

CHESLA

CONNECTICUT HIGHER EDUCATION SUPPLEMENTAL LOAN AUTHORITY

September 4, 2015

To Whom It May Concern:

In accordance with the requirements in Connecticut General Statutes, Chapter 187, Section 10a-179h (4), the Connecticut Higher Education Supplemental Loan Authority (the "Authority" or "CHESLA") is requesting proposals from qualified firms wishing to provide underwriting services to the Authority for a period not to exceed three (3) years. The decisions regarding all appointments will be solely at the Authority's discretion.

The Authority seeks proposals from firms with established expertise in the area of tax-exempt municipal finance generally and/or specifically student loan financings. Proposals should highlight the recent experience of your firm in transactions involving the issuance of tax-exempt bonds to fund student loan programs of quasi-public agencies similar to the Authority.

The selected firm must enter into an engagement letter in a form satisfactory to the Authority.

Responses to the RFP

Your firm's submission relating to this RFP should include a response to the questions and requests for information included in the attached ***Exhibits A-1 through A-3, as well as the materials required by Exhibits B-1 through F. Please be sure to include the required undertakings set out on Exhibit A-1 in your response.***

Proposal Schedule

- Proposals are due no later than **September 30, 2015**
- Interviews, if any, during the week of **October 26, 2015**
- Authority Board Action on Selection of Underwriter on **November 17, 2015**

Selection Process

The Authority may choose to appoint an underwriting team, and at its discretion, assign firms as senior or co-managing underwriter on a deal by deal basis throughout the contract period. A co-manager may not be assigned to every transaction. Evaluation of firms will include, but will not be limited to: the reputation of the firm, the scope of services to be provided, the reputation and experience of the professionals assigned to the Authority, fees, and other value added services that may be provided.

Contractual Relationships with Quasi-Public Agencies

1. Public Act No. 01-184

AN ACT CONCERNING THE PENALTY FOR FALSE STATEMENTS ON APPLICATIONS FOR FINANCIAL ASSISTANCE FROM QUASI-PUBLIC AGENCIES.

Any quasi-public agency, as defined in Section 1-120 of the General Statutes, shall require any application, agreement, financial statement, certificate or other writing submitted to such quasi-public agency with respect to any loan, mortgage, guarantee, investment, grant, lease, tax relief, bond financing or other extension of credit or financial assistance made or provided by such quasi-public agency and that provides information on which the decision of such quasi-public agency was based, to be signed under penalty of false statement as provided in Section 53a-157b of the General Statutes. The Authority requires that proposals in response hereto be provided on the same basis.

2. CHESLA Gift Ban Policy (C.G.S. §§4-250 to 4-252)

The Authority has adopted a gift ban policy which, with very limited exceptions, prohibits the acceptance by Authority employees of anything of value, from parties doing business or seeking to do business with the Authority. In addition, pursuant to the State Code of Ethics, Members of the Board of Directors, as well as employees of the Authority, are subject to strict restrictions on the acceptance of gifts from parties doing business, or seeking to do business, with the Authority. **Please complete and sign the Gift and Campaign Certification attached as Exhibit B-1.**

3. Consulting Agreement Affidavit (C.G.S. §4a-81)

Please complete and sign the Consulting Agreement Affidavit attached as Exhibit B-2. Please note that the affidavit must be updated under certain circumstances.

4. State of Connecticut Office of State Ethics (“OSE”) Requirements

Attached is the OSE “Guide to the Code of Ethics for Current or Potential State Contractors” (**Exhibit C**). This document and the revised statutes effective January 1, 2013 (available on the OSE website) provide your company with a guide to your financial relationship and statutory requirements for conducting business with a quasi-public agency. **By submitting a response to this request for proposal, your firm acknowledges receipt of this information and acceptance of the provisions applicable to organizations doing business with the Authority.**

5. Third Party Fee Disclosure

Public Act 00-43 “An Act Concerning Powers and Duties of the Treasurer and the Investment Advisory Council” requires any person or entity entering into a contract for investment services, including investment legal services, with a quasi-public agency to disclose in a sworn affidavit any third party fees (or that there were no third party fees) attributable to such contract. **Please complete and sign Exhibit D.**

6. State Election Enforcement Commission Campaign Contribution and Solicitation Ban

Section 9-612(g)(1) of the Connecticut General Statutes prohibits “principals” (AND CERTAIN FAMILY MEMBERS) of State contractors and prospective State contractors from donating and soliciting certain campaign contributions. ***The Authority is required to provide all prospective State contractors with a copy of the Notice to Executive Branch state Contractors and Prospective State Contractors of Campaign Contribution and Solicitation Limitations which has been included as Exhibit E.***

7. C.G.S. Sections 4a-60 and 4a-60a

AN ACT CONCERNING CERTAIN STATE CONTRACTING NONDISCRIMINATION REQUIREMENTS

Connecticut General Statutes Sections 4a-60 and 4a-60a, as amended, require an entity or individual entering into a contract with the State or certain of its political subdivisions, including quasi-public agencies, to provide the contracting agency with a written affidavit, representation or other acceptable documentation that certifies the contractor’s compliance with the State’s nondiscrimination agreements and warranties and to periodically update such documentation. ***(Please refer to the form of the required certification attached as Exhibit F.)***

Scope of Services

The scope of services to be provided by the underwriter will include, but not be limited to, the following transaction-specific and ongoing services:

- Assist the Authority with its student loan financings, working with the Authority’s staff, the Authority’s bond counsel, financial advisor, rating agencies and other professionals involved in the Authority’s student loan financings. Structure, price, market and underwrite bonds as appropriate.
- Develop cash flows that demonstrate the ability of student loan payments to support bond debt service throughout the life of the bonds and to support all bond related and Authority operating expenses. Use the cash flows to test portfolio performance under various scenarios and to project the impact on the Special Capital Reserve Fund. The Underwriter must provide the Authority with the source data files for all cash flows.
- Contribute proposals for consideration on new products, new financing structures, and other financing ideas.
- Provide recommendations on the management of the Authority’s debt including, but not limited to, refunding opportunities, bond fund investments, asset/liability strategies, bond documentation and disclosure.

RFP Format and Submission Requirements

1. The total length of the response is limited to 15 pages.
2. Please submit a copy of your firm's response to this RFP via email by no later than **September 30, 2015 at 5:00 p.m.** in PDF format to the following individuals:

Jeanette W. Weldon, Executive Director
Josh Hurlock, Loan Portfolio and Marketing Associate

jweldon@chesla.org
jhurlock@chesla.org

The Authority reserves the following rights (without limitation or waiver):

1. To reject any or all proposals.
2. To conduct investigations or request further information relating to the qualifications of any or all respondents.
3. To supplement, modify or cancel this request for proposals without notice or substitution of another such request.
4. To reevaluate a proposal or selection if there are any changes in the substance of the proposal.

Interviews, if scheduled, will be held during the week of October 26, 2015. The Authority shall not be liable for any cost incurred in connection with responding to this proposal. Please direct any questions to Jeanette Weldon via email at jweldon@chesla.org or call 860-761-8453.

Sincerely,



Jeanette W. Weldon
Executive Director

Exhibits Attached

Underwriter Request for Proposal

Please provide the following information:

1. All relevant information regarding your firm and the proposed project team including the following information:
 - a. Your firm’s complete name, address, voice telephone, e-mail, and fax numbers. Include the name and title of the Senior Relationship Manager.
 - b. Briefly describe your firm’s corporate history. Within the past three years, have there been any significant developments in your organization, such as changes of ownership, restructuring, and personnel reorganizations? Do you anticipate future changes to your organization? If yes, please describe.
 - c. Please describe the level of coverage for errors and omissions insurance and any fiduciary or professional liability insurance your firm carries.
 - d. Provide biographies of key individuals who would be assigned to the CHESLA account.
 - e. Please provide your firm’s net excess capital.
 - f. Please complete *Exhibits A-2 and A-3*. In addition, please provide the total dollar volume and number of all negotiated tax-exempt student loan bond issues for which your firm served as senior manager or co-manager for each calendar year since January 1, 2012 in the format below:

Senior Manager

<i>Year</i>	<i># of Transactions</i>	<i>Total \$ Volume</i>
2012		
2013		
2014		
2015 to date		
Total		

Co -Manager

<i>Year</i>	<i># of Transactions</i>	<i>Total \$ Volume</i>
2012		
2013		
2014		
2015 to date		
Total		

2. Describe two representative student loan revenue bond transactions for which your firm served as senior manager during the past three years. Please include the following information:
 - a. Name of issuer, including names and telephone number of references.
 - b. Description of issue, including structure, any unique features and date of issue.
 - c. Credit ratings and basis for rating.
 - d. A detailed accounting of all fees charged by your firm, including takedown, management fees, itemized expenses, etc.
3. Please provide estimated fees and expenses for a hypothetical fixed-rate \$25 million, 25 year student loan revenue bond transaction rated Aa3/AA- based on the state's special capital reserve fund. Please provide a breakout of fees to include: management fee, takedown, and expenses.
4. Discuss your experience with and approach to refunding transactions.
5. Discuss your experience working on the development and implementation of refinance/consolidation loan programs.
6. In your view, what are the most important challenges and opportunities facing the Authority and alternative student loan programs over the next two years?
7. Please comment on the marketing and distribution capabilities of your firm nationally and in Connecticut. Please specifically identify the investor audience for recent student loan revenue bond offerings and speak to the importance of retail distribution for CHESLA bonds.
8. Detail any material litigation, investigation, administrative proceeding, disciplinary action, or penalties (involving alleged violations of securities law or regulations and/or violation of any Connecticut General Statutes that apply) to which your firm or members of your firm were a party during the past five years.
9. Please provide the Authority with the information regarding any policies/practices of your firm that demonstrates a commitment to the communities in which you do business. Please provide CHESLA with the following information regarding your employment practices:
 - a. Information in tabular form, on the employee composition of your firm, indicating the total number of employees and the total number and percentages of minorities and women employed as managing directors, directors, vice presidents, associates, analysts, and clerical/technical support.
 - b. A list of the titles and the years of employment of women and minority officers, managers and professionals.

- c. Documentation of any changes in the number of women and minority profession/managerial staff over the past five years.
- d. Documentation of any promotions among minority professional/managerial staff over the past five years.
- e. A detailed description of your firm's equal opportunity and affirmative action policy.
- f. A summary of your goals and strategies regarding future recruitment and promotions.
- g. A brief description of any recruiting initiatives used by your firm.
- h. A description of any additional programs geared towards expanding diversity in the workplace.
- i. An explanation of aspects of demographic representation that are in need of improvement.

10. Please remember to include the following required undertakings in your response:

- a. The information provided herein is submitted by the undersigned firm under penalty of false statement as provided in the Connecticut General Statutes, Section 53a-157b.
- b. With regard to a State contract as defined in P.A. 07-1 having a value in a calendar year of \$50,000 or more or a combination or series of such agreements or contracts having a value of \$100,000 or more, the authorized signatory to this submission in response to the Authority's solicitation expressly acknowledges receipt of the State Elections Enforcement Commission's notice, *Exhibit IX*, advising prospective State contractors of State campaign contribution and solicitation prohibitions, and will inform its principals of the contents of the notice.



STATE OF CONNECTICUT GIFT AND CAMPAIGN CONTRIBUTION CERTIFICATION

Written or electronic certification to accompany a State contract with a value of \$50,000 or more, pursuant to C.G.S. §§ 4-250, 4-252(c) and 9-612(f)(2) and Governor Dannel P. Malloy's Executive Order 49.

INSTRUCTIONS:

Complete all sections of the form. Attach additional pages, if necessary, to provide full disclosure about any lawful campaign contributions made to campaigns of candidates for statewide public office or the General Assembly, as described herein. Sign and date the form, under oath, in the presence of a Commissioner of the Superior Court or Notary Public. Submit the completed form to the awarding State agency at the time of initial contract execution and if there is a change in the information contained in the most recently filed certification, such person shall submit an updated certification either (i) not later than thirty (30) days after the effective date of such change or (ii) upon the submittal of any new bid or proposal for a contract, whichever is earlier. Such person shall also submit an accurate, updated certification not later than fourteen days after the twelve-month anniversary of the most recently filed certification or updated certification.

- CHECK ONE:** Initial Certification 12 Month Anniversary Update (Multi-year contracts only.)
- Updated Certification because of change of information contained in the most recently filed certification or twelve-month anniversary update.

GIFT CERTIFICATION:

As used in this certification, the following terms have the meaning set forth below:

- 1) "Contract" means that contract between the State of Connecticut (and/or one or more of its agencies or instrumentalities) and the Contractor, attached hereto, or as otherwise described by the awarding State agency below;
- 2) If this is an Initial Certification, "Execution Date" means the date the Contract is fully executed by, and becomes effective between, the parties; if this is a twelve-month anniversary update, "Execution Date" means the date this certification is signed by the Contractor;
- 3) "Contractor" means the person, firm or corporation named as the contractor below;
- 4) "Applicable Public Official or State Employee" means any public official or state employee described in C.G.S. §4-252(c)(1)(i) or (ii);
- 5) "**Gift**" has the same meaning given that term in C.G.S. § 4-250(1);
- 6) "Principals or Key Personnel" means and refers to those principals and key personnel of the Contractor, and its or their agents, as described in C.G.S. §§ 4-250(5) and 4-252(c)(1)(B) and (C).

I, the undersigned, am a Principal or Key Personnel of the person, firm or corporation authorized to execute this certification on behalf of the Contractor. I hereby certify that, no gifts were made by (A) such person, firm, corporation, (B) any principals and key personnel of the person firm or corporation who participate substantially in preparing bids, proposals or negotiating state contracts or (C) any agent of such, firm, corporation, or principals or key personnel who participates substantially in preparing bids, proposals or negotiating state contracts, to (i) any public official or state employee of the state agency or quasi-public agency soliciting bids or proposals for state contracts who participates substantially in the preparation of bid solicitations or request for proposals for state contracts or the negotiation or award of state contracts or (ii) any public official or state employee of any other state agency, who has supervisory or appointing authority over such state agency or quasi-public agency.

I further certify that no Principals or Key Personnel know of any action by the Contractor to circumvent (or which would result in the circumvention of) the above certification regarding **Gifts** by providing for any other Principals, Key Personnel, officials, or employees of the Contractor, or its or their agents, to make a **Gift** to any Applicable Public Official or State Employee. I further certify that the Contractor made the bid or proposal for the Contract without fraud or collusion with any person.

CAMPAIGN CONTRIBUTION CERTIFICATION:

I further certify that, on or after January 1, 2011, neither the Contractor nor any of its principals, as defined in C.G.S. § 9-612(f)(1), has made any **campaign contributions** to, or solicited any contributions on behalf of, any exploratory committee, candidate committee, political committee, or party committee established by, or supporting or authorized to support, any candidate for statewide public office, in violation of C.G.S. § 9-612(f)(2)(A). I further certify that **all lawful campaign contributions** that have been made on or after January 1, 2011 by the Contractor or any of its principals, as defined in C.G.S. § 9-612(f)(1), to, or solicited on behalf of, any exploratory committee, candidate committee, political committee, or party committee established by, or supporting or authorized to support any candidates for statewide public office or the General Assembly, are listed below:

Lawful Campaign Contributions to Candidates for Statewide Public Office:

<u>Contribution Date</u>	<u>Name of Contributor</u>	<u>Recipient</u>	<u>Value</u>	<u>Description</u>

Lawful Campaign Contributions to Candidates for the General Assembly:

<u>Contribution Date</u>	<u>Name of Contributor</u>	<u>Recipient</u>	<u>Value</u>	<u>Description</u>

Sworn as true to the best of my knowledge and belief, subject to the penalties of false statement.

Printed Contractor Name

Printed Name of Authorized Official

Signature of Authorized Official

Subscribed and acknowledged before me this _____ day of _____, 20____.

Commissioner of the Superior Court (or Notary Public)

My Commission Expires



State Contractors Guide to the Code of Ethics

Contact Us



Agency Address: Connecticut Office of State Ethics
18-20 Trinity Street
Suite 205
Hartford, CT 06106

Telephone: 860-263-2400

Facsimile: 860-263-2402

Website: www.ct.gov/ethics

Business Hours: 8:00 am to 5:00 pm

Visitors must enter the building through the door next to the Bushnell Memorial Theater.

Specific E-mail Contacts: For the timeliest responses, please be sure to direct your questions to the appropriate e-mail address; for example, with a question such as, "Can I accept this outside position with a vendor?" please be sure to send your query to ethics.code@ct.gov

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|--|--|
| ➤ Legal Advice Regarding Code of Ethics | ethics.code@ct.gov |
| ➤ Lobbyist Filing/Reporting Questions | lobbyist.ose@ct.gov |
| ➤ Public Official Filing/Reporting Questions | sfi.ose@ct.gov |
| ➤ Enforcement / Filing a Complaint | ethics.enforcement@ct.gov |
| ➤ All Other Inquires | ose@ct.gov |

Staff Phone Number Listing

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OFFICE OF STATE ETHICS

Introduction

The Connecticut Office of State Ethics was created on July 1, 2005, pursuant to Public Act [05-183](#), and is an independent regulatory division of the Office of Governmental Accountability, charged with administering and enforcing the Connecticut Codes of Ethics, located in Chapter 10 of the Connecticut General Statutes.

The Connecticut Office of State Ethics educates all those covered by the Ethics Codes; provides information to the public; interprets and applies the Connecticut Codes of Ethics; and investigates violations of, and otherwise enforces, the Ethics Codes.

The Office of State Ethics consists of:

- Citizen's Ethics Advisory Board
- Executive Director
- Legal Division
- Enforcement Division

The Office of State Ethics has the following jurisdiction:

- **Part I** The Code of Ethics for Public Officials
General Statutes [§§ 1-79](#) to [1-90a](#);
- **Part II** The Code of Ethics for Lobbyists
General Statutes [§§ 1-91](#) to [1-101a](#); and
- **Part IV** Ethical Considerations Concerning Bidding
and State Contracts
General Statutes [§§ 1-101mm](#) to [1-101rr](#).

Citizen's Ethics Advisory Board

The governing body of the OSE is the Citizen's Ethics Advisory Board (CEAB), comprised of nine members appointed by the Governor and legislative leadership. The CEAB holds monthly meetings that are open to the public. A schedule of CEAB meeting dates, times and locations is available at www.ct.gov/ethics.

Board Members:

- Attend monthly Citizen's Ethics Advisory Board meetings
- Appoint and evaluate the Executive Director of the Office of State Ethics
- Serve as a Hearing Officer for non-confidential UAPA hearings
- Attend hearings to determine whether violations occurred and assess penalties
- Attend special meetings if necessary
- Oversee legislative agenda

THE BIG PICTURE

All state officials and employees (except judges) are covered by Part I of the Code of Ethics for Public Officials (henceforth, Part I, or the Code). It is important to remember that certain provisions of the Code also apply to public officials and state employees after they leave state service.

As you read through this guide, be aware that these laws were enacted to prevent individuals from using their public position or authority for personal, financial benefit.

Each state agency also has its own ethics policy, which may be more restrictive than what follows, particularly in connection with which benefits a lobbyist, or a person regulated by, doing or seeking to do business with a state agency (e.g., a state contractor) may provide to public officials and state employees.

GIFTS

As a current or potential state contractor, you are presumably doing business with or seeking to do business with a state agency, and are therefore considered to be a **restricted donor**. For a public official or state employee, there are rules in place regarding the acceptance of gifts from both restricted and non-restricted donors. In general, they may not accept gifts from restricted donors.

A **gift** is defined as anything of value that is directly and personally received by a public official or state employee (or sometimes family members) *unless* he or she provides consideration of equal or greater value (e.g., pays for the item). Conn. Gen. Stat. [§ 1-79 \(e\)](#).

Restricted Donors

Restricted donors include:

- Registered lobbyists (a list is available on the OSE's website) or a lobbyist's representative;
- Individuals or entities doing business with a state department or agency;
- Individuals or entities seeking to do business with a state department or agency;
- Individuals or entities engaged in activities regulated by a state department or agency; or
- Contractors pre-qualified by the Connecticut Department of Administrative Services (Conn. Gen. Stat. [§ 4a-100](#)).

State Contractors Guide to the Code of Ethics

Gift Exceptions

There are, however, certain exceptions to this definition of gift. Not all exceptions are covered below; see Conn. Gen. Stat. [§ 1-79 \(e\) \(1\) – \(18\)](#) for the complete list.

- *Token Items* – Restricted donors such as registered lobbyists may provide any item of value that is not more than \$10 (such as a pen, mug, or inexpensive baseball cap), provided that the annual aggregate of such items from a single source is \$50 or less. Conn. Gen. Stat. [§ 1-79 \(e\) \(16\)](#).
- *Food and Beverage* – Restricted donors may also provide up to \$50 worth of food and beverage in a calendar year, provided that the restricted donor or his/her representative is in attendance when the public official/state employee consumes the food and/or beverage. Conn. Gen. Stat. [§ 1-79 \(e\) \(9\)](#).
- *Training* – Vendors may provide training for a product purchased by a state or quasi-public agency provided such training is offered to all customers of that vendor. Conn. Gen. Stat. [§ 1-79 \(e\) \(17\)](#).
- *Gifts to the State* – Restricted donors may provide what are typically referred to as “gifts to the state.” These gifts are goods and services provided to a state agency or quasi-public agency for use on state or quasi-public agency property or that support an event, and which facilitate state or quasi-public action or functions. Conn. Gen. Stat. [§ 1-79 \(e\) \(5\)](#).
- *Other Exceptions* – There are a total of 18 separate gift exceptions in the Code. Also exempt from the definition of gift are items such as informational materials germane to state action, ceremonial plaques or awards costing less than \$100, or promotional items, rebates or discounts also available to the general public. See Conn. Gen. Stat. [§ 1-79 \(e\) \(1\) – \(18\)](#).

Major Life Event

The popularly-cited exception for major life events does not apply to those who are regulated by, doing business with or seeking to do business with a state agency. Please note: Registered lobbyists are the only restricted donors who may make use of the “major life event” gift exception.

This list of major life events is exhaustive. Regs., Conn. State Agencies [§ 1-92-53](#).

Gift Reporting Requirements

Should you or your representative give anything of value to a public official or state employee, you must, within **10 days**, give the gift recipient and the head of that individual's department or agency a written report stating:

- Name of the donor;
- Description of item(s) given;
- Value of such item(s); and
- Total cumulative value of all items given by you during the calendar year.

This helps both you and the state employee keep track of the gift exceptions noted above, so that permissible limits are not exceeded. Conn. Gen. Stat. [§ 1-84 \(o\)](#).

NECESSARY EXPENSES

Necessary expenses may be received by a public official or state employee **only** if the official or employee, in his/her official capacity, is actively participating in an event (giving a speech or presentation, running a workshop, etc.).

Conn. Gen. Stat. [§ 1-84 \(k\)](#).

Necessary expenses can include:

- Travel (coach);
- Lodging (standard cost of room for the night before, of, and immediately following the event);
- Meals; and
- Related conference expenses.

Entertainment costs (tickets to sporting events, golf outings, night clubs, etc.) are **not** necessary expenses.

Necessary expense payments **do not** include payment of expenses for family members or other guests.

Within 30 days of receiving payment or reimbursement of necessary expenses for **lodging or out-of-state travel**, state employees must file an ETH-NE form with the Office of State Ethics (OSE). Conn. Gen. Stat. [§ 1-84 \(k\)](#).

Fees and Honoraria

Public officials and state employees may **not** accept fees and/or honoraria for an article, appearance, speech or participation at an event in their official capacity.

Fees or honoraria for such activities, if offered based solely on expertise and without any regard to official position, may be acceptable. Contact the OSE before offering any such payment.

ETHICS AT WORK

Post-State Employment (Revolving Door) Hiring State Personnel

If you are considering hiring a *former* state employee seeking post-state employment, you should be aware of the Code's revolving-door provisions:

Lifetime Bans

- Certain former state employees may **never** disclose any confidential information they learned during the course of their state service for anyone's financial gain. Conn. Gen. Stat. [§ 1-84a](#). (Excludes judicial employees.)
- Certain former state employees may **never** represent anyone other than the state regarding a particular matter in which they were personally or substantially involved while in state service and in which the state has a substantial interest. This prevents side-switching in the midst of on-going state proceedings. Conn. Gen. Stat. [§ 1-84b \(a\)](#). (Excludes judicial employees.)

One-year Bans

- Certain former state employees may not represent the new employer for compensation before their former agency for a period of **one year** after leaving state service. Conn. Gen. Stat. [§ 1-84b \(b\)](#). (See Advisory Opinion No. 2003-3, which provides a limited exception to this provision if the employee is providing purely technical expertise to help implement a previously-awarded contract. This exception applies to extremely limited circumstances; contact the OSE for guidance.) (Excludes judicial employees.)
- Former state employees are prohibited from being hired for a period of **one year** after they leave state service by a party to a state contract valued at \$50,000 or more if they were substantially involved in, or supervised, the negotiation or award of that contract and it was signed within their last year of state service. Conn. Gen. Stat. [§ 1-84b \(f\)](#).
- An Employee who held certain specifically-designated positions (with significant decision-making or supervisory responsibility) at certain state regulatory agencies are prohibited from negotiating for, seeking or accepting employment with any business subject to regulation by the individual's agency within **one year** of leaving the agency. Note that there is an exception for (among others) *ex-officio* board or commission members. Conn. Gen. Stat. [§ 1-84b \(c\)](#).

Outside Employment for Public Officials and State Employees

If you are considering hiring a *current* state employee, especially from a state agency that is regulated by or does business with your organization, you should be aware of the following rules regarding the employment of current state employees:

- A current state employee may not accept outside employment that impairs his or her independence of judgment regarding their state duties, or that encourages them to disclose confidential information learned in their job. Conn. Gen. Stat. [§ 1-84 \(b\)](#).
- A current state employee may not use his or her position for their own financial gain, or the gain of their family (spouse, child, child's spouse, parent, brother or sister) or an associated business, however inadvertent that use may be. Conn. Gen. Stat. [§ 1-84 \(c\)](#).
- A current state employee may not accept employment with an entity that represents others before the following 13 agencies: Department of Banking, the Claims Commissioner, the Office of Health Care Access division within the Department of Public Health, the Insurance Department, the Department of Consumer Protection, the Department of Motor Vehicles, the State Insurance and Risk Management Board, the Department of Energy and Environmental Protection, the Public Utilities Regulatory Authority, the Connecticut Siting Council, the Gaming Policy Board within the Department of Consumer Protection or the Connecticut Real Estate Commission. Conn. Gen. Stat. [§1-84 \(d\)](#).
- You may not utilize state time, materials or personnel in completing tasks for outside employment.

Other Outside Employment Considerations

Certain present or former Gaming Policy Board or Division of Special Revenue public officials or employees should be aware of specific provisions relating to their involvement with businesses engaged in Indian gaming activities. See Conn. Gen. Stat. [§§ 1-84b](#) (d) and (e).

In [Advisory Opinion 2008-5](#), the Citizen's Ethics Advisory Board concluded that it is impermissible, under the Code of Ethics, for a state employee-supervisor to employ a state employee-subordinate in the supervisor's outside business. Likewise, it is impermissible under the Code for a subordinate to employ a supervisor in the subordinate's outside business. Both situations would involve an impermissible impairment of independence of judgment. The Board noted that this prohibition extends to all supervisors and subordinates up and down the chain of command.

OTHER PROVISIONS

Prohibited Activities for Consultants or Independent Contractors

Consultants or independent contractors are prohibited from the following:

- Using the authority provided to the person under the contract, or any confidential information acquired in the performance of the contract, to obtain financial gain for the person, an employee of the person or a member of the immediate family of any such person or employee;
- Accepting another state contract which would impair the independent judgment of the person in the performance of the existing contract; or
- Accepting anything of value based on an understanding that the actions of the person on behalf of the state would be influenced.

Gift and/or Campaign Contribution Certifications

Contractors seeking large state contracts must provide certifications regarding gifts and/or campaign contributions made to certain state employees or public officials in the two-year period prior to the submission of a bid or proposal. Copies of these certifications and other updated information regarding state contractors can be found on the Web sites of the Department of Administrative Services and the Office of Policy and Management.

Investment Services and the Office of the Treasurer

If you or your business provides investment services, as defined in the Code, and you or one of your firm's principals make a political contribution in connection with the Office of the Treasurer, you may be prohibited from contracting with that office. Conn. Gen. Stat. [§ 1-84 \(n\)](#).

Registering as a Lobbyist

If you or your business spends or receives over \$2,000 in a calendar year for activities that constitute lobbying under Part II of the Code of Ethics (whether to affect legislation or the actions of an administrative state agency), you/your business may have to register as a lobbyist with the Office of State Ethics. Lobbyist registration information is available at www.ct.gov/ethics.

State Contractors Guide to the Code of Ethics

Prohibited Activities Involving State Contractors
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Conn. Gen. Stat. [§ 1-101nn](#) prohibits anyone who is:

- (1) Seeking to be, prequalified under section [4a-100](#),
- (2) Is a party to a large state construction or procurement contract or seeking to enter into such a contract with a state agency, board, commission or institution or a quasi-public agency, or
- (3) Is a party to a consultant services contract or seeking to enter into such a contract with a state agency, board, commission or institution or a quasi-public agency, from:
 - Soliciting information from a public official or state employee that is not available to other bidders for that contract, with the intent to obtain a competitive advantage;
 - Intentionally or recklessly charging a state agency for work not performed or goods or services not provided;
 - Falsifying invoices or bills; or
 - Intentionally violating or circumventing state competitive bidding and ethics laws.

This Act also requires any prospective state contractor to affirm in writing that he or she has received a summary of the state's ethics laws and that his or her key employees have read and understood the summary and agree to comply with the applicable provisions. Conn. Gen. Stat. [§ 1-101qq](#).

An affirmation form is available through the Department of Administrative Services.

Executive Orders

Governor Rell Executive Order 3

Under this Order, the Department of Administrative Services established and maintains on its Web site the State Contracting Portal for purposes of posting all contracting opportunities with state agencies and providing information on contracting processes and procedures.

Governor Rell Executive Order 7C

This Order covers the State Contracting Standards Board, established to conduct a comprehensive review of existing procurement and contracting laws and prepare a uniform code to govern all aspects of procurement and contracting by January 1, 2007.

ETHICS ENFORCEMENT

Procedures and Penalties

Enforcement of the Code is initiated by a complaint, filed by the Ethics Enforcement Officer or any member of the public. In most cases, a complaint by the Ethics Enforcement Officer is preceded by a confidential staff evaluation.

A two-stage process follows:

1. Confidential investigation and confidential probable cause hearing; and
2. If probable cause is found, a public hearing to determine if a violation has occurred.

At any stage of this process, the Office of State Ethics and the Respondent may negotiate a settlement.

After a finding or admission of a violation, the Citizen's Ethics Advisory Board ("Board") can order the Respondent to comply with the Code in the future, file any required report or statement, and/or pay a civil penalty.

For failure to file a report, statement, or other information required by the Code, the Board can, after a single hearing, impose a civil penalty of up to \$10 per day, for which the aggregate penalty for any one violation may not exceed \$10,000.

The Office of State Ethics may refer matters to the Chief State's Attorney for criminal prosecution. An intentional violation of the Code is a misdemeanor for the first violation, unless the individual has derived a financial benefit of at least \$1,000. In that case, the violation is a class D felony.

The Attorney General may sue for up to three times the economic gain received through knowingly committing or knowingly profiting from a violation of the Code.

The "[*Citizen's Guide to Filing a Complaint*](#)," available on the OSE's Web site, provides a detailed overview of the complaint process and associated confidentiality provisions.



Notice to Executive Branch State Contractors and Prospective State Contractors of Campaign Contribution and Solicitation Limitations

This notice is provided under the authority of Connecticut General Statutes §9-612(g)(2), as amended by P.A. 10-1, and is for the purpose of informing state contractors and prospective state contractors of the following law (italicized words are defined on the reverse side of this page).

CAMPAIGN CONTRIBUTION AND SOLICITATION LIMITATIONS

No *state contractor, prospective state contractor, principal of a state contractor or principal of a prospective state contractor*, with regard to a *state contract* or *state contract solicitation* with or from a state agency in the executive branch or a quasi-public agency or a holder, or principal of a holder of a valid prequalification certificate, shall make a contribution to (i) an exploratory committee or candidate committee established by a candidate for nomination or election to the office of Governor, Lieutenant Governor, Attorney General, State Comptroller, Secretary of the State or State Treasurer, (ii) a political committee authorized to make contributions or expenditures to or for the benefit of such candidates, or (iii) a party committee (which includes town committees).

In addition, no holder or principal of a holder of a valid prequalification certificate, shall make a contribution to (i) an exploratory committee or candidate committee established by a candidate for nomination or election to the office of State senator or State representative, (ii) a political committee authorized to make contributions or expenditures to or for the benefit of such candidates, or (iii) a party committee.

On and after January 1, 2011, no state contractor, prospective state contractor, principal of a state contractor or principal of a prospective state contractor, with regard to a state contract or state contract solicitation with or from a state agency in the executive branch or a quasi-public agency or a holder, or principal of a holder of a valid prequalification certificate, shall **knowingly solicit** contributions from the state contractor's or prospective state contractor's employees or from a *subcontractor* or *principals of the subcontractor* on behalf of (i) an exploratory committee or candidate committee established by a candidate for nomination or election to the office of Governor, Lieutenant Governor, Attorney General, State Comptroller, Secretary of the State or State Treasurer, (ii) a political committee authorized to make contributions or expenditures to or for the benefit of such candidates, or (iii) a party committee.

DUTY TO INFORM

State contractors and prospective state contractors are required to inform their principals of the above prohibitions, as applicable, and the possible penalties and other consequences of any violation thereof.

PENALTIES FOR VIOLATIONS

Contributions or solicitations of contributions made in violation of the above prohibitions may result in the following civil and criminal penalties:

Civil penalties—Up to \$2,000 or twice the amount of the prohibited contribution, whichever is greater, against a principal or a contractor. Any state contractor or prospective state contractor which fails to make reasonable efforts to comply with the provisions requiring notice to its principals of these prohibitions and the possible consequences of their violations may also be subject to civil penalties of up to \$2,000 or twice the amount of the prohibited contributions made by their principals.

Criminal penalties—Any knowing and willful violation of the prohibition is a Class D felony, which may subject the violator to imprisonment of not more than 5 years, or not more than \$5,000 in fines, or both.

CONTRACT CONSEQUENCES

In the case of a state contractor, contributions made or solicited in violation of the above prohibitions may result in the contract being voided.

In the case of a prospective state contractor, contributions made or solicited in violation of the above prohibitions shall result in the contract described in the state contract solicitation not being awarded to the prospective state contractor, unless the State Elections Enforcement Commission determines that mitigating circumstances exist concerning such violation.

The State shall not award any other state contract to anyone found in violation of the above prohibitions for a period of one year after the election for which such contribution is made or solicited, unless the State Elections Enforcement Commission determines that mitigating circumstances exist concerning such violation.

Additional information may be found on the website of the State Elections Enforcement Commission, www.ct.gov/seec. Click on the link to "Lobbyist/Contractor Limitations."



DEFINITIONS

“State contractor” means a person, business entity or nonprofit organization that enters into a state contract. Such person, business entity or nonprofit organization shall be deemed to be a state contractor until December thirty-first of the year in which such contract terminates. “State contractor” does not include a municipality or any other political subdivision of the state, including any entities or associations duly created by the municipality or political subdivision exclusively amongst themselves to further any purpose authorized by statute or charter, or an employee in the executive or legislative branch of state government or a quasi-public agency, whether in the classified or unclassified service and full or part-time, and only in such person's capacity as a state or quasi-public agency employee.

“Prospective state contractor” means a person, business entity or nonprofit organization that (i) submits a response to a state contract solicitation by the state, a state agency or a quasi-public agency, or a proposal in response to a request for proposals by the state, a state agency or a quasi-public agency, until the contract has been entered into, or (ii) holds a valid prequalification certificate issued by the Commissioner of Administrative Services under section 4a-100. “Prospective state contractor” does not include a municipality or any other political subdivision of the state, including any entities or associations duly created by the municipality or political subdivision exclusively amongst themselves to further any purpose authorized by statute or charter, or an employee in the executive or legislative branch of state government or a quasi-public agency, whether in the classified or unclassified service and full or part-time, and only in such person's capacity as a state or quasi-public agency employee.

“Principal of a state contractor or prospective state contractor” means (i) any individual who is a member of the board of directors of, or has an ownership interest of five per cent or more in, a state contractor or prospective state contractor, which is a business entity, except for an individual who is a member of the board of directors of a nonprofit organization, (ii) an individual who is employed by a state contractor or prospective state contractor, which is a business entity, as president, treasurer or executive vice president, (iii) an individual who is the chief executive officer of a state contractor or prospective state contractor, which is not a business entity, or if a state contractor or prospective state contractor has no such officer, then the officer who duly possesses comparable powers and duties, (iv) an officer or an employee of any state contractor or prospective state contractor who has *managerial or discretionary responsibilities with respect to a state contract*, (v) the spouse or a *dependent child* who is eighteen years of age or older of an individual described in this subparagraph, or (vi) a political committee established or controlled by an individual described in this subparagraph or the business entity or nonprofit organization that is the state contractor or prospective state contractor.

“State contract” means an agreement or contract with the state or any state agency or any quasi-public agency, let through a procurement process or otherwise, having a value of fifty thousand dollars or more, or a combination or series of such agreements or contracts having a value of one hundred thousand dollars or more in a calendar year, for (i) the rendition of services, (ii) the furnishing of any goods, material, supplies, equipment or any items of any kind, (iii) the construction, alteration or repair of any public building or public work, (iv) the acquisition, sale or lease of any land or building, (v) a licensing arrangement, or (vi) a grant, loan or loan guarantee. “State contract” does not include any agreement or contract with the state, any state agency or any quasi-public agency that is exclusively federally funded, an education loan, a loan to an individual for other than commercial purposes or any agreement or contract between the state or any state agency and the United States Department of the Navy or the United States Department of Defense.

“State contract solicitation” means a request by a state agency or quasi-public agency, in whatever form issued, including, but not limited to, an invitation to bid, request for proposals, request for information or request for quotes, inviting bids, quotes or other types of submittals, through a competitive procurement process or another process authorized by law waiving competitive procurement.

“Managerial or discretionary responsibilities with respect to a state contract” means having direct, extensive and substantive responsibilities with respect to the negotiation of the state contract and not peripheral, clerical or ministerial responsibilities.

“Dependent child” means a child residing in an individual's household who may legally be claimed as a dependent on the federal income tax of such individual.

“Solicit” means (A) requesting that a contribution be made, (B) participating in any fund-raising activities for a candidate committee, exploratory committee, political committee or party committee, including, but not limited to, forwarding tickets to potential contributors, receiving contributions for transmission to any such committee or bundling contributions, (C) serving as chairperson, treasurer or deputy treasurer of any such committee, or (D) establishing a political committee for the sole purpose of soliciting or receiving contributions for any committee. Solicit does not include: (i) making a contribution that is otherwise permitted by Chapter 155 of the Connecticut General Statutes; (ii) informing any person of a position taken by a candidate for public office or a public official, (iii) notifying the person of any activities of, or contact information for, any candidate for public office; or (iv) serving as a member in any party committee or as an officer of such committee that is not otherwise prohibited in this section.

“Subcontractor” means any person, business entity or nonprofit organization that contracts to perform part or all of the obligations of a state contractor's state contract. Such person, business entity or nonprofit organization shall be deemed to be a subcontractor until December thirty first of the year in which the subcontract terminates. “Subcontractor” does not include (i) a municipality or any other political subdivision of the state, including any entities or associations duly created by the municipality or political subdivision exclusively amongst themselves to further any purpose authorized by statute or charter, or (ii) an employee in the executive or legislative branch of state government or a quasi-public agency, whether in the classified or unclassified service and full or part-time, and only in such person's capacity as a state or quasi-public agency employee.

“Principal of a subcontractor” means (i) any individual who is a member of the board of directors of, or has an ownership interest of five per cent or more in, a subcontractor, which is a business entity, except for an individual who is a member of the board of directors of a nonprofit organization, (ii) an individual who is employed by a subcontractor, which is a business entity, as president, treasurer or executive vice president, (iii) an individual who is the chief executive officer of a subcontractor, which is not a business entity, or if a subcontractor has no such officer, then the officer who duly possesses comparable powers and duties, (iv) an officer or an employee of any subcontractor who has managerial or discretionary responsibilities with respect to a subcontract with a state contractor, (v) the spouse or a dependent child who is eighteen years of age or older of an individual described in this subparagraph, or (vi) a political committee established or controlled by an individual described in this subparagraph or the business entity or nonprofit organization that is the subcontractor.

