

**AGENDA ITEM 10G.**

**COLLEGE ILLINOIS!® PREPAID TUITION PROGRAM  
FIXED INCOME PROCUREMENT**

**Submitted for:** Action

**Summary:** Contracts for core fixed income managers for the College Illinois! Prepaid Tuition Program expire on June 30, 2012. The affected managers are C.S. McKee, Pugh, and Piedmont. A request to State Procurement was submitted to extend these services for one year on a “sole source” basis. The rationale for the extension was based on the potential to incur material and unnecessary transition costs if a fixed-income search was conducted prior to adoption of the new asset allocation for the fund. The intention to conduct a search for fixed-income managers during FY2013 was noted.

A public “sole source” hearing was held on May 17, 2012 to review numerous requests, including those for ISAC Fixed Income. There were no questions or comments. The contracts were approved by State Procurement on May 18.

At the May 23, 2012 meeting, the Investment Committee approved entering into one-year contracts with C.S. McKee, Pugh and Piedmont, subject to approval of the Commission at its next meeting.

**Action Requested:** Staff requests the Commission approve the extension of the core fixed income investment management services of C.S. McKee, Pugh, and Piedmont through June 2013.