

**PARK EMPLOYEES’ AND RETIREMENT BOARD  
EMPLOYEES’ ANNUITY AND BENEFIT FUND OF CHICAGO**

**REQUEST FOR PROPOSAL FOR INVESTMENT CONSULTANT**

**Date Posted: August 20, 2021**

**SECTION 1  
OVERVIEW**

A. Introduction

The Retirement Board (“Board”) of the Park Employees’ and Retirement Board Employees’ Annuity and Benefit Fund of Chicago (the “Fund”) issues this Request for Proposal, also referred to as a Search for Investment Consultant (“RFP”) from qualified firms to provide investment consultant services (“Investment Consultant Candidates”). All forms needed for submitting a response to this RFP are available on the Fund’s website at <https://www.chicagoparkpension.org/request-for-proposal/>. **Investment Consultant Candidates are responsible for monitoring the Fund’s website for information pertaining to the RFP, while the RFP is outstanding.**

It is the public policy of the State of Illinois to encourage the Board to increase the racial, ethnic, and gender diversity of its fiduciaries to the greatest extent feasible within the bounds of financial and fiduciary prudence. In furtherance of this public policy and the requirements of the Illinois Pension Code, it is the Board’s goal to use its best efforts to increase the racial, ethnic, and gender diversity of its fiduciaries. Consistent with that goal, the Board will actively consider Investment Consultant Candidates that are minority-owned businesses, women-owned businesses and businesses owned by a person with a disability (“MWDBE”) that meet the required capabilities for this RFP. If an Investment Consultant Candidate is an MWDBE and meets the criteria in the RFP, then that Investment Consultant Candidate shall receive an invitation by the Board to present as a finalist. If there are multiple emerging or MWDBE Investment Consultant Candidates that meet the criteria set forth in the RFP, then the Board may choose the most qualified firm or firms to present.

Established in 1919, the Fund is a defined benefit, public pension fund that provides disability and retirement benefits to certain employees, and their survivors and beneficiaries, of the Chicago Park District. The Fund had total assets under management of \$362,354,481 as of 6/30/21.

B. RFP Timeline

Date of RFP Issue:	August 20, 2021
RFP Response Due Date:	September 24, 2021
Finalist Interviews:	October 21, 2021
Selection:	November 18, 2021
Contract Completion:	December 16, 2021

C. Proposal Submission

Investment Consultant Candidates should submit an electronic copy of the proposal. Investment Consultant Candidates are responsible for the timely receipt of their proposal. Proposals must be received by the Fund **on or before 5:00 p.m. September 24, 2021**, to:

Park Employees' Annuity and Benefit Fund of Chicago  
c/o Steve Swanson, Executive Director  
steve@chicagoparkpension.org

**PROPOSALS MUST CONTAIN THE FOLLOWING DOCUMENTS:**

1. Transmittal Letter. A transmittal letter must be submitted on the Investment Consultant Candidate's official business letterhead. The letter must identify all documents provided collectively as a response to the RFP and must be signed by an individual authorized to bind the Investment Consultant Candidate contractually. **An unsigned proposal will be rejected.** The letter must also contain the following:

- Statement that the proposal is being made without fraud or collusion; that the Investment Consultant Candidate has not offered or received any finder's fees, inducements or any other form of remuneration, monetary or non-monetary, from any individual or entity relating to the RFP or the Investment Consultant Candidate's proposal, or the selection of a finalist.
- Statement that discloses any current business relationship or any current negotiations for prospective business with the Fund or any Fund Trustee or Fund Staff. Trustees and Staff are listed on the Fund's website (<https://www.chicagoparkpension.org/about-us/trustees-administrative-staff/>).

2. Minimum Qualification Certification. Investment Consultant Candidates must complete the certification and provide all supporting documentation, including but not limited to the completed Exhibit A disclosures and diversity table.

3. Response to Section 3 – Information Required from All Candidates.

D. Disclosure and Use of Submitted Proposals.

Neither this RFP nor any response to this RFP should be construed as a legal offer. The Fund reserves the right to reject any or all proposals submitted and to solicit additional proposals. All material submitted in response to the RFP will become the property of the Fund. The Fund is not responsible for any costs incurred by the Investment Consultant Candidates in responding to this RFP.

If it becomes necessary to revise any part of the RFP, or if additional information is necessary for a clarification of provisions within this RFP, prior to the due date for proposals, a supplement will be provided to all known Investment Consultant Candidates and posted on the Fund's website. If a supplement is necessary, the Fund may extend the due date and time of the proposals to accommodate any additional information requirements.

Investment Consultant Candidates are advised that the Fund is a public body subject to, and proposal materials are subject to, the Illinois Freedom of Information Act (5 ILCS 140). After completion of the RFP, selection by the Fund and successful negotiation of a contract, if any, all proposals may be viewed and copied by any member of the public, including news agencies and competitors. Investment Consultant Candidates claiming a statutory exception to the Illinois Freedom of Information Act for information within the Investment Consultant Candidate's proposals must identify relevant language as confidential and identify in the email transmission of the proposal whether confidential information is included. Further, each page of confidential documentation must be labeled as such. Investment Consultant Candidates must also specify which statutory exemption applies for each piece of confidential information. The Freedom of Information Act can be found at the Illinois General Assembly's website (<http://www.ilga.gov/>).

The Fund reserves the right to make determinations of confidentiality. If the Fund disagrees with a Investment Consultant Candidate's confidential designation, it may either reject the proposal or discuss its interpretation of the exemptions with the Investment Consultant Candidates. If agreement can be reached, the proposal will be considered. If agreement cannot be reached, the Fund will remove the proposal from consideration.

- E. All proposals become the property of the Fund and will not be returned to the Investment Consultant Candidate. The Fund reserves the right to retain all proposals submitted and to use any ideas in a proposal, regardless of whether the Investment Consultant Candidate is ultimately selected as the Fund's Investment Consultant. Submission of a proposal indicates acceptance of the conditions contained in this RFP. Quiet Period

As set forth in Section C(9) of the Fund's Policy for Procurement of Investment Consultants, dated April 16, 2020 ("Procurement Policy"), which can be found on the Fund's website (<https://www.chicagoparkpension.org/about-us/policies/>), there shall be a quiet period to ensure that the process of selecting an Investment Consultant is efficient and fair. The quiet period shall commence with the posting of the RFP and end when the parties have executed the Investment Consultant Agreement. During the quiet period, no fiduciary or Fund staff shall accept meals, travel, lodging, entertainment, or any other good or service of value from any Investment Consultant Candidate. All authority related to the search and selection process shall be exercised solely by the Board as a whole and not by individual Board members. If any Board member or Fund staff member is contacted by an Investment Consultant Candidate during the quiet period about a matter relating to the pending selection, the Board member or Fund staff member shall refer the candidate to the Executive Director. While the quiet period does not prevent Board approved meetings, conference attendance, or communications with an incumbent Investment Consultant, discussion related to the pending selection shall be avoided during those activities. An Investment Consultant Candidate may be disqualified from a search process for a willful violation of this quiet period.

Notwithstanding the foregoing, the Board through any designated Trustee, the Executive Director counsel, and Staff may conduct discussions with Investment Consultant Candidates to: (A) Determine in greater detail an Investment Consultant Candidate's

qualifications and clarify any responses; and (B) Negotiate the various terms of the agreement, including fees.

F. Minimum Requirements

1. Investment Consultant Candidate must have proven experience in providing investment consulting services to large public and/or multi-employer defined benefit pension plans.
2. Investment Consultant Candidate must agree in writing to serve as a fiduciary under the Illinois Pension Code, 40 ILCS 5/1-101, *et seq.*
3. Investment Consultant Candidate must be a registered investment adviser or a bank under the Investment Advisers Act of 1940, 15 U.S.C. § 80b-1, *et seq.*
4. Investment Consultant Candidate and its proposed team have all authorizations, permits, licenses and certifications required by federal and state laws and regulations to perform the services specified in this RFP at the time Investment Consultant Candidate submits a response to the RFP.
5. Investment Consultant Candidate must agree to comply at all times with the Fund's Ethics Policy, which can be found on the Fund's website (<https://www.chicagoparkpension.org/about-us/policies/>).
6. Investment Consultant Candidate acknowledges that this RFP is being conducted pursuant to the Fund's Procurement Policy and Investment Consultant Candidate agrees to comply with the Procurement Policy.
7. Investment Consultant Candidate shall provide in its response to this RFP the disclosures required by Exhibit A to this RFP.
8. Investment Consultant Candidate must agree to execute and comply with the Fund's standard Investment Consulting Services Agreement, which can be found on the Fund's website (<https://www.chicagoparkpension.org/about-us/policies/>), or to specify any objections to the standard Investment Consulting Services Agreement (amendments to the standard Agreement are strongly disfavored).
9. Investment Consultant Candidate agrees to provide the services as detailed in the Scope of Services section of this RFP and any other requirements as stated in this RFP.

G. Term

The term of the contract shall be up to five years, as determined by the Board. The Illinois Pension Code limits the duration of a contract for investment consulting services to five years. No contract to provide investment consulting services may be renewed or

extended. At the end of the contract term, however, the consultant is eligible to compete for a new contract as part of a competitive proposal process.

H. Current Investment Policy, Investment Managers and Assets Under Management

A copy of the Fund's Investment Policy Guidelines, dated June 2021J, which can be found on the Fund's website (<https://www.chicagoparkpension.org/about-us/policies/> and incorporated herein by reference. The Fund's Investment Policy is subject to change. A listing, as of August 1, 2021, of the Fund's current investment managers in the asset allocation categories for which the Investment Consultant will be responsible, and the assets under management with each investment manager, which can be found on the Fund's website (<https://www.chicagoparkpension.org/about-us/annual-reports/> and incorporated herein by reference. Also, quarterly investment reports can be found here (<https://www.chicagoparkpension.org/about-us/quarterly-financial-reports/>).

I. Evaluation Factors

Responses will be evaluated by the Board based on the evaluation factors set forth in Section D.4 of the Fund's Procurement Policy. The relative importance of the evaluation factors will be determined by the Board.

**SECTION 2  
SCOPE OF SERVICES**

A. Work Statement

This is a search for an Investment Consultant to provide investment consultant services. The primary role of the Investment Consultant is to provide objective, independent advice and counsel that will enable the Board to make well-informed and well-educated decisions regarding the investment of the Fund's assets, as well as to invest the Fund's assets pursuant to the asset allocations determined by the Board and in accordance with the Fund's Investment Policy.

B. Scope of Services

1. Formulation and Review of Investment Goals, Policies and Objectives.
2. Asset/Liability and Asset Allocation Studies with specific recommendations.
3. General Consulting Services – provide general consulting services as requested by the Board, including but not limited to investment manager and custodial search and selection, due diligence for public and private market managers, investment manager research and market research and education.
4. Performance Measurement & Monitoring – monitoring and evaluating the performance of the investment manager(s).

5. Fund Diversification – assist the Board in the development of an investment manager structure that provides adequate diversification with respect to the number and types of investment managers.
6. Attendance at Board Meetings and Trustee Education Events – the Board holds monthly Board meetings and Trustee Education Events at various times throughout the year and the Investment Consultant will be expected to attend all of these events and meetings. Also, expected to attend all investment manager presentations and staff planning sessions.
7. Reports – provide monthly, quarterly and annual reports to the Board which must include commentary on investment manager performance and overall market trends. All returns on investments shall be reported as net of all fees, commissions, and any other disclosed compensation.
8. Other – review custodial operations, transition management procedures, securities lending structure and guidelines. Recommend best practices regarding these professional services, as appropriate. Work with the Fund’s third-party providers and other investment related professionals.

**SECTION 3**  
**INFORMATION REQUIRED FROM ALL CANDIDATES**

A. Professional Qualifications

1. Provide your firm’s contact information.
2. Provide a history of the firm, including when the firm was established and when consulting services were first provided.
3. What is the number of full time employees in your firm? Provide a breakdown by classification (consultant, managerial, clerical, etc.) for both your national and local operation. How many senior professionals have left or joined your company in the last three years? Do you have a succession plan for key employees?
4. Describe the firm’s approach to account servicing, including:
  - a. The maximum number of account relationships assigned to a consultant;
  - b. The identity of the primary consultant on the account and whether a specific person is designated to handle matters when the primary consultant is not available;
  - c. An organizational chart indicating the number of employees, including the average employee tenure, education, EEO data, etc., in each reporting unit for the firm’s consulting area; and
  - d. Brief biographical information for the primary consultant and any other individuals expected to be assigned to the Fund’s account, including

number of years in the most recent position and the number of account relationships currently assigned to the primary consultant.

5. Describe the firm's experience advising large defined benefit plans with respect to the Asset Allocation Categories, investment manager selection and oversight, and related Investment Services experience, as those terms are defined in the Fund's Procurement Policy.
6. Disclose formal or informal business relationships with investment managers or other service providers.
7. Please indicate whether, within the last ten years, your firm has been involved in any actual or threatened litigation or regulatory proceeding arising out of the firm's performance as an investment consultant, including, but not limited to, any actual or threatened litigation against your firm by any current or former employees. If there is any such complaint or litigation, please explain fully.
8. In the event that there are any changes to your responses under this Section 3.A prior to the Board awarding the contract, please supplement your responses as soon as possible and please explain fully the reason for such supplemental response.

B. Investment Consulting Client Information

1. The total number of, the market value of the Investment Consultant Candidate's client accounts, and the revenues derived from the firm's investment consulting clients as of the prior year-end;
2. A breakdown of the firm's gross revenue, including the percentage of the firm's gross revenue that is derived from the investment consulting division or group;
3. Any other businesses in which the firm is involved;
4. References from at least 3 public fund investment consulting clients;
5. The history of the firm's relationship with its 10 largest investment consulting clients; and
6. The number and size of client relationships gained and lost in each of the last five calendar years and year-to-date.

C. Investment Policy/Asset Allocation Guidelines

1. Provide an outline of the principal steps you follow when developing an asset allocation structure and investment policy. Does your investment policy and asset allocation analysis fully integrate liabilities with assets? How does your firm interface with the Fund's actuary?

2. Provide an outline of the issues and items that would be covered in a typical investment policy statement.
3. Describe, in detail, your approach to the development of asset allocation guidelines, including application of major variables (e.g., risk tolerance, emerging liabilities, etc.).
4. Please include table of expected risk and return assumptions that are currently being used in the portfolio asset allocation modeling. Please discuss factors that influence assumptions. What is unique about your firm's approach? Please note that Public Act 102-263 provides additional employer contributions to the Fund beginning in 2021. Please use the following link for more information: <https://www.ilga.gov/legislation/publicacts/102/102-0263.htm>
5. How often should a formal asset allocation review be conducted? What is your view on tactical asset allocation?
6. What is your preferred level of client involvement in formulating policy, goals, asset allocation and investment manager decisions? How are client initiatives received and perceived? Provide examples, if any, of client initiatives implemented.
7. What allocation is generally recommended for passive investments (domestic and foreign, equity and fixed income), non-U.S. dollar denominated assets and alternative investments in public pension plans? What is your position on concentrated portfolios, currency allocations, currency hedging and derivative overlay strategies in a public plan portfolio?

D. Investment Manager Selection

1. Describe in detail the process and criteria you follow in the selection and recommendation of investment managers for specific asset allocation categories. Do you have a pre-approved list of managers?
2. Describe how the firm coordinates AIMRF performance standards.
3. A description of the database(s) used to track and evaluate investment managers and emerging investment managers, including: the number of investment managers and emerging investment managers in the database; whether a fee must be paid to be included in the database, and if so, how much; whether the database is proprietary; whether the requirements for access are uniformly applied; and the ability of investment managers to access the database.
4. Does your firm maintain a preferred/approved manager list? Discuss how the use of a preferred list factors in during a review of RFP respondents.

5. Briefly describe the significance of investment manager fee structures, including the use and structure of performance based fees. How much emphasis is given to fee structure when recommending investment managers for hire?
6. Detail whether you monitor your success in selecting investment managers and describe how you measure the level of success of existing investment managers. Describe your process for the search and selection of investment managers and emerging and MWDBE investment managers, including:
  - a. A description of the database(s) used to track and evaluate Investment Advisers, Emerging Investment Advisers, and MWDBE investment managers and emerging and MWDBE investment managers including: the number of investment managers and emerging and MWDBE investment managers in the database; whether a fee must be paid to be included in the database, and, if so, how much; whether the database is proprietary; whether the requirements for access are uniformly applied; and the ability of investment managers and emerging and MWDBE investment managers to access the database;
  - b. A specific description of the firm's policy for increasing access by and outreach to emerging and MWDBE investment managers;
  - c. The process used to select investment managers for specific Asset Allocation Categories; and
  - d. How the firm coordinates AIMR performance standards.

E. Performance Evaluation

1. Describe your performance evaluation system and the philosophy behind it, including whether such system is purchased or proprietary.
2. Describe the indices, universes, and composites used to evaluate investment managers' performance within a specific Asset Allocation Category, as well as a fund's overall investment performance;
3. A description of the peer group and performance benchmarks used; and
4. Briefly describe the manager rating system. Describe what factors result in a ratings upgrade/downgrade.
5. Briefly describe the process of obtaining portfolio and performance data from the Fund's custodian and investment managers. Describe current quality control procedures for data. How is the accuracy of data received from the custodian and investment managers verified? How often does this verification take place?
6. Briefly describe the performance reporting procedures used for illiquid and alternative investments. Briefly describe any supplemental analysis provided for these asset classes, if any.

7. List what measurements are used when evaluating risk. At what level are these risk measurements used: total portfolio, asset class, asset style, investment manager? Which measurements are most important in the analysis of risk? Explain your position on investment manager tracking error.
8. A description of the process for determining when to recommend termination of an Investment Adviser.
9. Detail the role that your firm would like to take in manager presentations to the Board.

F. Investments

1. Describe your investment philosophy, including your frequency of reporting investment performance to clients (e.g. monthly, quarterly) and portfolio evaluation.
2. Describe your recommended asset allocation and estimated annual rate of return for one, three, five and ten years.
3. Describe your research methods and resources (external and internal).
4. Attach an organization chart of your Research staff (public and alternatives.) Discuss departures of key personnel in last three years and indicate how positions were filled. Discuss any anticipated growth/changes to Research group. What is average number of managers that are followed per analyst? Distinguish between invested managers—ie with client money vs. prospective managers.

G. Environmental, Social, and Governance.

Describe your approach to considering environmental factors, social capital factors, human capital factors, and business model and innovation facts in providing investment consulting services and investment manager evaluation, selection, and monitoring. Provide a copy of your ESG policy.

H. Insurance

1. Provide a listing of applicable insurance coverage maintained with relevant coverage limits for Errors & Omissions Insurance and Cyber Liability Insurance.
2. Provide the name of your primary insurance carrier and their related AM Best rating.

I. IT & Cyber Security

1. Describe your firm's disaster recovery and business continuity plans.

2. Provide the most recent date and the numbers of times you have practiced and tested your disaster recovery procedures in the past 5 years, and the results of those exercises.
3. Describe your back-up capabilities and/or offsite location, particularly related to your trading desk, in the event your primary office location was inaccessible.
4. Describe the firm's security environment. Specifically cover the physical, digital security, and policy measure safeguards that you have put in place to control access to portfolio reporting systems and client account information.
5. Does your firm's information technology systems meet or exceed industry best practices related to cyber-security, including but not limited to the U.S. Department of Labor's Cybersecurity Program Best Practices and the requirements of the State of Illinois Cybersecurity Strategy and the NIST Cybersecurity Framework? If not, explain the details of how your firm is not compliant.
6. Describe your firm's approach to securing email and web communications.
7. How does your firm defend against cyber attacks?
8. How does your firm secure mobile devices such as phones, tablets, and laptops?
9. Have you had your security assessed by a third party? If so, when was this last completed and by which provider?
10. Has your firm ever had a data security breach? If so, describe the incident as well as the corrective actions.
11. Have you had a cybersecurity audit? If so, provide a copy of your most recent AICPA Service Organization Control 1 and/or 2 reports.

J. Fees

1. The stated fee schedule must include all charges associated with your service and must reflect your costs in their entirety, including but not limited to the cost of attending monthly Board meetings.
2. You must agree to sign a most favored nations clause with respect to fees.

K. Policies

Please provide copies of your firm's ethics or conflict of interest policy and proxy voting policy, if applicable.