize any such anticipation, assignment, or alienation. The payments and the rights under this Plan are non-assignable and nontransferable. Subject to Section 9.03, a Participant's or Beneficiary's interest in the Plan, the Custodial Account or any other funding vehicle is not subject to attachment, garnishment, levy, execution or other legal or equitable process.

8.02 EFFECT ON OTHER PLANS. This Plan does not affect benefits under any other retirement, pension, or benefit plan or system established for the benefit of the Employer's Public Employees, and participation under this Plan does not affect benefits receivable under any such plan or system, except to the extent provided in such plan or system.

8.03 WORD USAGE. Words used in the masculine will apply to the feminine where applicable, and wherever the context of the Plan dictates, the plural will be read as the singular and the singular as the plural.

8.04 STATE LAW. The laws of the State of Illinois will determine all questions arising with respect to the provisions of this Plan, except to the extent federal law supersedes state law.

8.05 EMPLOYMENT NOT GUARANTEED. Nothing contained in this Plan, or any modification or amendment to the Plan, or in the creation of any Account, or the payment of any benefit, gives any Public Employee, Participant or Beneficiary any right to continue employment, any legal or equitable right against the Employer, the Administrative Services Provider, the Custodian, any other Public Employee of the Employer, or any agents thereof except as expressly provided by the Plan.

8.06 NOTICE, DESIGNATION, ELECTION, CONSENT AND WAIVER. All notices under the Plan and all Participant or Beneficiary designations, elections, consents or waivers must be in writing and made in a form acceptable to the Administrative Services Provider. To the extent permitted by Treasury regulations or other applicable guidance, any Plan notice, election, consent or waiver may be transmitted electronically. Any person entitled to notice under the Plan may waive the notice or shorten the notice period except as otherwise required by the Code.

8.07 LIMITATIONS ON TRANSFERS AND EXCHANGES. The Employer and the Administrative Services Provider may adopt procedures to govern Participant elections and directions concerning a Participant's, Beneficiary's, or alternate payee's investment specifications and may impose limitations on transfers and exchanges from one investment option with the Plan to another. These procedures shall be in addition to any established by investment providers to the Plan. The Employer and the Administrative Services Provider may decline to implement any investment instructions for a Participant, Beneficiary, or alternate payee where either deems appropriate.

8.08 EMPLOYER RESPONSIBILITY FOR DISTRIBUTION OF PLAN RELATED INFORMATION. The Employer will distribute all Plan related amendments, restated plan documents, and deferred compensation plan tax related documentation to the Administrative Service Providers when there are multiple Administrative Service Providers of the Plan.

8.09 USE OF PLAN ASSETS THAT ARE NOT ATTRIBUTABLE TO AN ACCOUNT. If the Plan receives money that is not attributable to an Account, then the Employer will direct the Administrative Services Provider as to the use of these amounts. Examples include, but are not limited to, money received by the Plan as part of a settlement, litigation award or fee reimbursement. The Employer may use these amounts to offset Plan expenses or may allocate these amounts to Participants or as it deems appropriate.

8.10 NO RECOVERY; INDEMNIFICATION. As a condition to participation in the Plan, the Participant specifically agrees not to seek recovery against the Employer, the Administrative Services Provider, or the Custodian, or any other employee, contractee, or agent of the Employer, the Administrative Services Provider, or the Custodian for any loss sustained by the Participant or his Beneficiary for the nonperformance of their duties, negligence, or any other misconduct of the above named persons except that this paragraph shall not excuse fraud or wrongful taking by any person. The Employer and its agents, including the Administrative Services Provider, are hereby held harmless from all court costs and all claims for the attorney's fees arising from action brought by the Participant or any Beneficiary thereof under this Plan, or to enforce his rights under this Plan, including any amendments thereof. The Administrative Services Provider shall not be required to participate in any litigation concerning the Plan except upon written demand from the Employer. The Administrative Services Provider may compromise, adjust or effect settlement of litigation when specifically instructed to do so by the Employer. For purposes of this Section 8.10, an alternate payee of the Participant is considered to be a Beneficiary of the Participant.

8.11 INTERPRETATION OF PLAN. The Employer, or its authorized agent, the Administrative Services Provider, (i) shall be authorized to resolve any questions of fact necessary to decide the Participant's right under this Plan and such decision shall be binding on the Participant and any Beneficiary thereof and (ii) shall be authorized to construe the Plan and to resolve any ambiguity in the Plan.

8.12 NO REPRESENTATION AS TO TAX CONSEQUENCES. The Employer and Administrative Services Provider do not represent or guarantee that any particular federal or state income, payroll, personal property, or other tax consequence will occur because of the Participant's participation in this Plan. The Participant should consult with his/her own representative regarding all questions of federal or state income, payroll, personal property or other tax consequences arising from participation in this Plan

8.13 COMPLETE AGREEMENT; BINDING; NO ORAL STATEMENTS. This Plan, and all amendments thereto, shall constitute the total agreement or contract between the Employer and the Participant (and between the Employer and the Participant's Beneficiaries and alternate payees) regarding the Plan, and shall be binding on the parties hereto and their respective heirs, administrators, trustees, successors and assignees and on all Beneficiaries and alternate payees of the Participant. No oral statement regarding the Plan may be relied upon by the Participant, any Beneficiary or any alternate payee.

8.14 SUSPENSION AND LEGAL DETERMINATION OF PAYMENTS. The Employer, or its agents including the Administrative Services Provider, if in doubt concerning the correctness of their action in making a payment of a benefit, may suspend the payment until satisfied as to the correctness of the payment or the person to receive the payment or allow the filing in any State court of competent jurisdiction, a suit in such form as they consider appropriate for a legal determination of the benefits to be paid and the persons to receive them. The Employer shall comply with the final orders of the court in any such suit and the Participant, for him-/herself and his/her Beneficiary, consents to be bound thereby insofar as it affects the benefits payable under this Plan or the method or manner of payment.

ARTICLE IX FUNDING VEHICLES

9.01 **FUNDING VEHICLES.** All assets of the Plan, including all Deferred Compensation and amounts rolled into or transferred to the Plan, property and rights purchased with such amounts, and all income attributable to such amounts, property or rights shall (until made available to the Participant or Beneficiary) be held in trust, custodial account or annuity contract described in Code §457(g) for the exclusive benefit of the Participants and their Beneficiaries. As of the Effective Date, all of the Plan's assets are held in a Custodial Account pursuant to a Custodial Account Agreement. The Employer has adopted the Custodial Account to hold assets, other than assets held in one or more trusts and/or annuity contracts, which will provide benefits for the Participants and Beneficiaries hereunder in a common fund with the assets of other Section 457 plans. Such Custodial Account shall be held by the Custodian thereof for the exclusive benefit of such Participants and Beneficiaries of this and other Section 457 plans and the assets may not be diverted to any other use. The Administrative Services Provider shall be the agent of the Employer for purposes of providing direction to the Custodian of the Custodial Account as to the investment of the funds held in the account, the transfer of assets to or from the account and all other matters.

In addition to or in lieu of the Custodial Account, one or more other permitted funding vehicles may be established by the Employer under the Plan to hold the Plan's assets.

9.02 **RECEIPT OF CONTRIBUTIONS.** The Custodian is accountable to the Employer for the funds contributed to it by the Employer or the Administrative Services Provider, but the Custodian does not have any duty to see that the contributions received comply with the provisions of the Plan.

9.03 **EXCLUSIVE BENEFIT.** The assets of the Plan shall be held under the Custodial Account (and/or other permitted funding vehicles) for the exclusive benefit of the Participants and their Beneficiaries and neither the Employer nor the Custodian (nor any trustee, as applicable) will use or divert any part of the Plan's assets held under the Custodial Account (or other funding vehicle(s)) for purposes other than the exclusive benefit of the Participants and Beneficiaries of the Plan. The Employer will not have any right to the Plan's assets held under the Custodial Account or other applicable funding vehicle(s) and the Custodial Account assets (and Plan assets held under any other applicable funding vehicle(s)) will not be subject to the claims of the Employer's creditors or, except as provided in Section 4.06, of the creditors of any Participant or Beneficiary. No Participant or Beneficiary shall have any right to sell, assign, transfer or otherwise convey his/her Account or any interest in his/her Deferred Compensation. Notwithstanding the foregoing, the Administrative Services Provider may pay from a Participant's or Beneficiary's Account the amount the Administrative Services Provider finds is lawfully demanded under a levy issued by the Internal Revenue Service with respect to that Participant or Beneficiary or is sought to be collected by the United States Government under a judgment resulting from an unpaid tax assessment against the Participant or Beneficiary. The Custodial Account and each other funding vehicle, if any, created under the Plan and its respective assets will not inure to the benefit of the Employer.

ARTICLE X ADMINISTRATION OF PLAN

10.01 **APPOINTMENT OF AGENTS.** The Employer or authorized designee shall have the authority to contract with agents and other third parties to perform duties with respect to the Plan and to select depositories for the assets of the Plan.

10.02 **AMENDMENT BY EMPLOYER.** The Employer has the right at any time and from time to time:

(a) To amend the Plan as may be required to cause this Plan to comply with any changes to the Code or other applicable laws and regulations.

(b) To amend any Custodial Account Agreement or agreement with respect to any other funding vehicle (*e.g.*, any trust or annuity contract described in Code §457(g), as the case may be) in any manner it deems necessary or advisable in order to continue the status of this Plan as an Eligible 457 Plan or as the Employer may otherwise determine to be necessary or appropriate for prudent administration of the Plan.

Any such amendments to this Plan or any Custodial Account Agreement or agreement with respect to any other funding vehicle in any other manner, including deletion, substitution or modification of any provision thereof, may be made by the Employer without the consent of any Participant or Beneficiary.

All amendments to the Plan shall become effective on the first day of the month following the giving of not less than forty-five (45) days notice of the amendment. Notice shall be deemed given when the amendment is posted in the office of the Employer. To the extent that it is possible to do so, the Administrative Services Provider shall include an explanation of all amendments to the Plan that become effective during the Plan Year with the Participant's last semi-annual report for that Plan Year, which report may be mailed to the Participant or posted on an Internet website established by the Administrative Services Provider for the benefit of Participants (or their Beneficiaries and alternate payees, as applicable). No amendments shall deprive the Participant of any of the benefits to which he/she is entitled under this Plan with respect to deferred amounts credited to his/her Account prior to the effective date of the amendment. The Employer must make all amendments in writing. The Employer may amend the Plan by addenda, by separate amendment, or by restatement of the Plan. Each amendment must state the date to which it is either retroactively or prospectively effective. The Employer also may not make any amendment that affects the rights, duties or responsibilities of the Administrative Services Provider without the written consent of the affected Administrative Services Provider.

10.03 PROMULGATION OF RULES. The Mayor or his designee may issue rules of administration of the Plan, on the recommendation of the Budget Director, the Commissioner of Human Resources, the City Comptroller, the Chief Financial Officer and the Chairmen of the Committees on the Budget and Government Operations and Finance and Workforce Development and Audit. The same will be approved by the Corporation Counsel as to form and legality. Any rules adopted under this Section shall be construed as part of the Plan.

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EXHIBIT XII

Data Protection Requirements for Contractors, Vendors and Third Parties

Data Protection Requirements for Contractors, Vendors and Third-Parties

"Breach" means the acquisition, access, use, or disclosure of Protected Information that compromises the security or privacy of the Protected Information.

"Contractor" means an entity that receives or encounters Protected Information. Contractor includes, without limitation, entities that store Protected Information, or host applications that process Protected Information. The provisions of this Data Policy includes not only the entity that is a signatory to this Policy but all subcontractors, of whatever tier, of that entity; the signatory must inform and obtain the agreement of such subcontractors to the terms of this Data Policy.

"Protected Information" means all data provided by City to Contractor or encountered by Contractor in the performance of the services to the City, including, without limitation, all data sent to Contractor by City and/or stored by Contractor on its servers. Protected Information includes, but is not limited to, employment records, medical and health records, personal financial records (or other personally identifiable information), research data, and classified government information. To the extent there is any uncertainty as to whether any data constitutes Protected Information, the data in question shall be treated as Protected Information.

1. Information Security. Contractor agrees to the following:

- 1.1. General. Notwithstanding any other obligation of Contractor under this policy, Contractor agrees that it will not lose, alter, or delete, either intentionally or unintentionally, any Protected Information, and that it is responsible for the safe-keeping of all such information, except to the extent that the City directs the Contractor in writing to do so.
- 1.2. Access to Data. In addition to the records to be stored / maintained by Contractor, all records that are possessed by Contractor in its service to the City of Chicago to perform a governmental function are public records of the City of Chicago pursuant to the Illinois Freedom of Information Act (FOIA), unless the records are exempt under the Act. FOIA requires that the City produce records in a very short period of time. If the Contractor receives a request from the City to produce records, the Contractor shall do so within 72 hours of the notice.
- 1.3. Minimum Standard for Data at Rest and Data in Motion. Contractor must, at a minimum, comply, in its treatment of Protected Information, with National Institute of Standards and Technology (NIST) Special Publication 800-53 Moderate Level Control. Notwithstanding this requirement, Contractor acknowledges that it must fully comply with each additional obligation contained in this policy. If data is protected health information or electronic protected health information, as defined in the Health Insurance Portability and Accountability Act and Health Information Technology for Economic and Clinical Health Act (HIPAA/HITECH) and regulations implementing these Acts (see 45 CFR Parts 160 and 164), it must be secured in accordance with "Guidance Specifying the Technologies and Methodologies that Render Protected Health Information Unusable, Unreadable, or Indecipherable to Unauthorized Individuals," available on the United States Department of Health and Human Services (HHS) website <http://www.hhs.gov/ocr/privacy/hipaa/administrative/breachnotificationrule/index.html>, or at Volume 74 of the Federal Register, beginning at page 42742. That guidance from the HHS states that valid encryption processes for protected health information data at rest (e.g., protected health information resting on a server), must be consistent with the NIST Special Publication 800-111, Guide for Storage Encryption Technologies for End User Devices. Valid encryption processes for protected health information data in motion (e.g., transmitted through a network) are those which comply with NIST Special Publications 800-52, Guidelines for the Selection and Use of Transport Layer Security Implementation; 800-77, Guide to IPsec VPNs; or 800-113, Guide to SSL VPNs, or others which are Federal Information Processing Standards (FIPS) 140-2 validated.

- 1.4. Where Data is to be Stored. All data must be stored only on computer systems located in the continental United States.
- 1.5. Requirement to Maintain Security Program. Contractor acknowledges that the City has implemented an information security program to protect the City's information assets, which Program is available on the City website at http://www.cityofchicago.org/city/en/depts/doi/supp_info/is-and-it-policies.html ("City Program"). Contractor shall be responsible for establishing and maintaining an information security program that is designed to: (i) ensure the security and confidentiality of Protected Information; (ii) protect against any anticipated threats or hazards to the security or integrity of Protected Information; (iii) protect against unauthorized access to or use of Protected Information; (iv) ensure the proper disposal of Protected Information; and, (v) ensure that all subcontractors of Contractor, if any, comply with all of the foregoing.
- 1.6. Undertaking by Contractor. Without limiting Contractor's obligation of confidentiality as further described herein, in no case shall the safeguards of Contractor's information security program be less stringent than the information security safeguards used by the City Program.
- 1.7. Right of Audit by the City of Chicago. The City of Chicago shall have the right to review Contractor's information security program prior to the commencement of Services and from time to time during the term of this Agreement. During the performance of the Services, from time to time and without notice, the City of Chicago, at its own expense, shall be entitled to perform, or to have performed, an on-site audit of Contractor's information security program. In lieu of an on-site audit, upon request by the City of Chicago, Contractor agrees to complete, within forty-five (45 days) of receipt, an audit questionnaire provided by the City of Chicago or the City of Chicago's designee regarding Contractor's information security program.
- 1.8. Audit by Contractor. No less than annually, Contractor shall conduct an independent third-party audit of its information security program and provide such audit findings to the City of Chicago, all at the Contractor's sole expense.
- 1.9. Audit Findings. Contractor shall implement at its sole expense any remedial actions as identified by the City as a result of the audit.
- 1.10. Demonstrate Compliance - PCI. No less than annually, as defined by the City of Chicago and where applicable, the Contractor agrees to demonstrate compliance with PCI DSS (Payment Card Industry Data Security Standard). Upon City's request, Contractor must be prepared to demonstrate compliance of any system or component used to process, store, or transmit cardholder data that is operated by the Contractor as part of its service. Similarly, upon City's request, Contractor must demonstrate the compliance of any third party it has sub-contracted as part of the service offering. As evidence of compliance, the Contractor shall provide upon request a current attestation of compliance signed by a PCI QSA (Qualified Security Assessor).
- 1.11. Demonstrate Compliance – HIPAA / HITECH. If the Protected Information includes protected health information or electronic protected health information covered under HIPAA/HITECH, Contractor must execute, and be governed by, the provisions in its contract with the City regarding HIPAA/HITECH, the regulations implementing those Acts, and the Business Associate Agreement in its contract with the City. As specified in 1.3, protected health information must be secured in accordance with the "Guidance Specifying the Technologies and Methodologies that Render Protected Health Information Unusable, Unreadable, or Indecipherable to Unauthorized Individuals."
- 1.12. Data Confidentiality. Contractor shall implement appropriate measures designed to ensure the confidentiality and security of Protected Information, protect against any anticipated hazards or threats to the integrity or security of such information, protect against unauthorized access or disclosure of information, and prevent any other action that could result in substantial harm to the City of Chicago or an individual identified with the data or information in Contractor's custody.
- 1.13. Compliance with All Laws and Regulations. Contractor agrees that it will comply with all laws and regulations.

- 1.14. Limitation of Access. Contractor will not knowingly permit any Contractor personnel to have access to any City of Chicago facility or any records or data of the City of Chicago if the person has been convicted of a crime in connection with (i) a dishonest act, breach of trust, or money laundering, or (ii) a felony. Contractor must, to the extent permitted by law, conduct a check of public records in all of the employee's states of residence and employment for at least the last five years in order to verify the above. Contractor shall assure that all contracts with subcontractors impose these obligations on the subcontractors and shall monitor the subcontractors' compliance with such obligations.
- 1.15. Data Re-Use. Contractor agrees that any and all data exchanged shall be used expressly and solely for the purposes enumerated in the Agreement. Data shall not be distributed, repurposed or shared across other applications, environments, or business units of Contractor. As required by Federal law, Contractor further agrees that no City of Chicago data of any kind shall be revealed, transmitted, exchanged or otherwise passed to other Contractors or interested parties except on a case-by-case basis as specifically agreed to in writing by an officer of the City of Chicago with designated data, security, or signature authority.
- 1.16. Safekeeping and Security. Contractor will be responsible for safekeeping all keys, access codes, passwords, combinations, access cards, personal identification numbers and similar security codes and identifiers issued to Contractor's employees, agents or subcontractors. Contractor agrees to require its employees to promptly report a lost or stolen access device or information to their primary business contact and to the City of Chicago Information Security Office.
- 1.17. Mandatory Disclosure of Protected Information. If Contractor is compelled by law or regulation to disclose any Protected Information, the Contractor will provide to the City of Chicago with prompt written notice so that the City of Chicago may seek an appropriate protective order or other remedy. If a remedy acceptable to the City of Chicago is not obtained by the date that the Contractor must comply with the request, the Contractor will furnish only that portion of the Protected Information that it is legally required to furnish, and the Contractor shall require any recipient of the Protected Information to exercise commercially reasonable efforts to keep the Protected Information confidential.
- 1.18. Data Breach. Contractor agrees to comply with all laws and regulations relating to data breach, including without limitation, the Illinois Personal Information Protection Act and other applicable Illinois breach disclosure laws and regulations. Data breaches of protected health information and electronic protected health information shall be governed by the provisions regarding HIPAA/HITECH, and the regulations implementing those Acts, in the Contractor's contract with the City, specifically the Business Associate Agreement in such contract. Contractor will immediately notify the City if security of any Protected Information has been breached, and will provide information as to that breach in such detail as requested by the City. Contractor will, if requested by the City, notify any affected individuals of such breach at the sole cost of the Contractor.
- 1.19. Data Sanitization and Safe Disposal. All physical and electronic records must be retained per federal, state and local laws and regulations, including the Local Records Act. Where disposal is approved, the Contractor agrees that prior to disposal or reuse of all magnetic media (e.g. hard disk, floppy disk, removable media, etc.) which may have contained City of Chicago data shall be submitted to a data sanitization process which meets or exceeds DoD 5220.28-M 3-pass specifications. Certification of the completion of data sanitization shall be provided to the City of Chicago within 10 days of completion. Acceptance of Certification of Data Sanitization by the Information Security Office of the City of Chicago is required prior to media reuse or disposal. All other materials which contain City of Chicago data shall be physically destroyed and shredded in accordance to NIST Special Publication 800-88, Guidelines for Media Sanitization, specifications.
- 1.20. End of Agreement Data Handling. The Contractor agrees that upon termination of this Agreement it shall return all data to the City of Chicago in a useable electronic form, and erase, destroy, and render unreadable all data in its entirety in accordance to the prior stated Data Sanitization and Safe Disposal provisions. Data must be rendered in a manner that prevents its physical reconstruction through the use of commonly available file restoration utilities. Certification in writing that these actions have been completed must be provided within 30 days of the termination of this Agreement or within 7 days of a request of an agent of the City of Chicago, whichever shall come first.

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