

Office of the Illinois State Treasurer  
Michael W. Frerichs

Request for Proposals Securities Litigation  
Monitoring, Evaluation, and Reporting  
370-700-20-002

Addendum 3  
June 12, 2020

Below are the questions received by the Office of the Illinois State Treasurer (“Treasurer”) and the Treasurer’s responses. The questions listed herein are intended to be accurate representations of the questions received; as such, any errors in usage or spelling have not been corrected. Any capitalized terms that are not defined herein have the meaning set forth in the Request for Proposals Securities Litigation Monitoring, Evaluation, and Reporting 370-700-20-002 (“RFP”) published by the Treasurer on May 20, 2020.

1. Of the investment programs that require class action services in this RFP (State Investments, College Savings Plan, The Illinois Funds, Illinois Growth and Innovation Fund (ILCGIF) and Unclaimed Property), which investment programs besides the College Savings Plan, currently file claims in securities class action settlements?

Unclaimed Property.

2. Which specific investment programs will we be expected to monitor and audit their securities class action activity?

The Treasurer seeks Services related to all Investment Programs.

3. Which investment programs will we be expected to pursue securities class action litigation and claim filing?

The Treasurer seeks Services related to all Investment Programs.

4. How much money has been recovered in securities class action settlements in the last few years for those investment programs that file claims?

Unclaimed Property has recovered approximately \$5,000 total over the last five years. College Savings has recovered \$119,993.31.

5. How many claims have been filed for those investment programs in the last few years?

Unclaimed Property has filed approximately 35 claims over the last five years. College Savings has filed just under 600 claims over the last five years.

6. What are the assets under management for the College Savings Plan and Unclaimed Property?

Assets under management are approximately \$12 billion for college savings and \$3 billion for unclaimed property.

7. What kind of access will we have to historical data (positions and transactions) for each investment program? For example, how far back in time will we be able to go for the State Investments' positions and transactions? The College Savings Plan? Etc.

Access to historical data will depend on the Investment Program.

8. What will be the format of that historical data? For example, will the data be rendered on excel spreadsheet, csv's, text files, etc.

Access to historical data will depend on the Investment Program.

9. Will we be able to get a sample of the data set(s) to help us assess the amount and quality of the data that will need to be normalized?

The Treasurer does not have an available data set at this time.

10. What are the data sources for the trade history for ILCGIF and Unclaimed Property?

ILGIF consists of limited partnership agreements for private market investments. Unclaimed Property utilizes BNY Mellon for most holdings and mutual fund statements for fund direct accounts.

11. Is it safe to assume that we will be retrieving historical data from Huntington and Illinois National Bank for the State Investments; Northern Trust and Union Bank for the College Savings Plan; US Bank for the Illinois Funds? Are there any data sources that we need to know about or consider for data retrieval purposes?

The Treasurer will provide access to historical data held by the custodian to the Contractor.

12. In addition to retrieving as much trade history as possible for all the investment programs, we will need to set up data update protocols with each data source moving forward. Do you have a preference on the frequency of those data updates semi-annual, quarterly, monthly, daily?

Data should be updated as necessary to ensure timely filing of claims; however, please note pursuant to Section I of the RFP the Treasurer seeks reporting no less frequently than monthly.

13. Once we collect all your trade history and conduct an audit of eligible claims, will we be able to file any late claims that the investment programs may be eligible for?

Yes; however, the Treasurer and any selected Contractors must agree upon a contractual term that defines a late claim/missed filing.

14. Does every filing need AG approval? OR just lead plaintiff or opt-out scenarios?

The Treasurer does not anticipate approval of the AG for every filing, but only for those filings where the Treasurer will be actively involved in litigating the matter.

15. Does the investment program have to have a minimum of a \$10 million dollar loss to be a lead plaintiff?

No. Other thresholds may be considered. However, any determination, regardless of what criteria it is based upon, that the Treasurer may act as lead plaintiff would require AG approval.

16. Would any of the investment programs consider opt-out litigation?

Yes, and the Treasurer would welcome any such advice from the Contractor in the event opt-out litigation is preferable.

17. Will we be expected to file antitrust claims and in foreign jurisdictions?

The Treasurer would anticipate being notified by the Contractor when any such claim would be appropriate.

18. Have any of the investment programs filed claims in antitrust class action litigations? If so which programs? And which antitrust cases did they participate in?

The Treasurer desires claims be filed in any relevant antitrust class action litigation.

19. Have any of the investment programs filed claims in foreign jurisdictions? If so, which programs participated, and which cases did they participate in?

No.

20. What is Broadridge's fee to file securities class action claims for the T. Rowe Price Large Cap Growth Fund account in the College Savings plan?

17.5%

21. What is Northern Trust's fee to file securities class action claims for the Northern Trust Stock Index Fund and the Northern Trust Small Cap Value Fund in the College Savings plan?

\$33,000 annually and 0.75 bps on the market value of the account.

22. If applicable, what law firm(s) is the Illinois Treasurer currently using for securities monitoring, monitoring, evaluation, and litigation services? Are they charging a fee? If so, what is the fee?

The Treasurer has no current contractor for the Services; however, as noted in the RFP the Treasurer has Agreements in place with various Investment Program custodians and other vendors that file and manage claims, which will likely continue to be the case during the term of any Agreement resulting from this RFP. Most recently, in a contract that expired April 3, 2020, the Treasurer paid a contingency fee of 20% to Class Action Claims Management, LLC.

23. Does the Illinois Treasurer currently receive reports or have access to online reporting for the securities class action claims filed by Northern Trust and Broadridge? If so, what does the Treasurer like or dislike about those reports?

The Treasurer does not have specific requirements for reporting beyond those stated in the RFP; however, the Treasurer and any selected Contractors must agree upon a contractual term that sets forth minimum reporting criteria.

24. If applicable, does the Illinois Treasurer currently receive reports or have access to online reporting from the law firm(s) that you work with? If so, what do you like or dislike about those reports?

Please see the response to Question 23 of this Addendum.

25. Will the Treasurer consider proposals that offer a portion of the contemplated services?

The Treasurer will consider such Proposals, and recall Section I of the RFP confirms the Treasurer may elect to award multiple contracts under this RFP as it determines appropriate.

26. Will the Treasurer consider joint proposals from two or more firms?

Yes, although the Treasurer would reserve the right to award as it determines appropriate, which may include awarding a portion of the work to one vendor without necessarily the vendor's joint proposer.

27. What is the current asset composition of the State Investments and the Illinois Funds listed on page 5 of the RFP? What amount of the holdings are invested in equities?

Please note that the total value of State Investments is approximately \$15 billion, and the total value of the Illinois Funds is approximately \$5 billion. Specific composition may be found at <https://www.iltreasurervault.com/>.

28. Does the Illinois State Treasurer (“Illinois”) use or have rights to a Bloomberg terminal and, if so, does it use the Bloomberg terminal for visibility into its holdings?

The Treasurer has a subscription for a Bloomberg terminal and uses the terminal for general market data and to price collateral and securities.

29. How does Illinois currently file claims in securities class action litigation settlements and what, if any, process does Illinois use to reconcile recoveries against its entitlements from those settlements?

The Treasurer recently utilized the services of Class Action Claims Management, LLC through a contract that expired April 3, 2020. However, as noted in the RFP the Treasurer has Agreements in place with various Investment Program custodians and other vendors that file and manage claims, which will likely continue to be the case during the term of any Agreement resulting from this RFP.

30. What, if any, system does Illinois use to identify, evaluate and potentially join securities fraud recovery opportunities for portfolio holdings purchased outside of the United States?

Please see the response to Question 29 of this Addendum.

31. What are Illinois's total recoveries from securities litigation for each of the past 5 years?

Annual recoveries for Unclaimed Property are below:

2019	\$249.73
2018	\$79.27
2017	\$101.58
2016	\$624.41
2015	\$3,855.30

Annual recoveries for College Savings are below:

2020, to date	\$47,934.22
2019	\$60,702.25
2018	\$11,356.84

32. Is our firm allowed to partner with another law firm in responding to the RFP? Is the physical presence requirement satisfied for both firms if only one of the co-filing firms has a physical presence in Illinois?

Firms may partner in submitting a Proposal. No firm may contract with the Treasurer unless it is authorized to do business in Illinois prior to submitting a Proposal. A vendor without an "Illinois Presence" as laid out in Questions 37 through 41 in Section IV.B of the RFP may still submit a Proposal; however, the evaluation committee for this RFP will consider the Illinois Presence, or lack thereof, of any firm seeking to provide Services under the RFP.

33. What is the definition of "Recipient Funds" as used in question number 29 on page 12?

Please see Addendum 2 to the RFP, which removed Question 29 from the RFP.

34. In question 31, can the Treasurer please clarify the term 'professional investment staff'?

Please provide relevant information related to any professional that may be providing Services pursuant to any Agreement resulting from this RFP.

35. Would the Treasurer be willing to accept an electronic submission in lieu of hard-copy delivery? The respondents are based in New York, which is still operating under lockdown restrictions as a result of the pandemic. We would be honored to serve the Treasurer and if needed, will make the necessary arrangements to submit the proposal in hard copy form as requested. Given the unique challenges this presents at this moment in time, however, we thought it was worth inquiring whether an electronic submission – formatted for ease of review and printing – might be acceptable?

No.

36. Is our firm allowed to partner with another law firm in responding to the RFP? Is the physical presence requirement satisfied for both firms if only one of the co-filing firms has a physical presence in Illinois?

Please see the response to Question 32 of this Addendum.