

**Park Employees' and Retirement Board Employees' Annuity and Benefit Fund of Chicago  
Request for Competitive Proposal: Transition Management Services**

**I. OVERVIEW**

The Board of Trustees (“Board”) of the Park Employees' and Retirement Board Employees' Annuity and Benefit Fund of Chicago (the “Fund”) hereby issues a request for competitive proposals (“RFP”) from qualified entities interested in providing Transition Management Services (the “Respondents”). 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/> and the consultant’s website at <https://meketa.com/manager-center/request-for-proposal/> **Respondents to this RFP 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, including its external investment managers (4 ILCS 5/1-109.1). Consistent with that goal, the Board will actively consider emerging investment managers and entities 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 a Respondent is an emerging investment manager or an MWDBE entity and meets the criteria in the RFP, then that Respondent shall receive an invitation by the Board to present as a finalist. If there are multiple emerging or MWDBE Respondents that meet the criteria set forth in the RFP, then the Board may choose the most qualified firm or firms to present.

**II. RFP TIMELINE**

- A. Date of Issue: May 24, 2022
- B. RFP Submission Due Date: June 24, 2022

**III. QUIET PERIOD**

As set forth in Section C(11) of the Fund’s Procurement Policy for Investment Advisers, 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 selection process is efficient and fair. During the quiet period, all Board members and Fund Staff, to the extent practical, shall refrain from communicating with Respondents regarding any product or service offered by the candidate that is related to the search. During the quiet period, no fiduciary or Fund Staff, including the Fund’s Consultant Meketa Investment Group, Inc. (“Consultant”), shall accept meals, travel, lodging, entertainment, or any other good or service of value from any candidate or from any firm that is reasonably known to be interested in being a candidate. If any Board member or Fund Staff member is contacted by a 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 Consultant or to the Executive Director. 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. While the quiet period does not prevent Board approved meetings, conference attendance, or communications with an existing service provider that is a candidate, discussion related to the pending selection shall be avoided during those activities. Candidates may be disqualified from a search process for a willful violation of this quiet period.

Notwithstanding the foregoing, the Consultant, counsel for the Fund, and the Fund's Staff may conduct discussions with candidates to: (A) Determine in greater detail a Respondent's qualifications and clarify any responses; and (B) Negotiate the various terms of the contract, including fees.

#### ***IV. RFP PROCEDURES***

The Fund will post the RFP and all related materials on the Fund's website (<https://www.chicagoparkpension.org/request-for-proposal/>) at least 30 days before the response to the RFP is due. Qualified candidates that do not receive an RFP from the Fund or the Fund's Consultant are encouraged to compete and may obtain the RFP document from the Fund's website. Neither this RFP nor any response to this RFP should be construed as a legal offer.

All interested candidates must submit their responses in accordance with the proposal submission instructions below. 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 Respondents in responding to this RFP.

The Board of Trustees' designee and the Fund's Consultant will review each response for content, quality and compliance with the RFP's requirements. The Fund will compile a list of all Respondents to the RFP, identifying which responses are complete and incomplete.

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 Respondents 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.

Respondents 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. Respondents claiming a statutory exception to the Illinois Freedom of Information Act for information within the Respondents' 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. The Respondent 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 Respondent's confidential designation, it may either reject the proposal or discuss its interpretation of the exemptions with the Respondent. If agreement can be reached, the proposal will be considered. If agreement cannot be reached, the Fund will remove the proposal from consideration.

Candidates will be evaluated pursuant to the evaluation factors set forth in Section C(9) of the Fund's Procurement Policy. Following review and evaluation of complete responses from interested Respondents, the field of candidates will be narrowed to a smaller list of the most highly qualified Respondents. The Board's designee and Consultant may conduct discussions with candidates to determine in greater detail a candidate's qualifications and clarify any responses.

Following any discussions with the selected Respondents, the Board's designee and Consultant will prepare Respondent recommendations for approval by the Board. The finalists may appear before the Board of Trustees to present their firms' qualifications. The Board may accept or modify the recommendation and make a selection, if appropriate.

The Fund will conduct the RFP process in accordance with applicable provisions of the Illinois Pension Code, the applicable portions of the State Officials and Employees Ethics Act, and the Fund's Procurement Policy.

No Respondent shall retain a person or entity to influence (i) the outcome of an investment decision or (ii) the procurement of investment advice or services of the Fund for compensation, contingent in whole or in part upon the decision or procurement.

## ***V. PROPOSAL SUBMISSION***

The Fund's Consultant shall oversee the RFP process. If a Respondent is interested in submitting a proposal, the Respondent must submit an electronic copy of the complete proposal by **3:00 PM CDT, June 24, 2022** to:

Meketa Investment Group, Inc. E-mail: [rfpresponse@meketa.com](mailto:rfpresponse@meketa.com)

If Staff and/or Consultant has/have a question(s) regarding how to interpret a Respondent's proposal, Staff and/or Consultant is/are authorized to request additional information from that Respondent.

**ANY PROPOSAL RECEIVED AFTER THE DUE DATE AND TIME WILL NOT BE CONSIDERED.**

### **PROPOSALS MUST CONTAIN THE FOLLOWING DOCUMENTS:**

- A. Transmittal Letter. A transmittal letter must be submitted on the Respondent'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 Respondent 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 Respondent 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 Respondent'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/>).
- B. Minimum Qualification Certification. The Respondent must complete the certification and provide all supporting documentation, including but not limited to the completed Exhibit A disclosures and diversity table.
- C. Investment Management Questionnaire. The Respondent must address the questionnaire items in the RFP in the order in which they appear in the RFP. Further, each question number and question in the RFP shall be repeated in its entirety before stating the answer. The Respondent should fully answer each question or, if unable to do so, the Respondent should provide a detailed explanation as to the reason that it is unable to fully answer; the failure to fully answer any question will be considered as part of the Candidate review process. Please note that certain questions require supporting documentation. This additional documentation should be submitted as attachments to the questionnaire.

## **VI. SCOPE OF SERVICES**

The Respondent will be one of a panel of transition managers that will provide proposals on the Fund's transition events across public equities, fixed income, and alternative assets. If chosen for a transition event, the transition manager will act as the project manager for the duration of the transition and will liquidate and transition assets in a cost effective and efficient manner while minimizing the market impact and opportunity costs.

## **VII. POST PERFORMANCE REVIEW**

Post-performance review, including termination, shall be conducted in accordance with the Fund's Investment Policy. Any Respondent retained by the Fund will undergo periodic performance reviews at the completion of a transition event. Evidence of material non-compliance will be reviewed by the Fund's Staff and Consultant, as well as the Board of Trustees, if necessary.

## **VIII. MINIMUM QUALIFICATION REQUIREMENTS AND CERTIFICATION**

**Respondents must satisfy each of the following minimum qualifications for this RFP, in order to be given further consideration by the Fund. Failure to satisfy each of the requirements will result in the immediate rejection of the proposal. Failure to provide complete**

**information will result in the rejection of the proposal.**

**Please mark “YES” or “NO” where indicated. If evidence is requested, please provide complete documentation.**

1. Respondent is an investment adviser registered with the Securities and Exchange Commission under the federal Investment Advisers Act of 1940 or the Illinois Securities Law of 1953, a bank as defined in the Investment Advisers Act of 1940, an insurance company authorized to transact business in Illinois, or an entity otherwise regulated by an appropriate governmental regulatory oversight entity.  
(Yes/No):\_\_\_\_\_ If yes, please provide appropriate evidence, such as ADV Forms I and II.
2. Respondent 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 Respondent submits a response to the RFP.  
(Yes/No):\_\_\_\_\_
3. Respondent has cyber liability insurance of at least **\$2 million**, a blanket fidelity bond or bonds of at least **\$5 million** and Errors & Omissions Insurance of at least **\$5 million**.  
(Yes/No):\_\_\_\_\_ If yes, please provide evidence. If no, please describe Respondent’s coverage and provide evidence.
4. If retained for transition management services, Respondent must agree in writing to serve as a fiduciary as defined by the Illinois Pension Code. (Yes/No):\_\_\_\_\_
5. Respondent 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/>).  
(Yes/No): \_\_\_\_\_
6. Respondent acknowledges that this RFP is being conducted pursuant to the Fund’s Procurement Policy and Respondent agrees to comply with the Procurement Policy.  
(Yes/No): \_\_\_\_\_
7. Respondent shall comply with the “quiet period” guidelines designated in Section D(11) of the Fund’s Procurement Policy. (Yes/No): \_\_\_\_\_
8. Respondent shall provide in its response to this RFP the required disclosures by completing Exhibit A to this RFP. (Yes/No): \_\_\_\_\_
9. Respondent has reviewed the Fund’s Investment Policy, which is subject to change and which can be found on the Fund’s website (<https://www.chicagoparkpension.org/about-us/policies/>), and agrees that, if retained, Respondent can provide transition management services in furtherance of the Investment Policy. (Yes/No):\_\_\_\_\_
10. Respondent must comply with the Fund’s Broker/Dealer Trading Policy set forth in the Fund’s Investment Policy. (Yes/No): \_\_\_\_\_

11. Respondent must agree to execute and comply with the Fund’s standard Transition Manager Agreement, which can be found on the Fund’s website (<https://www.chicagoparkpension.org/about-us/policies/>), or to state any objections to the standard Transition Manager Agreement (amendments to the standard Investment Management Agreement are strongly disfavored). (Yes/No): \_\_\_\_\_

If Respondent does not agree to execute and comply with the Fund’s standard Transition Manager Agreement, then specify your objections.

12. Respondent 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. (Yes/No): \_\_\_\_\_

13. Respondent maintains sufficient procedures and capabilities necessary to ensure the timely and accurate backup and full recovery for all computers and other data storage systems. (Yes/No): \_\_\_\_\_

If yes, please provide a complete description of these procedures and capabilities, including your firm’s disaster recovery and business continuity plan.

IF RESPONDENT PROVIDED A “NO” RESPONSE TO ANY OF THE MINIMUM QUALIFICATION REQUIREMENTS ABOVE RESPONDENT SHOULD NOT SUBMIT A PROPOSAL TO THE FUND.

PLEASE CERTIFY THE RESPONDENT’S SATISFACTION OF THE MINIMUM QUALIFICATIONS BY PROVIDING THE RESPONDENT’S AUTHORIZED SIGNATURE BELOW.

*Authorized Signer Name:* \_\_\_\_\_

*Title:* \_\_\_\_\_

*Respondent Firm:* \_\_\_\_\_

*Signature:* \_\_\_\_\_

*Date:* \_\_\_\_\_



*Unless stated otherwise, please answer each question in the field provided.*

**I. General Information**

Firm Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_  
Contact Name: \_\_\_\_\_ Phone: \_\_\_\_\_  
Title: \_\_\_\_\_ Fax: \_\_\_\_\_  
E-mail: \_\_\_\_\_

**II. Firm Information**

1. When was the firm’s inception date/ inception date of your firm offering transition management to the U.S. market?
2. Where is the firm located (include headquarters and satellite offices)?
3. What is the firm’s ownership structure, including any employee owners and any affiliated or passive investors? Note any recent (within the last three years) or pending changes in ownership structure. Does your firm qualify as MWDBE under the Illinois Business Enterprise for Minorities, Women, and Persons With Disabilities Act (30 ILCS 575/0.01, et seq.)?
4. Please provide a description of any inquiry, investigation, regulatory action, litigation or other legal proceedings involving the firm’s transition management group or any registered employees and/or principals during the past 5 years. Disclose any sanctions, disciplinary actions, or fines against the firm or any employee or principal.
5. What types of liability insurance (e.g. Errors and Omissions, Fidelity Bond, Cyber) and other forms of coverage does your firm carry to protect your clients? Please provide dollar amounts and proof of coverage.
6. Do you require executing brokers to carry fidelity bond(s) or errors and omissions insurance, or require the broker to have minimum net capitalization? What is the required minimum bond, insurance coverage, and capitalization?
7. Provide the details of any fidelity or errors and omission/fiduciary claims filed with any insurance provider during the past 5 years.
8. Please provide an organization chart with all investment professionals involved exclusively on your transition management team. Please footnote and provide details on any changes to the team within the past three years.



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9. Does your firm utilize subcontractors or third-parties to perform any of the transition management services? If so, identify the subcontractors or third-parties, the services they perform, and their qualifications. Describe the fees that will be paid, where they are located and supervised, and how staffing and services are outsourced as it relates to a typical transition.

10. Please complete the following table, as it relates to portfolio transitions:

Total \$ (in millions) Round Trip	As of 12/31/21	As of 12/31/20	As of 12/31/19	As of 12/31/18	As of 12/31/17
U.S Equity assets transferred					
Non-U.S. Equity assets transferred					
Fixed Income assets transferred					
Total No. of transitions					
Number of Retainer Clients / Panels					
Avg. pre-trade cost estimate (in bps)					
Avg. post-trade actual cost (in bps)					
Percentage of transitions falling outside expected range of cost (%) (more than two standard deviation event)					

11. How much of your firm’s revenue is derived from proprietary trading versus transition management? Additionally, please state what percentage of the firm’s overall revenues are derived from Transition Management and other beta management services. Given the recent industry closures, it is important that we know whether firms we do business with have a commitment to the TM industry.

12. Where is the transition team based? Note HQ and location of all TM employees.

13. Does the transition team work separately from other trading groups within your firm (and are they dedicated solely to transition management)? How are potential conflicts (ie, information leakage) avoided between these two groups? Is there a dedicated compliance team within the transition group?

14. Please state your firm’s ethics policy.

15. How do you ensure that employees follow this ethics policy?

16. How are violations of the firm’s ethics policies handled? Has your firm ever experienced a material violation of the ethics policy? If so, provide a brief description of what happened and how the issue was resolved.



17. Describe any potential conflicts of interest your firm may have in providing transition management services. Include any activities of affiliated or parent organizations, brokerage activities, investment banking activities, or any past or current relationships of any kind with PEABF Board members, staff, and Investment Consultants.

18. Indicate your firm's fiduciary classification (Investment Adviser under the Illinois Securities Law of 1953, Registered Investment Adviser, under the Investment Advisers Act of 1940, Broker Dealer, etc.). Please describe how best execution is maintained for the client during the transition.

19. What is your firm's approach to cyber security and data integrity? Describe your IT security infrastructure and the best practices and industry standards that you follow.



20. What is your disaster recovery policy? Are there back-up capabilities for your systems in case of malfunction or disaster?
21. Describe your willingness/capabilities in transitioning smaller portfolios (e.g., \$10m-\$50m)?
22. Describe your willingness/capabilities in transitioning portfolios with only fund vehicles (i.e., no separate accounts)
23. Are you willing to consider the transitioning of smaller/less complex portfolios as part of a broader strategic relationship – both from a minimum account size and a pricing standpoint?
24. Are you willing to project manage?

**III. PROCESS**

1. Please describe your firm’s philosophy toward transition management.
2. If applicable, please describe your team’s expertise as it relates to currency management and execution. How is currency exchange handled during the transition? Do you disclose the entire value of revenues received by your firm during the execution process?
3. Please detail the step-by-step transition process utilized by your firm. Include a detailed description of your transition platform.
4. Please provide a sample post-trade and pre-trade report and analysis.
5. Identify the different sources of liquidity that you have access to during a transition event. Describe broadly the quality/efficacy of these liquidity sources (cost, anonymity, liquidity in certain types of securities etc).
6. Describe the order routing process and explain how you prioritize execution venues.
7. How does your firm define best execution? Does the firm utilize third party services to verify best execution?
8. Do you utilize crossing during transitions? What is the firm’s philosophy on crossing, both internally, and externally through dark pools. Please elaborate.



9. Describe in detail any changes or refinements made to the firm's transition management process over the past five years.
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10. In what ways is your firm able to provide exposure to asset classes and any extended transitions? (i.e., futures, synthetics, ETFs, etc.)
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11. Please describe how you work with other brokerage firms or transition managers.
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12. Please describe how you select brokerage firms. Specifically, please confirm that you will follow PEABF's Broker/Dealer Trading Policy and that you are accustomed to working with MWDBE or Chicago-based brokerage firms. List all MWDBE broker dealers that you utilize for open market trading in the transition process. In the prior calendar year, what percentage of commissions in open market trades was executed through MWDBE broker dealers?
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13. Please explain *in no more than one page* what your competitive advantage is and why your firm should be utilized by Meketa Investment Group clients.
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**Additional Information**

1. Please provide three public fund references for whom you have provided transition management services and provide the asset values for each asset class and for each year that transition management services were provided.

**Exhibit A**

**Required Disclosures**

Respondents are required to provide complete disclosure of each of the following. For purposes of these required disclosures, a Respondent must undertake an affirmative effort to determine the appropriate responses to the required disclosures as part of the response to the RFP. A response that the Respondent has a “pay to play” or a political donation policy is not responsive. The Respondent is expected to inquire of each individual subject to these disclosures as to the individual’s answers. The representations are considered material.

1. Pursuant to Section 1-113.14(c)(3) and (12) of the Illinois Pension Code, the method for charging and measuring fees, including disclosure of the direct and indirect fees, commissions, penalties, and other compensation, including reimbursement for expenses, that may be paid by or on behalf of the Respondent in connection with the provision of Investment Services to the Fund.

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2. Pursuant to Section 1-113.14(c)(5) of the Illinois Pension Code, the names and addresses of: (A) the Respondent; (B) any entity that is a parent of, or owns a controlling interest in, the Respondent; (C) any entity that is a subsidiary of, or in which a controlling interest is owned by, the Respondent; (D) any persons who have an ownership or distributive income share in the Respondent that is in excess of 7.5%; or (E) any persons who serve as an executive officer of the Respondent. An “executive officer” shall mean any president, director, vice-president in charge of a principal business unit, division, or function (such as investment consulting, marketing, or administration), and any other employee who performs a policy-making role, regardless of the title given to their position.

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3. A statement that contingent and placement fees are prohibited by Section 1-145 of the Illinois Pension Code.

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4. Pursuant to Section 1-113.14(c)(6) of the Illinois Pension Code, the names and addresses of all subcontractors, if any, and the expected amount of money each will receive under the contract. For purposes of this section, "subcontractor" does not include non-investment related professionals or professionals offering services that are not directly related to the investment of assets, such as legal counsel, actuary, proxy voting services and services used to track compliance with legal standards.

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5. Pursuant to Section 1-113.21 of the Illinois Pension Code, a disclosure of:

- A. the number of the Respondent's investment and senior staff and the percentage of that staff who are a minority person, a women, a veteran, or a person with a disability;

*Number and Percentage of Investment and Senior Staff*

Number of Minorities	/	Percent	Number of Women	/	Percent	Number of Veterans	/	Percent	Number of Persons with Disabilities	/	Percent

*Positions included in Investment and Senior Staff figures:*

- B. the number of contracts for investment, consulting, professional, and artistic services the Respondent has with a minority or women-owned business, a veteran owned small business, or a business owned by a person with a disability; and

*Number of Contracts*

Number of Minorities	Number of Women	Number of Veterans	Number of Persons with Disabilities

- C. the number of contracts for investment, consulting, professional, and artistic services which the Respondent has with a business other than a minority or women-owned

business, a veteran owned small business, or a business owned by a person with a disability, if more than 50% of the services performed pursuant to that contract are performed by a minority person, a women, a veteran, or a person with a disability.

*Contracts in Excess of 50%*

Number of Minorities	Number of Women	Number of Veterans	Number of Persons with Disabilities

For the purposes of this subsection, the terms “minority person”, “women”, “person with a disability”, “minority-owned business”, “women-owned business”, and “business owned by a person with a disability” have the same meaning as those terms have in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act. For the purposes of this subsection, the terms “veteran” and “veteran owned small business” have the same meaning as those terms have in 30 ILCS 500/45-57. For the purposes of this subsection, the terms “professional service” and “artistic service” have the same meanings as those terms have in 30 ILCS 500/1-15.60.

6. Respondent shall disclose any compensation or economic opportunity paid to PEABF’s Investment Consultant within the last 24 months. “Compensation” means any money, thing of value, or economic benefit conferred on, or received by, the Respondent in return for services rendered, or to be rendered, by himself, herself, or another. "Economic opportunity" means any purchase, sale, lease, contract, option, or other transaction or arrangement involving property or services wherein the Respondent may gain an economic benefit.

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7. Disclosure by the Respondent, by any executive officer (as defined in item 2, above) or shareholder of the Respondent, by any parent entity, by any executive officers of any entity that is a parent of, or owns a controlling interest in, the Respondent, or by the entity itself of any financial support of \$1,000 or more in a calendar year within the prior five (5) calendar years and/or formal involvement with any community or not-for-profit organization with a central purpose of influencing public policy related to budgetary and fiscal policy which directly or indirectly relates to the continued availability and long-term viability of defined benefit pensions in the public sector, education policy, and retirement security policy.

For the purposes of this disclosure, an organization has the “central purpose” of influencing policy if it is understood with the exercise of reasonable due diligence, including but not limited to the examination of the organization’s IRS filings and other publicly- available statements of purpose, that the organization intends to affect policy or engage in lobbying

or other advocacy activity. A Respondent is not required to disclose contributions to organizations that engage in such activities in furtherance of providing medical research, aid to the poor, disaster relief, or other such tangible goods or service. The organizations listed in Exhibit A to the Fund's Procurement Policy presently fall under this required disclosure policy.

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8. Provide an employee diversity table by completing the attached Excel file.



## TRANSITION MANAGER AGREEMENT

This Transition Manager Agreement ("Agreement") is effective as of \_\_\_\_\_, 2022, and is between the Park Employees' and Retirement Board Employees' Annuity and Benefit Fund of Chicago ("PEABF" or Fund") and [INSERT NAME] ("Transition Manager").

WITNESSETH:

**WHEREAS**, PEABF desires to appoint Transition Manager as one of its transition managers with the authority and responsibility to liquidate or restructure certain portfolios of Securities and/or assets designated by PEABF in writing ("Account Assets") that will constitute an account or accounts to be established at the PEABF's custodian ("Custodian") (each, an "Account" or "PEABF Account"); and

**WHEREAS**, Transition Manager is willing to act in such capacity, on the terms and conditions hereinafter set forth,

**NOW, THEREFORE**, the parties agree as follows:

**1. Definitions.**

**As more fully defined in Exhibit A-1:**

(a) "Legacy Portfolio" means the complete Verified Asset List of existing portfolio of Securities, cash, and other assets to be liquidated or restructured in a Transition.

(b) "Target Portfolio" means the portfolio of Securities, cash, and other assets to be held at the end of the Transition in the PEABF Account, to be managed by the investment manager(s) receiving Account assets.

(c) A "Transition" means a specific Transition assigned by PEABF to the Contractor and described in a Transition Work Order and involves the restructuring of an existing portfolio of assets (Legacy Portfolio) into a new portfolio of desired assets (Target Portfolio).

(d) "Transition Services" means the services described in this Agreement, including but not limited to Sections 2 and 7 of this Agreement.

(e) "Transition Work Order", as set forth in Exhibit A-1, means a description of the Transition, including, but not limited to, key milestones, trading strategies, estimated implemented timeframes, and a list of Legacy and Target Portfolios. Each Transition Work Order shall be an addendum to this Agreement, incorporated into this Agreement, and executed by both PEABF and Transition Manager. A form of Transition Work Order is attached hereto as Exhibit A-4.

**2. Engagement of Transition Manager.** The PEABF will engage Transition Manager for each Account that is subject to an executed Transition Work Order. Transition Manager accepts this engagement and agrees to provide Transition Services in accordance with this Agreement and the Transition Work Order. The Transition Manager agrees that it will provide Transition Services for liquidating or restructuring the Account in a cost efficient and flexible manner and that such Transition Services shall be designed to reduce the total cost and risk associated with the Transition. As more fully set forth in Section 7, Transition Services shall include, but not be limited to, reviewing the Legacy Portfolio and, if applicable, the Target Portfolio, analysis of projected Transaction volumes and the number of Securities positions in the Transition, assistance in creating a trading strategy with respect to the price, timing, market risk, and market impact of Transactions, implementation of the Transition strategy, and implementing related Transactions, as authorized, by arranging for broker-dealers to provide trading and brokerage services to effect such Transactions.

**3. Transition Manager's Representations.** Transition Manager agrees, represents, and warrants that:

(a) it will act as a fiduciary in the performance of Transition Services for an Account subject to a Transition, as described in this Agreement, until such time as Transition Manager's obligations with respect to each such Transition has terminated; and

(b) it is, and will continue at all times during the term of this Agreement to be: (1) a broker-dealer registered with the Securities & Exchange Commission under the Securities Exchange Act of 1934, as amended ("Exchange Act"); or (2) a bank or limited purpose national banking association as defined in the National Bank Act, as amended; or (3) a registered investment adviser under the Investment Advisers Act of 1940 ("Advisers Act"), as amended; or (4) an investment advisor registered with the State of Illinois under the Illinois Securities Act of 1953, as amended ("1953 Act"); and

(c) it shall promptly notify the PEABF in writing within 3 working days of the revocation, restriction, or suspension of such registration or of the Transition Manager's failure to maintain its status under Section 3 (b) or to otherwise comply with any provisions of Applicable Law or Regulation; and

(d) it has made, obtained, and performed all other registrations, filings, approvals, authorizations, consents, licenses, or examinations required by any government or governmental authority, domestic or foreign, or required by any other entity in order to execute, deliver, and perform this Agreement; and

(e) it is in good standing under the laws of the State of Illinois, has the power and authority to carry on its business in Illinois as a foreign corporation, if applicable, and has the power and authority to execute, deliver, and perform this Agreement; and

(f) it is duly qualified and in good standing in such other states of the United States, as well as in such foreign countries or political subdivisions thereof, as is necessary to perform this Agreement; and

(g) to Transition Manager's knowledge, the execution, delivery, or performance of this Agreement by Transition Manager will not violate any law, statute, order, rule, or regulation of, or judgment, order or decree by, any federal, state, local, or foreign court, or governmental authority, domestic or foreign, to which Transition Manager is subject, nor will the same constitute a breach of, or default under, provisions of any agreement or contract to which Transition Manager is a party; and

(h) Transition Manager will maintain a fidelity bond(s) covering the Fund in an amount not less than \$5,000,000 per occurrence, and a cyber-liability insurance policy(ies) in an amount not less than \$2,000,000 and agrees that the fidelity bond(s) and the cyber liability insurance policy(ies) will be in effect for each Transition. Fidelity bond coverage must also include computer system and voice- initiated transfer fraud coverage. Transition Manager shall provide proof of a fidelity bond(s) and cyber policy(ies) on or about each January 1; and

(i) it has obtained fiduciary liability or errors and omissions insurance in an amount not less than \$5,000,000, that the minimum insurance shall be in effect for each Transition, and that the insurance shall provide, on a per claim and annual aggregate basis, coverage with respect to losses resulting from a breach of its fiduciary duties or a breach of this Agreement. Transition Manager shall provide proof of such insurance on or about each January 1. Transition Manager further agrees that any executing broker it utilizes in carrying out a Transition shall have, and maintain for each Transition, a minimum of \$5,000,000 in fiduciary liability or errors and omissions insurance, or shall have a net capitalization of a minimum of \$5,000,000; and

(j) Transition Manager acknowledges that members of the Board of Trustees and PEABF staff are subject to Section 1-125 of the Illinois Pension Code. Transition Manager represents that it has not offered or given any gratuities in the form of gifts, entertainment, or anything of value, to any Fund Trustee, employee, fiduciary, or vendor of the Fund with a view toward securing this Agreement or securing any favorable determination made concerning the award of this Agreement or any Transition Work Order. Transition Manager covenants that no such gratuities will be given to any such person or entity with a view toward securing any favorable treatment concerning the performance and/or continuation of this Agreement; and

(k) it acknowledges and agrees that (i) PEABF has adopted an Ethics Policy, which is available on the Fund's website at <https://www.chicagoparkpension.org/about-us/policies/> and is adopted and incorporated by reference, and that (ii) the Transition Manager shall not engage in any action that would cause the Board or PEABF to violate the Illinois Pension Code or the Ethics Policy. The Transition Manager shall promptly notify PEABF in the event that it believes it has violated the Illinois Pension Code or the Ethics Policy; and

(l) Transition Manager acknowledges and agrees that it has received a copy of the Fund's Investment Policy Guidelines, which is available on the Fund's website at <https://www.chicagoparkpension.org/about-us/policies/> and which is adopted and incorporated by reference and is subject to change; and

(m) Transition Manager acknowledges the Fund's obligations under the Illinois Pension Code to increase the utilization of "minority broker-dealers" as required by 40 ILCS 5/1-109.1 (7), that the Fund has adopted a Broker Dealer Trading Policy that is part of the Fund's Investment Policy Guidelines and requires the use of MWDBE brokers, and Transition Manager agrees that it will act in accordance with the Broker Dealer Trading Policy and as a fiduciary in selecting MWDBE brokers; and

(l) pursuant to Sections 1-113.14(c) and 1-113.21 of the Illinois Pension Code, Transition Manager has provided Transition Manager Disclosures, which are attached and incorporated herein as Exhibit B. The Transition Manager acknowledges that it shall promptly notify PEABF, in writing, if at any time the information contained Exhibit B changes; and

(n) Transition Manager acknowledges that Section 1-145 of the Illinois Pension Code prohibits a person or entity from retaining a person or entity to attempt to influence the outcome of an investment decision of or the procurement of investment advice or services of the Fund for compensation, contingent in whole or in part upon the decision or procurement. Transition Manager hereby represents and warrants that there are no placement, marketing, solicitors, finders, consulting, or other contingent fees or commissions due or paid in connection with PEABF's engagement of Transition Manager for the Transition Services provided hereunder; and

(o) all statements made and materials provided to the Fund in response to the Fund's search for a transition manager were true and complete. Transition Manager acknowledges and agrees that it is subject to Section 1-135 of the Illinois Pension Code; and

(p) The Transition Manager certifies to the Fund that it is not barred from being awarded a contract or subcontract by the State of Illinois because of a conviction or admission of guilt for bribery or for bribing an officer or employee of the State of Illinois or any other state in that officer's or employee's official capacity as provided in Section 50-5 of the Illinois Procurement Code, 30 ILCS 500/50-5.

(q) The Transition Manager warrants that none of the disqualifications described in Section 411 of ERISA apply to the Transition Manager.

(r) The Transition Manager certifies that it is not an entity chartered under: (i) the Illinois Banking Act, as amended (205 ILCS 5/1 et seq.); (ii) the Illinois Savings Bank Act, as amended (205 ILCS 205/1 et seq.); (iii) the Illinois Credit Union Act, as amended (205 ILCS 305/1 et seq.); or (iv) the Illinois Savings and Loan Act of 1985, as amended (205 ILCS 105/1 et seq.) nor

is it a person or entity licensed under (v) the Illinois Residential Mortgage License Act of 1987, as amended (205 ILCS 635/1 et seq.); (vi) the Illinois Consumer Installment Loan Act, as amended (205 ILCS 607 et seq.); or (vii) the Illinois Sales Finance Agency Act, as amended (205 ILCS 606/1 et seq.). If the Transition Manager shall become an entity chartered under or licensed under any of the foregoing provisions, such entity shall provide prompt written notice to the Fund and, thereafter, shall comply with the requirements applicable to it set forth in 40 ILCS 5/1-110.10.

Transition Manager understands that the Fund has relied upon the foregoing acknowledgements, representations, warranties, covenants, and agreements and that the same constitute a material inducement to the Fund's decision to enter into this Agreement. Transition Manager will promptly notify PEABF if any representation ceases to be accurate or complete in any material respect.

**4. PEABF Representations.** The PEABF represents, warrants, acknowledges, and agrees that:

(a) PEABF has taken all necessary action to duly authorize the execution of this Agreement and that this Agreement is a valid and binding obligation of the PEABF; and

(b) PEABF has the power and authority to execute, deliver, and perform this Agreement; and

(c) any and all authority given to Transition Manager will remain in effect until amended or revoked by the Fund in writing in accordance with the terms of this Agreement. Transition Manager may give a certified copy of this Agreement to any broker, dealer, or other party as evidence of Transition Manager's authority to act on the Fund's behalf; and

(d) the person signing this Agreement for the Fund is duly authorized to bind the Fund; and

(e) its Custodian has been authorized to follow the trading instructions with respect to any Account given by Transition Manager, in its capacity as provider of Transition Services, including, without limitation, the delivery of securities or cash to settle any securities or foreign exchange transactions; and

(f) the Fund acknowledges that Transition Manager has not provided investment advice or investment discretion regarding Fund-level asset allocation or the merits of any particular investment on behalf of the Fund; and

(g) the Fund agrees that it will provide all information that Transition Manager must obtain under applicable law; and

(h) to the extent applicable, the Fund acknowledges that all agency transactions and internal cross transactions to be executed by Transition Manager, as agent, shall be executed in accordance with: (i) 29 U.S.C. §1108(b)(19), as amended; (ii) U.S. Department of Labor Prohibited Transaction Class Exemption (“PTCE”) 86-128, as amended; or (iii) PTCE 2002-12, as amended. The links to PTCE 86-128 and PTCE 2002-12 are set forth in Exhibit C. The Fund has received all reasonably available information that it needs to determine whether to authorize such transactions, including but not limited to, brokerage placement practices and any other reasonably available information the Fund has requested. The Fund understands that it may terminate this transaction authorization at any time by sending to Transition Manager an “Election to Terminate Agency Transaction Authorization” in the form attached as Exhibit D hereto and failure to return such Election to Terminate Agency Transaction Authorization will result in the continued authorization to engage in such transactions.

**5. Authority of the Transition Manager.** Subject to the limitations on authority and responsibility of Transition Manager under this Agreement and the limitations in any instructions given by the PEABF in a Transition Work Order, PEABF grants full discretion and authority to Transition Manager with respect to the transactions necessary to provide Transition Services including, without limitation, discretion and authority to engage in the following activities:

(a) to purchase, sell, convert, redeem or otherwise deal in investments for the account of the PEABF;

(b) to select the timing, price, structure, and Counterparty for each Transaction;

(c) to give instructions with respect to the disposition of investments, monies, and other assets of the Fund to the Fund’s Custodian;

(d) to delegate authority to Subcontractors in order to permit such Subcontractors to furnish, or to assist Transition Manager in furnishing, Transition Services, provided that the Transition Manager will be liable for the acts and omissions of such Subcontractors as if the Transition Manager had committed such acts and omissions itself;

(e) to enter into and perform all contracts and agreements as may be necessary in order to effect the Transition and to provide the Transition Services in accordance with the terms of this Agreement and of the Transition Work Order(s) entered into between the parties;

(f) to execute swap, futures, options, and other agreements, including collateral agreements, with Counterparties, and to open and close Accounts in connection therewith, as the Transition Manager deems appropriate in accordance with this Agreement in order to carry out the Transition Manager’s responsibilities hereunder; and

(g) to work with the Custodian to collect all interest and dividends and all other income and payments, whether due or paid in cash or in kind, on the securities and/or assets of the

PEABF comprising such Account, as the same become due and payable and credit the same to the Account.

## **6. Fiduciary Standard and Assurances.**

(a) **Fiduciary Standard.** Transition Manager agrees to discharge its duties as Transition Manager as a fiduciary, as defined in the Illinois Pension Code (40 ILCS 5/1-101.2), with respect to the PEABF Account Assets involved in the Transition, and to assume the duties, responsibilities, and obligations of a fiduciary. The Transition Manager shall discharge its duties solely in the best interests of the PEABF, and in the event of opposing or nonaligned interests with other parties, including the Transition Manager's, the best interests of the Fund will prevail. Transition Manager further agrees that it will comply with all Applicable Law or Regulations applying to Transition Manager's performance of the Transition Services covered by this Agreement.

(b) **Assurances.**

### **(1) Other Client Relationships**

Transition Manager certifies that it does not and will not engage in practices or arrangements with other clients that would create a conflict of interest, subvert, or compromise the sole and best interests of the PEABF, or otherwise advantage other clients to the detriment of the PEABF.

### **(2) Anti-Influence Safeguards**

Transition Manager certifies that it has adopted safeguards to ensure that relationships with its parent, affiliated, or subsidiary companies do not influence its transition decisions made on behalf of the PEABF.

### **(3) Transparency in Activities, Costs and Risks**

Transition Manager agrees that, to the fullest extent practicable, its trading activities, strategies, and its estimates of costs and risks, including minimization strategies and techniques, will be communicated and made known to the PEABF in connection with the Transition Work Order in a manner to be mutually agreed upon.

### **(4) Conflicts**

The Transition Manager covenants that it does not have any public or private interest, direct or indirect, and shall not acquire directly or indirectly any such interest that conflicts or that may conflict in any manner with the performance of its obligations under this Agreement. The Transition Manager has disclosed, and agrees it is under a continuing obligation to disclose to the PEABF, all financial or other interests, public or private, direct or indirect, that would constitute a conflict of interest that would prohibit

the Transition Manager from acting as a fiduciary. The Transition Manager further certifies that it will not use any entity having any such interest to perform its Transition services.

(5) Certification

Transition Manager agrees, upon request from the PEABF, to provide the PEABF with reports or information to substantiate its certification of the assurances above.

**7. Transition Services.** The Transition Manager, as agreed in the Transition Work Order, and in accordance with Exhibit A, and any Applicable Law or Regulations will:

(a) work with the PEABF, its Custodian, legacy and target managers, and the Investment Consultant to confirm the contents of the Legacy Portfolio(s) and the Target Portfolio(s);

(b) provide the PEABF with a detailed pre-Transition analysis, including an estimate of opportunities for in-kind crossing, internal crossing, and external crossing, and a detailed analysis as to whether the Transition Manager will need to place any FX trades through the Custodian;

(c) based on the detailed analysis, agree with the PEABF on the explicit fees to be paid and the estimated implicit cost, for each Transition, which shall be set forth in the Transition Work Order with respect to each Transition;

(d) may, for Securities Transactions affected in non-U.S. markets, engage in foreign currency transactions, to the extent more specifically set out in this Agreement or in the Transition Work Order for a specific Transition;

(e) exercise discretion, consistent with any limitations imposed by the terms of this Agreement or in a Transition Work Order, over the size, price, timing, manner, place, and market impact of any Transaction that it executes in effecting the Transition;

(f) to the extent corporate actions occur involving any Security in the Legacy Portfolio or in the Target Portfolio, Transition Manager shall timely notify the PEABF and the Custodian of the corporate action. Transition Manager shall not be obligated to undertake any specific action in response to such corporate actions unless specifically directed by the PEABF. Specific actions delegated to the Transition Manager, if any, will be set out in the Transition Work Order;

(g) in its capacity as the trading advisor, provide the Fund with consulting services for a Transition in an Account in a cost efficient and flexible manner. These consulting services include, in part, reviewing the list of assets comprising the Legacy Portfolio and any Target Portfolio, analyzing projected transaction volumes and the number of Securities positions for the Transition, examining potential trading costs, including a review of using off-exchange trading networks, and effecting Securities trades and any related foreign exchange transactions;



(h) provide the PEABF and its Investment Consultant with such other reports and at such frequency as are reasonably agreed to between the parties;

(i) provide a final post-trade analysis report within ten (10) Business Days of completing the Transition. The Transition Manager shall use Implementation Shortfall in creating such report. The execution report must identify the Securities subject to the Transaction, the date on which the Transaction occurred, and the quantity and price of the Securities involved. The execution report shall also include a summary report of the liquidation or restructuring, including details of all cross-trades and equity market transactions executed by the Transition Manager and confirming therein that all available Securities and/or other assets were transitioned in accordance with the Transition Work Order. The Transition Manager shall also report the performance of any liquidation or restructuring, and the costs associated therewith, as determined by the Implementation Shortfall. In addition, the Execution report must also include such other items as may be mutually agreed between the parties; and

(j) assure that all Transactions for the Fund and an Account shall be in accordance with Applicable Law or Regulations.

PEABF's Custodian will provide Transition Manager with: (1) a certified, trade-dated list of the assets that will be included in each Transition ("Verified Asset List"), as set forth in the Transition Work Order; and (2) a desired purchase list of securities for the Target Portfolio, based upon the new or increased allocation of assets to the Target Portfolio ("Verified Buy List") as set forth in the Transition Work Order.

**8. Foreign Exchange Transactions.** During any Transition, certain ancillary foreign exchange transactions on behalf of an Account may be required in connection with the purchase or sale of, or receipt of dividend or other income with respect to, Securities denominated in currencies other than United States Dollars. The Fund hereby appoints Transition Manager to act in accordance with the Transition Work Order and any Applicable Law or Regulations solely as agent for and on behalf of each Account subject to a Transition Work Order in effecting all such foreign exchange transactions through independent financial institutions selected by the Transition Manager consistent with its obligation to seek best execution. Transition Manager shall monitor and document the timing and execution of custody foreign exchange trades to repatriate foreign currency into U.S. Dollars. Transition Manager agrees that it will promptly notify the PEABF of any such Transaction that does not, in Transition Manager's judgment, comply with Applicable Law or Regulations for the timing or execution quality of such Transactions. PEABF authorizes Transition Manager to take all necessary actions to facilitate trading, including without limitation the power to execute agreements with Counterparties.

**9. Reliance by Transition Manager.**

(a) Transition Manager shall be entitled to rely upon, as complete and correct, without independent verification, all information provided to it by the PEABF, the Transition Parties, the

Investment Consultants, or any other third party acting on behalf of the Fund relating to the Fund or its assets.

(b) PEABF shall promptly notify Transition Manager in writing of any fact, circumstance, or event affecting the completeness or accuracy of any Account information.

(c) Transition Manager shall be entitled to rely on the PEABF to ensure that the assets in the Legacy Portfolio do not have any restrictions that will impact their transfer, sale, or disposition, and are in good deliverable form, free and clear of all liens, claims, and encumbrances during the Transition.

(d) Transition Manager shall be entitled to rely on the PEABF to ensure that the Custodian shall accept instructions only from an authorized representative of Transition Manager in connection with a Transition.

#### **10. Execution in an Agency Capacity and Trades Disclosure.**

Unless specifically agreed to otherwise, Transition Manager will act only in an agency capacity at a firm level for all Security and currency Transactions during the Transition. In other words, Transactions for the PEABF Account will be booked on an agency basis and any inter-company or affiliated transactions of Transition Manager will be conducted on an agency basis.

For all Transitions, Transition Manager will provide date and time stamped individual printed data received by it for all Transactions of Securities and currencies that are part of each Transition.

Transition Manager will not engage in any hedging type activities unless specifically authorized in a Transition Work Order.

Transition Manager will disclose in a Transition Manager Revenue Attestation, Exhibit A-5, all sources of revenue generated by itself and/or any of its affiliates in conjunction with the use of, or Transactions in, the Fund's assets in connection with the Transitions. These revenues could include, but are not limited to, compensation generated by Transition Manager and/or its affiliates from any Counterparty to a Fund Transaction, both in terms of the cumulative amount (as a % of notional value) of activity crossed and the commission level generated from such Transactions.

Transition Manager shall not engage in revenue sharing agreements and shall not engage in payment for order flow agreements with affiliates and/or outside parties.

**11. Compensation.** The Transition Manager will be compensated and paid for services rendered in accordance with this Agreement in accordance with each Transition Work Order. All expenses of the Transition Manager are the responsibility of the Transition Manager.

## **12. Internal Controls and Cyber Security.**

(a) The Transition Manager will at all times maintain a business contingency plan and a disaster recovery plan and will take commercially reasonable measures to maintain and periodically test such plans. The Transition Manager shall implement such plans following the occurrence of an event which results in an interruption or suspension of the services provided by the Transition Manager.

(b) The Transition Manager will retain a firm of independent auditors to perform an annual review of certain internal controls and procedures employed by the Transition Manager and issue a standard System and Organization Controls Type 1 and Type 2 reports based on such review. The Transition Manager will provide a copy of the reports to the Fund.

(c) Specifically, Transition Manager shall ensure that its 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. In addition, the Transition Manager shall maintain commercially reasonable information security systems and controls, which include administrative, technical, and physical safeguards that are designed to: (i) maintain the security and confidentiality of the Fund's data; (ii) protect against any anticipated threats or hazards to the security or integrity of the Fund's data, including appropriate measures designed to meet legal and regulatory requirements applying to the Transition Manager; and (iii) protect against unauthorized access to or use of the Fund's Assets or data.

(d) The Transition Manager shall at all times employ a current version of one of the leading commercially available virus/malware detection software programs to test the hardware and software applications used by it for the presence of any computer code designed to disrupt, disable, harm, or otherwise impede operation or to compromise the Fund's Assets.

If an incident compromises the security, confidentiality, or integrity of the Fund's Assets or PEABF data, Transition Manager shall notify the Fund in writing of such breach as soon as practicable, but no later than one Business Day after Transition Manager becomes aware of it. Such notice shall summarize in reasonable detail the nature of the information or data that may have been exposed. Transition Manager shall at its own expense immediately contain and remedy any such beach and prevent any further breach, including, but not limited to taking any and all action necessary to comply with applicable privacy rights, laws, regulations, and standards.

## **13. Confidentiality.**

(a) Except to the extent otherwise required by any Applicable Law or Regulation or by a direction of the Fund, or to the extent that such disclosure is reasonably required to fulfill its

obligations under this Agreement, Transition Manager shall keep confidential all information obtained by it in its capacity as Transition Manager (“Confidential Information”).

(b) Transition Manager acknowledges that the provisions of the Illinois Freedom of Information Act bind PEABF, and that documents and records received by PEABF, unless exempt, may be open to public inspection.

(c) Notwithstanding (a) above, the Transition Manager may disclose such Confidential Information

(1) to any third parties (including, without limitation, Subcontractors and third-party broker-dealers) to whom the Transition Manager, in its fiduciary judgment, deems necessary or prudent for the performance of the Transition Services, and

(2) if and to the extent that such disclosure is required by applicable law, regulation, regulatory authority, or legal process, including by court order or pursuant to any request or requirement of any governmental or regulatory authority, bank examiner or statutory auditor; provided, however, that the Transition Manager shall promptly advise PEABF of any such requirement (to the extent possible or permitted by law) so as to give PEABF an opportunity to seek a protective order or other appropriate remedy to resist or narrow the scope of such disclosure.

For the avoidance of doubt, the Transition Manager may disclose Confidential Information without notifying PEABF where: (i) disclosure is permitted under the terms of this Agreement or a Transition Work Order; (ii) disclosure is required for the purpose of establishing and maintaining accounts with Counterparties, and/or making, acquiring, settling or realizing an investment in accordance with the terms of this Agreement or a Transition Work Order; or (iii) the disclosure is or becomes public by no fault of the Transition Manager.

**14. Amendment.** This Agreement may be amended by written agreement of the Transition Manager and PEABF.

**15. Term of Agreement.** This Agreement shall commence upon execution by both parties and shall continue until terminated in accordance with Section 16.

**16. Termination of the Agreement.** Transition Manager may terminate this Agreement with thirty (30) days’ written notice. The PEABF may terminate the authority of the Transition Manager at any time; provided that no such termination notice shall be effective for any Transition that has commenced.

**17. Anti-Terrorism; Anti-Money Laundering.** To help the government fight the funding of terrorism and money laundering activities, Applicable Law or Regulation requires all financial institutions to obtain, verify and record information that identifies each client who opens an account. This means that Transition Manager will require that the Fund and each

Account subject to a Transition Work Order provide their full name, business address, tax identification number, and such other information that will allow Transition Manager to identify the Fund and the Account. Transition Manager may also contact the Fund to provide additional identifying information, if necessary. PEABF hereby acknowledges, represents, warrants and agrees on a continuous basis that it has disclosed to Transition Manager if (a) it is located or registered in, or is owned or controlled by another entity located or registered in, any of the Jurisdictions (as defined below) or (b) it is engaged in significant business or trade activity in any of the Jurisdictions. For the purposes of this Letter, “Jurisdictions” include any of the following countries or regions: the Balkans, Iran, Iraq, Syria, Myanmar, North Korea, Liberia, Sudan, Belarus, Democratic Republic of Congo, Ivory Coast, Lebanon, Libya, Tunisia, Egypt, Eritrea, Republic of Guinea, Rwanda, Somalia, Uzbekistan, Cuba, Zimbabwe, and such other countries as may be determined under Applicable Law or Regulation, upon notice to PEABF.

**18. Indemnification.** To the fullest extent permitted under applicable law, and notwithstanding any other provision of this Agreement, Transition Manager shall indemnify and hold harmless the Fund, the Board of Trustees, and the Fund’s employees and agents, for, from, and against any losses, damages, costs, and expenses (including reasonable attorneys’ fees, judgments, fines, and amounts paid in settlement) (each, a “Loss”) incurred as the result of the Transition Manager’s breach of this Agreement or its violation of any Applicable Law or Regulation. The Transition Manager’s obligations under this provision shall survive the termination of this Agreement.

Federal and state securities laws may impose liabilities under certain circumstances on Transition Manager and nothing herein shall constitute a waiver or limitation of any right that the PEABF may have under any such federal or state securities laws.

**19. Right to Audit.** At the commencement of this Agreement and for a period of seven (7) years after the termination of this Agreement, Transition Manager shall retain all records relating to the Transition Services rendered under this Agreement and all Transition Work Orders and records supporting each Transaction. The PEABF, the PEABF’s designated agent, the Illinois Department of Insurance, or the Illinois Auditor General shall have the right to audit all records relating to the Transition Services rendered under this Agreement, upon reasonable advanced written notice to the Transition Manager, during regular business hours.

**20. Assignment.** No party may assign or transfer this Agreement without the other party’s prior written consent.

**21. Notices.** All notices, requests, instructions, or other communications shall be in writing and will be deemed delivered if addressed or sent to the other party at the address below (or such other address provided in writing by the party), (i) on the date of actual receipt if provided by hand delivery, certified mail (return receipt requested), United States Express Mail, or overnight express service (e.g. UPS) or (ii) on the date sent if provided by email (confirmed

afterwards as soon as reasonably possible by telephone call, first-class mail, or by any method specified in (i), above), and there exists tangible evidence the email was received.

**If to the PEABF:**

Park Employees' and Retirement Board Employees'  
Benefit and Annuity Fund of Chicago  
Attn: Executive Director  
3500 S. Morgan St., Suite 400  
Chicago, IL 60609  
Phone: 312-553-9265  
[steve@chicagoparkpension.org](mailto:steve@chicagoparkpension.org)

**If to the Transition Manager:**

[INSERT]

**22. Severability.** If any provision of this Agreement is held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions, and this Agreement shall be construed and enforced as if such provision had not been included.

**23. Entire Agreement.** This Agreement, including all Exhibits, constitutes and embodies the entire agreement and understanding of the parties with respect to the subject matter hereof, supersede any prior or contemporaneous agreements or understandings with respect to the subject matter hereof, and, unless otherwise provided herein, cannot be amended except by written agreement of the parties.

**24. Governing Law and Venue.** This Agreement shall be governed by, and construed in accordance with, the laws of the State of Illinois, without regard to conflict of laws principles. References herein to provisions of law shall be deemed to include a reference to any amendments thereof and any successor provisions thereto. Venue for any litigation relating to this Agreement, including any tort or contractual claims arising out of or related to this Agreement, is agreed to be the Circuit Court of Cook County, Illinois, or the U.S. District Court for the Northern District of Illinois.

**25. Counterparts.** This Agreement may be executed in several counterparts, each of which shall be deemed an original, but together shall constitute the same document.

**26. Headings.** All titles, headings, or captions respecting the content of the sections or paragraphs of this Agreement are for convenience of reference only and shall not be construed as a part or limitation of those provisions to which they refer.

**IN WITNESS WHEREOF**, the parties have executed this Agreement to be effective this \_\_\_ day of \_\_\_\_\_, 2022.

PARK EMPLOYEES' AND RETIREMENT  
BOARD EMPLOYEES' ANNUITY AND  
BENEFIT FUND OF CHICAGO

TRANSITION MANAGER

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## **EXHIBIT A – TRANSITION PROCESS**

All defined terms not otherwise defined in the Agreement are set forth in Exhibit A- 1. The Transition Process is subject to the Transition Guidelines, Exhibit A-2

### **I. TRANSITION PROCESS:**

A. For each Transition, PEABF staff shall issue a Transition Work Request, thoroughly describing the pending Transition, to one or more approved Transition Managers (the “Bench”). A sample Transition Work Request is provided in Exhibit A-3.

B. Transition Managers on the Bench may bid on the Transition Work Request by providing: (i) a Transition work plan, (ii) a proposed Transition timeline, (iii) pre-trade analysis, (iv) disclosure report, and (v) proposed fees based on the parameters of the Transition.

C. PEABF shall select a Transition Manager for the Transition from the Bench. All Transition assignments shall be performed in accordance with the terms and conditions of this Agreement and shall be documented in a Transition Work Order, established between the PEABF and the Transition Manager in the format provided in Exhibit A-4. At a minimum, the specific tasks, deliverables, schedules, and costs for such Transition shall be detailed in the Transition Work Order that shall be signed by both parties. The terms and conditions of any Transition Work Order shall not conflict with the terms and conditions of this Agreement. In the event of any conflict, this Agreement shall control.

D. The Transition Manager shall provide daily reporting of all trade activity, via electronic means (i.e., e-mail and attachments to e-mails) from commencement of the Transition to the completion of the Transition. E. Except as agreed upon by the parties, PEABF shall continue to vote all proxies relating to Securities in an Account during a Transition.

### **II. PRE-TRADE AND POST-TRADE ANALYSIS COMPONENTS**

#### **A. Pre-Trade.**

In response to the PEABF issuing a Transition Work Request and in order for the PEABF to be able to select the appropriate Transition Manager(s), the Transition Manager shall provide a pre-trade analysis report describing:

a. The Transition Manager’s analysis of the expected Implementation Shortfall distribution;

b. The Transition Manager's analysis of the three (3) month historical returns for the Legacy Portfolio and Target Portfolio;



- c. The Transition Manager's factor analysis, including sector, market capitalization, estimated bid/ask analysis, and liquidity summaries for the Legacy Portfolio and Target Portfolio, including active differences breakdown;
- d. The Transition Manager's estimate of how the tracking error between the Legacy Portfolio and Target Portfolio will be reduced over the Transition Term;
- e. The Transition Manager's plan for Executing the Transition in terms of what methods of Execution it will use, and the estimated explicit and implied costs attribution to successfully Transition the Legacy Portfolio; and
- f. An estimate of the Implementation Shortfall the PEABF Account will incur during the term of the Transition.

#### B. Post-Trade

Upon the conclusion of a Transition, the Transition Manager shall provide a post-trade analysis report that includes:

- a. A daily performance review, subtotaled by the three (3) sub-periods as defined by the T-Standard, that compares the performance of the PEABF Account with the theoretical performance of the Target Portfolio during the Transition Term as defined by the T-Standard and specifically addresses the level of Implementation Shortfall experienced in the PEABF Account;
- b. A trading summary identifying the Execution methods utilized and how much of the Transition was Executed for each method as measured by market value;
- c. A cost analysis identifying the commissions, Execution costs, and opportunity costs for the Transition;
- d. A buy/sell detail report that identifies the dollar value, number of Securities and/or units, and commissions paid for each Execution method grouped by sell Transactions and buy Transactions;
- e. A report identifying all brokers utilized in the Transition and the dollar and share volume Executed through each broker as well as the commissions paid to each broker;
- f. A report that provides a reconciliation of the Transition Manager's pre-trade estimates for Transition Execution methods and costs to the actual results;
- g. A cost detail report that breaks down the implied trading costs into Execution costs and timing costs for each trade Executed in the Transition; and,

h. A Transition Manager Revenue Attestation, in the form of Exhibit A- 5.

The Transition Manager will deliver a summary report as described above to the appropriate PEABF representative no later than ten (10) Business Days after the end of the Transition Term.

## EXHIBIT A-1

### DEFINITIONS

The following terms shall be defined in this Agreement and its Exhibits as set forth below:

A. “**PEABF Account**” shall mean any portion of, or the total of, the assets to be Transitioned by the Transition Manager under this Agreement.

B. “**PEABF**” shall mean the Park Employees’ and Retirement Board Employees’ Annuity and Benefit Fund of Chicago, the PEABF Board of Trustees, any member of the Board of Trustees, and the employees and authorized representatives of PEABF.

C. “**Applicable Law(s) or Regulation(s)**” means federal, state, and local laws and the rules and regulations of the applicable federal, state, and self-regulatory agencies, including, but not limited to, the various exchanges and to the constitution, rules, and customs of the exchanges or contract markets (and its clearing house, if any) where executed or to which the transactions relate.

D. “**Business Day**” shall mean any day of the week other than Saturday, Sunday, or an Illinois state legal holiday.

E. “**Contractor**” shall mean the firm, provider, organization, or other entity performing service(s) under this Agreement, and shall include all directors, officers and employees of the Contractor.

F. “**Counterparty**” shall mean the party or party’s agent either buying Securities from or selling Securities to the PEABF Account or its agent.

G. “**Custodian**” shall mean a bank under contract with PEABF to custody assets and any agent with which the Custodian has contracted to settle and custody PEABF assets.

H. “**Execution (execute)**” shall mean the act of a broker following a Transition Manager’s Order by obtaining a Counterparty for the Transaction Ordered. Execution shall include the performance, clearance, settlement, custodial, and other functions ancillary thereto.

I. “**Guidelines**” shall include PEABF’s policies, procedures, and other written instructions implemented under this Agreement and its Exhibits, by which the Contractor and PEABF shall abide with respect to Transition Services.

J. “**Implementation Shortfall**” shall mean the arithmetical difference between the return on the PEABF Account and the return on the Target Portfolio over the Transition Term. Calculations shall be made in accordance with the T-Standard concepts enunciated in Phase I of the “*Performance Standards for Transition Management*” published in the Journal of Performance Management (2002-2003), which is incorporated herein by reference.

K. "**Legacy Portfolio**" shall mean the complete Verified Asset List of existing portfolio of Securities, cash, and other assets to be liquidated or restructured in a Transition, as defined in Exhibit A-2, Section 2, prior to placement in the PEABF Account.

L. "**Order**" shall mean the act of the Transition Manager instructing a broker to purchase or sell a Security for the PEABF Account as a result of PEABF's direction (or its Target Portfolio manager's direction, as the case may be) to purchase or sell a Security for the PEABF Account and giving the terms of the Transaction to the broker.

M. "**Proper Instructions**" shall mean:

1. Written instructions to the Custodian from PEABF authorized staff, including instructions received by electronic mail and verified by signature;

2. Oral instructions to the Custodian from PEABF authorized staff whereby the receiver of such instructions verifies the identity of the authorized person through obtaining the authorized person's confidential code which will be promptly followed by written confirmation; however, the Custodian's following such instructions will not be subject to such written confirmation; and

3. Electronic instructions submitted in accordance with existing requirements of the Depository Trust Company or the Society for Worldwide Interbank Financial Telecommunications ("SWIFT").

N. "**Security**" shall mean any investment security or asset in an PEABF Account.

O. "**Subcontractor**" shall mean an entity which is performing all or part of those services under this Agreement under a separate contract with the Contractor. The terms "Subcontractor" and "Subcontractors" mean Subcontractor(s) in any tier. The terms shall not include enterprise-wide back-office vendors, nor any broker-dealer or futures commission merchant.

P. "**Target Portfolio**" shall mean the portfolio of Securities, cash, and other assets to be held at the end of the Transition in the PEABF Account, defined as the Verified Buy List in Exhibit A-4.

Q. "**Transaction**" shall mean the purchase or sale of any Security.

R. "**Transition**" shall mean a specific Transition assigned by PEABF to the Contractor and described in a Transition Work Order and involves the restructuring of an existing portfolio of assets (a Legacy Portfolio) into a new portfolio of desired assets (a Target Portfolio). The Transition Manager is responsible for undertaking the Transition of the assets and for managing the investment risk associated with PEABF's investment direction and the Transaction costs associated with the Transition of assets from the Legacy Portfolio to the Target Portfolio.

S. **“Transition Manager”** shall mean the Contractor selected by PEABF, in response to a Transition Work Request, and the Contractor’s directors, officers, and employees.

T. **“Transition Party”** shall mean the Custodian and the Legacy Portfolio and Target Portfolio managers.

U. **“Transition Term”** shall mean the performance measurement period for each Transition as identified in the Transition Work Order.

V. **“Transition Work Request”** (substantially in the form of Exhibit A-2) shall mean a document issued by PEABF to Transition Managers on the Bench to request a proposal and bid for services to complete a specific Transition.

W. **“Transition Work Order”** shall mean a document (substantially in the form of Exhibit A-4) that shall be executed between PEABF and the Contractor as a Transition Manager each time a Transition is assigned to the Contractor. The Transition Work Order shall describe each Transition and specify the performance objectives and compensation arrangements that shall apply to each Transition.

## EXHIBIT A-2

### TRANSITION GUIDELINES

Effective \_\_\_\_\_, 2022

**1. Disclosure of Information and Fiduciary Responsibility.** The Transition Manager, as a fiduciary, shall maintain confidentiality of assets within the Legacy Portfolio and Target Portfolio, so as to promote best execution of the Transition Transactions and avoid "front running" in the marketplace. The Transition Manager is prohibited from utilizing the information provided for purposes other than the Transition on behalf of PEABF. Information leakage, disclosure, or distribution of such information will be deemed a violation of the fiduciary duties of the Transition Manager. For the avoidance of doubt, it shall not be a breach of confidentiality to distribute information that (i) the Transition Manager can definitively demonstrate was already in its possession prior to the disclosure of such information pursuant hereto; (ii) is obtained by any employee of the Transition Manager from a third person, who, insofar as the Transition Manager reasonably believes, is not prohibited from transmitting the information to the Transition Manager by a contractual, legal or fiduciary obligation to PEABF; (iii) is or becomes publicly available through no fault of the Transition Manager; or, (iv) the Transition Manager is required to disclose by law or regulatory agency. Notwithstanding the above, the Transition Manager may disclose such information to its affiliates and third party brokers or dealers in connection with Execution of the Transition on behalf of PEABF as may be necessary to allow the Transition Manager to perform the Transition.

**2. Required Information.** Upon acceptance of the Transition Work Order, the PEABF will provide the Transition Manager a list of the appropriate contact persons and persons with authority to deal in the Transition assets at each Transition Party and a statement of investment objectives, policies, and restrictions, together with the specific investment management functions required for the Transition (the "Investment Objectives") as agreed upon between the Transition Manager and PEABF. For each Transition, PEABF will instruct each Transition Party to comply with any instructions given by or on behalf of the Transition Manager.

Without limiting the generality of the foregoing, PEABF will cause the Custodian to deliver to the Transition Manager a true and correct list of the Transition assets, which list may be delivered electronically at Transition Manager's request (the "Verified Asset List"). The Verified Asset List must be signed (if in writing) or otherwise authenticated to the satisfaction of the Transition Manager. If the Transition Manager so requests, PEABF shall also cause the Custodian to open a separate Custodial Account to serve as the PEABF Account to hold the Transition assets during the Transition. PEABF will also cause the Custodian to provide updates to the Verified Asset List of Transition assets during the Transition at least daily, or more frequently as the Transition Manager may reasonably request.

PEABF further agrees to cause the Target Manager(s) to provide the Transition Manager with a list of the investments to be held in the Target Portfolio at the end of the Transition (or their respective portions of the Target Portfolio, as the case may be) (the “Verified Buy List”), which Verified Buy List may be delivered electronically at Transition Manager’s request. The Verified Buy List must be signed (if in writing) or otherwise authenticated to the satisfaction of the Transition Manager. PEABF agrees to cause the Target Manager(s) to promptly inform the Transition Manager in writing or other form acceptable to the Transition Manager of any changes to the Target Portfolio requested or required by the Target Manager(s) during the Transition.

PEABF acknowledges that the Transition Parties are not agents of the Transition Manager, that the Transition Manager may reasonably rely upon the accuracy of information provided to it by any Transition Party, and that the Transition Manager will not be liable or responsible for any act or omission of a Transition Party unless such act or omission is directly caused by the Transition Manager’s own violation of law, negligence, willful misconduct, or material breach of this Agreement. “Information” includes, without limitation, PEABF’s list of Transition Parties, the Verified Asset List, the Verified Buy List and any supplement, amendment, or modification to any of the foregoing that is provided to the Transition Manager by or on behalf of PEABF or a Transition Party.

**3. Conduct of Transition.** For each Transition, the Transition Manager is authorized to manage the assets in the PEABF Account on the delegated authority of PEABF. The Transition Manager is authorized to purchase, sell, or otherwise transfer Securities held in the PEABF Account for the purpose of reallocating the Transition assets from the Legacy Portfolio to the Target Portfolio managers. Other than for investment or reinvestment purposes, withdrawal of funds from the PEABF Account shall be restricted only to transfers to the PEABF Account with the Custodian. The Transition Manager will seek to achieve the desired asset class exposure of the Target Portfolio and is authorized to (i) effect Transactions in the PEABF Account and, (ii) where applicable by investing in financial futures contracts in a manner consistent with the Transition Work Order and with Exhibit A and the objectives developed for the Transition.

**4. Changes to Target Portfolio.** For each Transition, changes to the Target Portfolio shall be effective only upon the Transition Manager’s receipt of an amendment in writing, or in such other form as acceptable, to the Transition Work Order. The Transition Manager is not liable for any properly performed act or omission conducted in reasonable reliance on the allocation list.

**5. Transaction Procedures.** All Transactions will be consummated by payment or delivery to the Custodian or to such depositories or agents as may be designated by the Custodian, of all cash and/or Securities due to or from the PEABF Account. Other than for investment or reinvestment as provided herein, transfers from the PEABF Account shall be made

solely at the direction of the PEABF. The Transition Manager shall confirm in writing to the Custodian when such Orders have been placed. The Transition Manager shall have no responsibility or liability with respect to Custodial arrangements relating to the PEABF Account or the acts, omissions, or other conduct of the Custodian or its agents, representatives, designees, successors or assigns. In dealing with the PEABF, the Transition Manager shall be authorized to receive, and shall act solely upon, instructions from the persons designated by the PEABF.

**6. Brokerage.** The Transition Manager has authority to establish the PEABF Accounts with brokers affiliated with the Transition Manager, upon advance disclosure of such relationships to the PEABF and the PEABF's prior consent thereto. It may effect transactions on behalf of the PEABF Account through such affiliated brokers, but in doing so the Transition Manager must use its best efforts, consistent with its fiduciary duty, to obtain the most favorable net price and best execution available.

Affiliated Brokerage Services (If Applicable): In performing its obligations under this Agreement, the Transition Manager may effect the PEABF Account trades through Transition Manager and through other brokers selected by the Transition Manager. Brokers effecting Transactions in the PEABF Account, including Transition Manager, will receive ordinary and customary brokerage fees, which will be charged against the Transition assets.

From time to time, Transition Manager may effect systematic “re-balancing” of certain index or model-driven client Transition accounts or collective funds for which it acts as an investment adviser (“Transition Manager Passive Accounts”), which may identify opportunities for such Transition Manager Passive Accounts either to buy Securities from, or sell Securities to, the PEABF Account (each purchase and sale Transaction between the PEABF Account and a Transition Manager Passive Account shall be referred to herein as a "Cross-Trade"). Transition Manager performs Cross-Trades in this manner pursuant to the terms of Prohibited Transaction Class Exemption 2002-12 (“PTCE 2002-12”) under the Employee Retirement Income Security Act of 1974 (“ERISA”).

In the ordinary course, Transition Manager runs its Cross-Trading computer model prior to effecting open market equity Transactions. Upon the running of such model, an opportunity to engage in a Cross-Trade may arise when an order to buy a security for a Transition Manager Passive Account matches a corresponding order to sell the same Security which is contained on the Verified Asset List or when an order to sell a Security from a Transition Manager Passive Account matches a corresponding order to buy the same Security for the PEABF Account as contained in the Verified Buy List, based upon the portfolio composition that PEABF has directed Transition Manager to construct. Each Cross-Trade will be effected at the closing market price for that Security on the day of the Cross-Trade, determined through pricing services independent of Transition Manager. There will be no Transaction fees associated with the Cross-Trades other than any applicable custodian transfer charges.



In accordance with the terms of PTCE 2002-12, PEABF hereby acknowledges receipt of a copy of Transition Manager's Policies for Internal Cross-Trading and a copy of PTCE 2002-12 and hereby authorizes any Cross-Trades between the PEABF Account and any Transition Manager Passive Account that may arise in the context of the portfolio restructuring program described herein, in accordance with the terms of such policies and PTCE 2002-12. PEABF may terminate such authorization to perform Cross-Trades at any time by sending Transition Manager a termination form.

**7. Standard of Performance.** The Transition Manager agrees to manage and invest the Transition assets according to the instructions provided by the PEABF or the Target Manager and as provided for under the Agreement and the Exhibits to the Agreement and the agreed upon terms for each Transition. The Transition Manager shall discharge its duties consistent with the Agreement and with the care, skill, prudence, and diligence, under the circumstances then prevailing, that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. The rights, power, and authority, and the duties and responsibilities of the Transition Manager with respect to the PEABF Account, shall be solely and exclusively as provided in the Agreement and all Exhibits.

**8. Service to Other Clients.** It is understood and acknowledged by the PEABF that the Transition Manager performs investment advisory services for other clients. PEABF recognizes that the Transition Manager may give advice and take action with respect to any of its other clients which may differ from advice given or the timing or nature of action taken with respect to the PEABF Account. The Transition Manager expressly undertakes to make known to the PEABF any instances of suspicious activity it becomes aware of which may constitute "front running" on behalf of such broker-dealers and to take all necessary action to preserve capital to the maximum extent possible, protect the confidentiality of PEABF's Transition activity and prevent related information leakage to the marketplace.

**9. Instructions.** The Transition Manager shall provide Proper Instructions to the Custodian regarding the terms of each and every Transaction Ordered. Such "Proper Instructions" shall be in accordance with the required policies and practices of the Custodian and shall include, without limitation, the following terms: the Counterparty, the Counterparty's agent for settlement, the identification number of the Security, the series of the Security, the issuer of the Security, the amount of the Security, the settlement amount of the Security in local currency and U.S. dollars, and the date on which the Security Transaction is to settle.

**10. Notice of Failed Securities Settlement.** Upon the Transition Manager's receipt of the notice of a failed Security settlement, the Transition Manager shall, in conjunction with the Custodian, take prompt action to notify the Target Manager and follow its instructions if possible. The Transition Manager shall communicate on a daily basis with the Custodian to resolve all existing failed settlements.

**11. Notification.** The Transition Manager shall promptly notify the PEABF authorized staff by telephone, upon the receipt of information indicating possible risks of seizure, loss, or loss of use. Such telephonic notice shall be followed by written notice to PEABF within twenty-four (24) hours.

**12. Accuracy Verification.** The Transition Manager shall not be responsible for verifying the accuracy of the PEABF Account statement prepared by the Custodian, including holdings, pricing, income received and receivable, and any other Transaction relevant to the portfolio as required by PEABF, except that the Transition Manager shall assist the Custodian in verifying the accuracy of the PEABF Account statement regarding holdings. The Transition Manager shall provide a reconciliation statement to the Custodian describing any exceptions within four (4) Business Days following the end of each month. The holdings in the PEABF Account will be priced by the Custodian and such prices will be used to measure performance of the PEABF Account. The Transition Manager agrees to accept the prices established by the Custodian. The Transition Manager may appeal to PEABF if the Transition Manager and Custodian cannot arrive at mutually agreeable pricing on a particular Security. In the event the Custodian is unable to obtain a price for a particular Security, the Custodian will request a price from the Transition Manager, which price shall be promptly provided.

**13. Filings.** The Transition Manager will make all required filings applicable to the Transition Manager with all applicable regulatory agencies within all prescribed deadlines applicable to all of its activities undertaken on behalf of PEABF.w

**14. Evaluation.** The Transition Manager's performance objective is to minimize the amount of Implementation Shortfall at all times during the Transition Term and to preserve capital:

(i) PEABF will evaluate the Transition Manager's performance for each Transition based on the measurement of the actual Implementation Shortfall for the Transition versus the amount of Implementation Shortfall the Transition Manager estimated for the Transition in its pre-trade analysis;

(ii) the Transition Manager and PEABF may agree to use a different method for measuring performance for special types of Transitions, provided that the alternative measurement method is described in writing and agreed to in writing prior to the start of any Transition; and

(iii) time-weighted rates of return shall be used in all calculations of Implementation Shortfall.

The Transition Manager agrees to provide reports attesting to best execution of all trades made in conjunction with the Transition, as well as any other analytical reports detailing its trading performance. The Transition Manager also will provide an in-person or virtual

presentation to PEABF explaining in detail all events where execution falls outside of one-standard deviation from the pre-trade estimate. Such explanation will describe market movement over the Transition Term and provide full cost attribution.

**EXHIBIT A-3**

**TRANSITION WORK REQUEST**

**Dated: XXXXXX**

**Organization:** Park Employees' and Retirement Board Employees' Annuity and Benefit Fund of Chicago

**Transition Manager:** \_\_\_\_\_

**Issued date:** \_\_\_\_\_

**Investment Objective:**

**Benchmark –** Legacy Portfolio - XXXX  
Target Portfolios - XXXX

1. Present a proposed work plan on how best to Transition specified Account Assets. This plan should include a proposed timeline for the entire Transition Term. The Transition Term begins when the Account Assets are moved from the Legacy Portfolio(s) and ends when the Account Assets are moved into the Target Portfolio(s).

2. Provide a pre-trade analysis report as described in Exhibit A of the Agreement. The pre-trade analysis report should provide an estimate of all costs that are applicable such as: explicit costs (i.e., commissions, custody, taxes, duties, foreign exchange); implicit costs (i.e., market impact, opportunity costs, bid/ask spread); and Implementation Shortfall estimate. This estimate of costs should relate to the implementation period and will be the basis for awarding the Transition Work Order. All commissions and fees proposed by the Transition Manager must be included in the pre-trade estimate. The Implementation Shortfall estimate should cover the entire Transition Term.

3. In accordance with Exhibit A, during the Transition, provide daily reporting of all trade activity from the beginning of the implementation period until completion and full funding of the Target Portfolios.

4. In accordance with Exhibit A, provide a post-trade analysis report and Transition Manager Revenue Attestation as required by Exhibit A-5. Provide an explanation in detail where execution falls outside of one-standard deviation from the pre-trade estimate. Such explanation should describe market movement over the Transition Term and provide full cost attribution.

5. Any changes to this Exhibit or an agreed upon Transition Work Order resulting therefrom shall be made by written amendment executed by both parties acknowledging acceptance of the changes.

**Legacy Portfolio Mandates:**

Account Number	Manager Name	Account Type	Benchmark Index	Style	Approx. Market Value	%	Expected Termination Date
	Legacy Manager 1						
	<b>TOTAL</b>				<b>\$XXXXXXXXX</b>	<b>100%</b>	

**Target Portfolio Mandates:**

Account Number	Manager Name	Account Type	Benchmark Index	Style	Approx. Market Value	%	Expected Start Date
	Manager 1						
	<b>TOTAL</b>				<b>\$XXXXXXXXX</b>	<b>100%</b>	

**EXHIBIT A-4**

**TRANSITION WORK ORDER**

**Dated: XXXXXX**

**Organization:**           **Park Employees' and Retirement Board Employees' Annuity and Benefit Fund of Chicago**

**Transition Manager:**           \_\_\_\_\_

**Work Request Dated:**           \_\_\_\_\_

PEABF hereby instructs Transition Manager to Transition such assets from the Legacy Portfolio(s) detailed below to the Target Portfolio(s) detailed below beginning on \_\_\_\_\_ (trade date).

Transition Manager will comply with all requirements listed in the Work Order Request and, to the extent applicable, comply with the transition management services required for this Transition pursuant to the Transition Management Agreement.

PEABF has instructed the Target Manager(s) to provide Transition Manager with the Verified Buy List(s) based on their approximate funding amounts. Transition Manager may contact the Target Manager(s) contact(s) to coordinate receipt of the Verified Buy List(s). Transition Manager is hereby instructed to transfer Securities in-kind from the Legacy Portfolio(s) to the Target Portfolio(s) to the extent possible, liquidate the remainder of the assets, and to purchase the residual Securities on the Verified Buy List. In accordance with the Transition Management Agreement, you may utilize available crossing networks prior to Executing trades on the open market.

In accordance with the exemption contained in section 408(b)(19) of ERISA (i) PEABF has authorized Transition Manager, by separate letter, to engage in internal cross trades with funds and/or accounts maintained, trustee and/or advised by Transition Manager or its affiliates in accordance with section 408(b)(19) of ERISA; (ii) PEABF has assets in excess of \$100 million; and (iii) it has received a copy of the 408(b)(19) Crossing Disclosure, by separate document, regarding the conditions under which cross trades pursuant to section 408(b)(19) of ERISA may take place, including Transition Manager's written policies and procedures regarding such cross trades. PEABF acknowledges that, as provided in the Agreement, Transition Manager may also engage in internal cross trades pursuant to PTCE 2002-12, if applicable.

**Legacy Portfolio Mandates:**

Account Number	Manager Name	Account Type	Benchmark Index	Style	Approx. Market Value	%	Expected Termination Date
	Legacy Manager 1				\$		
	<b>TOTAL</b>				<b>\$</b>	<b>100%</b>	

**Target Portfolio Mandates:**

Account Number	Manager Name	Account Type	Benchmark Index	Style	Approx. Market Value	%	Expected Start Date
	Target Manager 1				\$		
	Target Manager 2				\$		
	<b>TOTAL</b>				<b>\$</b>	<b>100%</b>	

[Choose one of the following items as it pertains to futures.]

- The use of futures is not applicable to this Transition.
- The use of futures is applicable to this Transition pursuant to the Transition Management Agreement. Transition Manager will utilize futures to equitize or hedge the portfolio during the Transition so as to mimic the investment performance of the [insert appropriate benchmark index, e.g., Bloomberg Barclays Aggregate Bond index, S&P 500 index, Russell 1000/2000/3000 index, MSCI EAFE index] as closely as possible. The assets will be equitized/hedged at the [open or close] of trading on trade date. Cash collateral of [insert \$ amount] will be transferred into the PEABF Account no later than trade date. Upon the completion of the transition, cash collateral and marks should be transferred to [insert account number].

**Use of performance incentive?**  Yes  No

Transition Manager will rebate **XX%** of the total commissions if the transition's implementation shortfall (measured from the close of INSERT DATE) exceeds **X bps** on the value of the legacy portfolio (securities and cash).

PEABF has instructed its Custodian, \_\_\_\_\_, to provide Transition Manager with a Verified Asset List. Your contact at the Custodian is \_\_\_\_\_.

The valuation date for the manager distribution amount will be \_\_\_\_\_. Transition Manager is not responsible to instruct on the distribution of assets and cash and is to coordinate the distribution details with PEABF.

Residual cash and dividend income not associated with new manager assets should be transferred to \_\_\_\_\_ [Account Name & Number].

A Transition Work Order Example Form is attached as Exhibit A- 4, Attachment 1.

PARK EMPLOYEES' AND RETIREMENT  
BOARD EMPLOYEES' ANNUITY  
AND BENEFIT FUND OF CHICAGO

TRANSITION MANAGER

\_\_\_\_\_

\_\_\_\_\_

By:

By:

Date: \_\_\_\_\_

Date: \_\_\_\_\_



**EXHIBIT A-5**

**TRANSITION MANAGER REVENUE ATTESTATION**

**Dated: XXXXXX**

In accordance with the Transition Management Agreement, Transition Manager provides the following Revenue Attestation relating to the Transition under each Transition Work Order(s) dated \_\_\_\_\_:

The Transition Manager represents and warrants, by the certification below, that all sources of revenue generated by itself and/or any of its affiliates in conjunction with the use of, or Transactions in, the assets of the PEABF Account are as disclosed below, including but not limited to:

- Commissions generated by Transition Manager and/or its affiliates from the Counterparties of the PEABF Account transactions, both in terms of cumulative amount (as a % of notional value) of the activity crossed internally and the commission level generated from such Transactions;
- Any realized profit or loss at the culmination of the Transition to Transition Manager and/or its affiliates as a result of the Securities and/or currency Transactions affected in a principal capacity;
- Any unrealized profit and/or loss to Transition Manager and/or its affiliates as a result of the Securities and/or currency Transactions affected in a principal capacity. The mark to market for these open positions shall be as of the close of the day of the last Transaction of the Transition;
- Any potential revenue sharing agreements and/or payments for order flow agreements with affiliates and/or outside parties.

The sources of revenue generated, as defined above, include the following:

Certified as to correctness and completeness:

\_\_\_\_\_, Transition Manager

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT B**

**TRANSITION MANAGER DISCLOSURES**

1. Pursuant to Section 1-113.14(c)(3) and (12) of the Illinois Pension Code, the method for charging and measuring fees, including disclosure of the direct and indirect fees, commissions, penalties, and other compensation, including reimbursement for expenses, that may be paid by or on behalf of the Transition Manager in connection with the provision of Investment Services to the Fund.

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2. Pursuant to Section 1-113.14(c)(5) of the Illinois Pension Code, the names and addresses of: (A) the Transition Manager; (B) any entity that is a parent of, or owns a controlling interest in, the Transition Manager; (C) any entity that is a subsidiary of, or in which a controlling interest is owned by, the Transition Manager; (D) any persons who have an ownership or distributive income share in the Transition Manager that is in excess of 7.5%; or (D) any persons who serve as an executive officer of the Transition Manager. An “executive officer” shall mean any president, director, vice-president in charge of a principal business unit, division, or function (such as investment consulting, marketing, or administration), and any other employee who performs a policy-making role, regardless of the title given to their position.

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3. A statement that contingent and placement fees are prohibited by Section 1-145 of the Illinois Pension Code.

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4. Pursuant to Section 1-113.14(c)(6) of the Illinois Pension Code, the names and addresses of all subcontractors, if any, and the expected amount of money each will receive under the contract. For purposes of this section, "subcontractor" does not include non-investment related professionals or professionals offering services that are not directly related to the

investment of assets, such as legal counsel, actuary, proxy voting services and services used to track compliance with legal standards.

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5. Pursuant to Section 1-113.21 of the Illinois Pension Code, a disclosure of:

A. the number of the Transition Manager’s investment and senior staff and the percentage of that staff who are a minority person, a women, a veteran, or a person with a disability;

***Number and Percentage of Investment and Senior Staff***

Number of Minorities / Percent	Number of Women / Percent	Number of Veterans / Percent	Number of Persons with Disabilities / Percent								
<table border="1" style="width: 100%; height: 30px;"> <tr> <td style="width: 50%;"></td> <td style="width: 50%;"></td> </tr> </table>			<table border="1" style="width: 100%; height: 30px;"> <tr> <td style="width: 50%;"></td> <td style="width: 50%;"></td> </tr> </table>			<table border="1" style="width: 100%; height: 30px;"> <tr> <td style="width: 50%;"></td> <td style="width: 50%;"></td> </tr> </table>			<table border="1" style="width: 100%; height: 30px;"> <tr> <td style="width: 50%;"></td> <td style="width: 50%;"></td> </tr> </table>		

*Positions included in Investment and Senior Staff figures:*

B. the number of contracts for investment, consulting, professional, and artistic services the Transition Manager has with a minority or women-owned business, a veteran owned small business, or a business owned by a person with a disability; and

***Number of Contracts***

Number of Minorities	Number of Women	Number of Veterans	Number of Persons with Disabilities
<table border="1" style="width: 100%; height: 100%;"></table>	<table border="1" style="width: 100%; height: 100%;"></table>	<table border="1" style="width: 100%; height: 100%;"></table>	<table border="1" style="width: 100%; height: 100%;"></table>

C. the number of contracts for investment, consulting, professional, and artistic services which the Transition Manager has with a business other than a minority or women-owned business, a veteran owned small business, or a business owned by a person with a disability, if more than 50% of the services performed pursuant to that contract are performed by a minority person, a women, a veteran, or a person with a disability.

*Contracts in Excess of 50%*

Number of Minorities	Number of Women	Number of Veterans	Number of Persons with Disabilities

For the purposes of this subsection, the terms “minority person”, “women”, “person with a disability”, “minority-owned business”, “women-owned business”, and “business owned by a person with a disability” have the same meaning as those terms have in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act. For the purposes of this subsection, the terms “veteran” and “veteran owned small business” have the same meaning as those terms have in 30 ILCS 500/45-57. For the purposes of this subsection, the terms “professional service” and “artistic service” have the same meanings as those terms have in 30 ILCS 500/1-15.60.

6. Transition Manager shall disclose any compensation or economic opportunity paid to PEABF’s Investment Consultant within the last 24 months. “Compensation” means any money, thing of value, or economic benefit conferred on, or received by, the Transition Manager in return for services rendered, or to be rendered, by himself, herself, or another. "Economic opportunity" means any purchase, sale, lease, contract, option, or other transaction or arrangement involving property or services wherein the Transition Manager may gain an economic benefit.

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## **EXHIBIT C**

### **PROHIBITED TRANSACTION CLASS EXEMPTIONS 86-128 AND 2002-12**

The PTCE Exemptions are available at:

<https://www.govinfo.gov/content/pkg/FR-1986-11-18/pdf/FR-1986-11-18.pdf#page=102>

<https://www.govinfo.gov/content/pkg/FR-2002-10-17/pdf/02-26424.pdf>

<https://www.govinfo.gov/content/pkg/FR-2002-02-12/pdf/02-3341.pdf>

**EXHIBIT D**

**ELECTION TO TERMINATE AGENCY TRANSACTION AUTHORIZATION**

**[Insert Date]**

Dear \_\_\_\_\_:

The undersigned (the “Plan”) has entered into a Transition Agreement dated as of [Insert Date] and a Transition Work Order dated as of [Insert Date] (together, the “Transition Agreement”) with [INSERT NAME] which Transition Agreement, among other things, authorizes [INSERT NAME] affiliates to effect certain transactions through agency transactions and agency cross transactions.

By execution and delivery of this Election to Terminate Agency Transaction Authorization, the Plan hereby expressly terminates the Transition Agreement by signing, dating and returning the enclosed copy hereof to the undersigned at the address indicated below.

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

By: \_\_\_\_\_

Name:

Title:

**Instructions for use of this Form:** The authorization contained in the Transition Agreement is terminable by the Plan at will, without penalty to the Plan, upon receipt by [INSERT NAME] of this Election to Terminate Agency Execution Authorization from the Plan.

# Employee Diversity Table

**Name of Firm**  
**Date**

Job Categories	Number of Employees															
	Race/Ethnicity															
	Male							Female								
	White/ Non-Minority	Hispanic or Latino	Black or African American	Native Hawaiian or Other Pacific Islander	Asian	American Indian or Alaskan Native	More than one Race		White/ Non-Minority	Hispanic or Latino	Black or African American	Native Hawaiian or Other Pacific Islander	Asian	American Indian or Alaskan Native	More than one Race	
Executive																0
Investment Professionals																0
Trading Professionals																0
Legal/Compliance																0
Marketing/Client Services																0
Finance / Operations / IT																0
																0
Other Professionals																0
Administrative / Other																0
Total # of Employees	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total % of Employees	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	#DIV/0!							#DIV/0!								

Persons with Disability (#)

Non-Minority Females (%)	#DIV/0!
Minority Females (%)	#DIV/0!
Non-Minority Males (%)	#DIV/0!
Minority Males (%)	#DIV/0!
Persons with Disabilities (%)	#DIV/0!