

**REQUEST FOR PROPOSAL
POLICEMEN’S ANNUITY AND BENEFIT FUND OF CHICAGO, ILLINOIS
Passive/Index Provider RFP**

The Retirement Board (“the Board”) of the Policemen’s Annuity and Benefit Fund of Chicago (“the Fund” or “PABF”) is requesting proposals from qualified firms interested in providing traditional passive/index services (“Proposer”). The purpose is to engage a firm with a broad suite of traditional index funds/products that the Board can utilize when it is determined to do so. This search is limited to traditional long only investment managers, hedge fund managers will not be considered for this mandate.

All responding firms must meet the highest standards of professional competence and ethics. The selected firm(s) will serve as a fiduciary in its capacity to the Fund. The Board’s investment consultant NEPC, LLC shall oversee the RFP process. All forms/required documents needed for submitting a Request for Proposal (“RFP”) are available on the PABF’s investment consultant’s (NEPC) website at www.nepc.com.

Information regarding this RFP may not be available in any other form or location. Proposers are responsible for monitoring the website for periodic updates on this search.

The Fund is a pension fund of the City of Chicago established in 1887. The Board is made up of eight members. Decisions regarding awarding mandates shall be at the sole discretion of the Board in exercising their investment authority to ensure the prudent investment of Fund assets. To learn more about the Fund you may visit our website at www.chipabf.org.

The Fund is governed by Illinois Compiled Statutes, which can be viewed at www.illinois.gov.

SUBMISSION OF PROPOSALS

If you are interested in being considered for this RFP, you must submit an electronic copy of the complete proposal by 3:00 CST on May 3, 2021. Responses submitted after this time and date will not be considered.

All responses should be submitted electronically to:

Search Contact

DeAnna I. Jones / NEPC	ChicagoPoliceRFP@nepc.com
Tom Beyna / Chicago Policemen's Annuity and Benefit Fund	Tbeyna@chipabf.org

The subject line of your email submission should be “*Passive Provider*”.

An RFP submission would be deemed complete only when ALL requested information has been completed in full and submitted as instructed above. Incomplete submissions or responses not submitted as instructed will be rejected and any follow-on submissions in support of an application filed earlier will not be entertained under any circumstances.

QUIET PERIOD

The quiet period begins when the RFP is issued and ends when the manager is selected by the Board or the process is declared to be complete. Managers will not contact Board members during the quiet period. A manager will be disqualified from the selection process for violating the quiet period. The quiet period for this RFP begins March 25, 2021.

**REQUEST FOR PROPOSAL
POLICEMEN'S ANNUITY AND BENEFIT FUND OF CHICAGO, ILLINOIS
Passive/Index Provider RFP**

RFP Timeline

The following is a list of anticipated critical dates regarding the proposal and possible contract process:

Request for Proposal Issued	April 6, 2021
Due Date to Submit Written Questions	April 16, 2021
Q&A Document Posted	on or around April 23, 2021
Due Date for Proposal	May 3, 2021
Potential Interviews	TBD
Finalist Notified By	TBD

The timeline is subject to change and any changes to the timeline will be posted on NEPC's website.

Terms and Conditions

1. PABF reserves the right to reject any or all proposals or any portion thereof, that it feels is in the best interest of Fund and to negotiate with any one or more of the respondents. PABF reserves the right to cancel this procurement.
2. Please be aware that all documents created as part of this RFP, including the responses provided by your firm as the respondent, shall be retained by PABF, considered public records and made available for inspection and copying as provided in Section 3 of the Illinois Freedom of Information Act ("FOIA"), 5 ILCS 140/1, et. seq.
In addition to your proposal, you may also provide a redacted version of your proposal to be subject to any FOIA request, however only confidential information may be redacted.
3. If selected, PABF will require the execution of a management service contract.
4. This RFP is neither a contract nor meant to serve as a contract. A respondent's preparation or submittal of a proposal or subsequent participation in presentations or contract negotiations creates no obligation on the Fund to award a contract or to pay any associated costs.
5. The Fund is not obligated to award a contract to any of the respondents to this RFP.

**REQUEST FOR PROPOSAL
POLICEMEN'S ANNUITY AND BENEFIT FUND OF CHICAGO, ILLINOIS
Passive/Index Provider RFP**

EVALUATION AND SELECTION

Proposals will be evaluated taking into account the following criteria:

1. **Stability and General Experience of the Firm** – as measured by the stability of the financial condition of the firm and experience in providing the services requested.
2. **Key Personnel** – Personnel to be assigned to this account, including key professionals, back-up and other staff assistance, and education and experience of all such key personnel.
3. **Expertise** – Similar work performed for other institutions.
4. **Client References** – as measured by the quality of the references provided.
5. **Process** – Consistent process implementation.
6. **Fees** – Reasonableness and competitiveness of fees.
7. **Performance** – Track record of proposed product.
8. **RFP Proposal** – Clarity and responsiveness to requirements as requested in the RFP.

Selection Process:

All RFPs will be reviewed and evaluated by PABF's Board of Trustees, Staff and NEPC. The Board will be responsible for the final selection of the Firm(s) hired.

MINIMUM QUALIFICATIONS

Please provide a cover letter with your response in which each qualification is listed and an authorized person initials the firm's ability to meet or exceed each qualification. A failure to do so will constitute an incomplete response resulting in automatic elimination.

To be considered for this search respondents must demonstrate that their firm/product meets the following minimum qualifications:

1. Acknowledge that the proposed firm will act as a fiduciary with respect to the Policemen's Annuity and Benefit Fund of Chicago in accordance with the Illinois Pension Code, 40 ILCS 5/1 et seq.
2. Acknowledge that the proposed firm is: (i) registered as an investment adviser under the Investment Advisers Act of 1940, as amended (15 U.S.C.80b-1 et seq.) (the "IAA"); (ii) registered as an investment adviser under the Illinois Securities Law of 1953, as amended (815 ILCS 5/1 et seq.); (iii) a bank, as defined in the IAA; or (iv) an insurance company authorized to transact business in the State of Illinois. If your firm is not a Registered Investment Advisor under the Securities Act of 1940, please explain why your firm is exempt in your cover letter.
3. Candidate firms must be registered with the SEC as an Investment Advisor for at least 5 years as of March 31, 2021.

**REQUEST FOR PROPOSAL
POLICEMEN'S ANNUITY AND BENEFIT FUND OF CHICAGO, ILLINOIS
Passive/Index Provider RFP**

4. Candidate firms must be directly responsible for the management of the relevant accounts, and all personnel responsible for the account must be employees of the firm or a legal joint venture partner.
5. Proposed investment strategy(s) must have at least \$200 million under management in passively managed assets as of March 30, 2021.
6. Lead portfolio manager or lead team members for the proposed strategy(s) must have at least 5 years of direct experience managing passive portfolios.
7. Candidate firm must have a minimum of five years of verifiable GIPS compliant performance history managing the proposed product(s) for institutional clients.
8. If proposing a pooled fund/mutual fund, liquidity should be at least monthly.
9. Any Proposer qualifying as a certified minority owned business, female owned business or business owned by a person with a disability, as those terms are defined in the Business Enterprise for Minorities, Females, and Persons with Disabilities Act ("MWDBE"), are exempt from (3), (4), (5), (6) and (7) above and will be evaluated for further consideration at the discretion of the Board.
10. Provide a copy of the firm's Equal Employment Opportunity Commission ("EEOC") disclosure statement and description of any initiatives or guidelines your firm has on the inclusion of women and ethnic minorities. Whether you have an EEOC disclosure statement or not, each Proposer complete the attached Exhibit A with their firm's staff diversity exposure. Please note that per the law effective January 1, 2015 [40 ILCS 5/1-113.21], the employee diversity of senior staff and investment personnel must be delineated. (Please provide as an additional exhibit titled "Exhibit A").
11. As required by Illinois Legislation (SB 452), an applying firm must provide the following disclosures to be considered: (1) number of contracts for services that the applying entity has with minority owned business, female owned business, or business owned by a person with a disability; and (2) the number of contracts for service(s) that the applying entity has with other than a minority owned business, female owned business, business owned by a person with a disability, if more than 50% of the services under that contract are performed by a minority person, a female, or a person with a disability. (Please provide as an additional exhibit titled "Exhibit B").
12. Be familiar with and willing to adhere to Articles 1 and 5 of the Illinois Pension Code.
13. If retained, the firm must be familiar with and willing to adhere to the Investment Transparency section of Illinois code and permit the Fund to list your firm on its website along with a brief description of any agreement for investment services.
14. Be comfortable with the FOIA (Illinois Freedom of Information Act) that the Fund adheres to, which includes the requirements from 5 ILCS 140 et seq. This includes but is not limited to disclosure of fee schedules.
15. Confirm your ability to comply with Section 145 of Article 1 of the Illinois Pension Code (815 ILCS 5/1-145) relating to Placement Agents and Third-Party Marketers. Specifically, Section 145 prohibits contingent and placement fees, no third-party marketers can be used for gaining a fund investment.

**REQUEST FOR PROPOSAL
POLICEMEN'S ANNUITY AND BENEFIT FUND OF CHICAGO, ILLINOIS
Passive Provider RFP**

VERIFICATION (Please include in the cover letter)

I certify under penalty of perjury, that I am a responsible official for the business entity described above as a Proposer, that I have personally examined and am familiar with the information submitted in this disclosure and all its attachments, and that the information is true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including criminal sanctions which can lead to imposition of a fine and/or imprisonment.

(Signature), (Name, Title)

(Date)

Required Documents Checklist

Required Documents: In order for your firm's submission to be deemed complete, please submit all of the following documents:

1. Cover letter
2. **Exhibit A** – Employee Diversity Chart and EEOC statement requested in #8 of the minimum qualifications (provided excel chart)
3. **Exhibit B** – MWDBE vendors and consultant questionnaire, requested in #11 of the minimum qualifications
4. **Exhibit C** – Example of Standard Report (monthly and quarterly)
5. **Exhibit D** – Short biography on each of the key professionals for the proposed product(s)
6. **Exhibit E** – MWDBE certification (if applicable)
7. **Exhibit F** – Legal Disclosure (provided in PDF)

Index/Passive Management Provider Search

General Questionnaire [Investment Firm Name]

Information requested as of 03/31/20201 (unless otherwise stated)

Instructions:

Please return this questionnaire in Word format (i.e. not in pdf).

Please do not alter the format of this template.

Please do not change or modify text in **Green** or **Blue** shaded boxes.

Please provide answers white boxes only.

Please provide any legal disclaimers as a separate attachment (i.e. do not include as part of this document).

Investment Firm

Index/Passive Management Provider Search

eVestment Data

In addition to the Offeror's responses to the questions that follow, the Offeror's product and performance data will be analyzed using a third-party database. The database is provided by eVestment, which can be located on the web at: www.eVestment.com. Populating the eVestment database with your firm and product information is a requirement for the completion of this RFP. If the database is not fully populated, your firm's response will be considered incomplete. Please be sure to not leave fields blank. Respond as 0, none, or N/A only when necessary. You will not be contacted to fill in missing fields. Use additional comment fields provided to make qualifying notes as applicable. If your firm does not already utilize the eVestment Alliance, you can participate by sending an email with your contact information to: getmanager@evestmentalliance.com.

All eVestment data must be as of March 31, 2021

General Firm and AUM Information					
Firm Name	[Please enter]				
Website	[Please enter]				
Office Locations	City	State / Province	Country	Number of Employees	Year Founded
Main Office	[Please enter]	[Please enter]	[Please enter]	[Please enter]	[Please enter]
Servicing Office(s)	[Please enter]	[Please enter]	[Please enter]	[Please enter]	[Please enter]
	[Please enter]	[Please enter]	[Please enter]	[Please enter]	[Please enter]
Firm History / Description	[Please describe the Firm's origins, evolution and current structure. Please list any predecessor organizations or ownership or subsidiary relationships with other organizations.]				
Ownership Structure	[Please describe the Firm's ownership structure. Describe any affiliate relationships and any expected changes in ownership.]				
MWDBE Status?	[Is your firm 51% or more minority, women, disabled veteran owned?]				
Firm Assets Under Management	[Please provide the value of total assets under management for the Firm as of 3/31/2021. Please also provide the value of passively managed assets as of 3/31/2021.]				
Clients	[Please provide the total number of distinct clients (not accounts) for which you manage passive assets as of 03/31/2021.]				
Insurance	[Describe the firm's insurance coverage outlining types and coverage limits. List SEC-required fidelity bonds, errors and omissions insurance, and any other fiduciary liability coverage your firm carries.]				
Technology	[Describe the firm's technology infrastructure and integration across investment management, accounting, risk management, performance measurement and reporting. Has your firm been subject to any data breaches resulting from illegal or unknown sources accessing the firm's information systems? Describe the firm's disaster recovery strategy; outlining the firm's strategy around natural disasters and other events that would cause your systems to shut down.]				

Team	
Team Overview	[Please provide an overview of the passive management team(s). How many investment professionals are involved with the portfolios? Where are they located? How long have the teams worked together? Are any of the senior professionals related? Do they also manage non-passive strategies? Please discuss any relevant items not captured in the questions below.]
Trading/Execution Discretion	[Please discuss who on the investment team has trading discretion? Who has execution discretion? Please provide where these employees are located. Discuss how execution discretion is determined.]
Succession Planning	[Please discuss any thoughts around the Firm's and product's succession planning. Who are the most qualified individuals to lead the team(s) in the absence of the senior portfolio manager/CIO?]

Investment Firm

Index/Passive Management Provider Search

Risk Management

Risk Management Overview	[Please provide a brief overview of the Firm’s risk management procedures and philosophy on taking risks outlining the mechanisms/system outputs that aid in taking and managing risk. How does the manager assess risk? What are acceptable risks vs. unacceptable risks? How are portfolios monitored for risk? Who is responsible for monitoring portfolio risk? Who does s/he report to? Is there a risk committee? Who comprises the committee? How often does the committee meet? What is the voting process? What occurs if there is a breach in risk guidelines? Please discuss any relevant items not captured in the questions below.]
Risk & Investment Process	[Describe the Firm’s risk management structure and outline the vision for how the risk management function is incorporated in the investment process. Does the risk function operate independently of the investment team?]
Tools and Analysis	[Please describe as it pertains to your “Passive” strategies: <ul style="list-style-type: none"> a. What analytical tools and models do you use? b. Internal research resources c. External research resources and tools utilized d. What is your process for monitoring risk in the portfolio?]

Product Offerings

Passive Product List	Please complete the following table that outlines your all of your passive management product offerings (add rows when necessary). Are all products currently offered in SMA format? If not, which ones are currently offered in an SMA format?																																																																								
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">eVestment Product Name</th> <th style="width: 10%;">Index</th> <th style="width: 15%;">03/31/2021 AUM</th> <th style="width: 15%;">Strategy Inception Date</th> <th style="width: 10%;">Proposed Fees</th> <th style="width: 15%;">Investment Team Location</th> <th style="width: 10%;">Vehicle Offerings</th> <th style="width: 10%;">Liquidity</th> </tr> </thead> <tbody> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> </tbody> </table>		eVestment Product Name	Index	03/31/2021 AUM	Strategy Inception Date	Proposed Fees	Investment Team Location	Vehicle Offerings	Liquidity																																																																
eVestment Product Name	Index	03/31/2021 AUM	Strategy Inception Date	Proposed Fees	Investment Team Location	Vehicle Offerings	Liquidity																																																																		
Product Closings	[Have you closed any passive funds/strategies since 2010? If so, why?]																																																																								
New Products	[Are you open to creating new products/funds at the request of PABF if you do not currently offer an index that they would like to replicate? Have you done this before? How would you approach this endeavor (e.g., lockup, fund operating costs, etc.)?]																																																																								

Investment Firm

Index/Passive Management Provider Search

Investment Process and Trading	
Portfolio Construction	[Provide a detailed description of the portfolio construction processes that would be implemented across different strategies/asset classes. For example, do you utilize a full replication strategy for all products or a subset?]
Tracking Error	[How do you approach the potential tradeoff between tracking error and trading costs to track a relevant index or target portfolio? What are your expectations for tracking error versus the reference benchmark index?]
Index Reconstitution	[What is your strategy for index reconstitutions? How do you track costs (including implied costs? How do you manage trading around the reconstitution? Do you apply the same strategy for all types of index reconstitutions or does it ever vary based on the particular reconstitution make up or asset type? What are your typical commission rates for the index reconstitutions?]
Investment Systems	[Describe the use of computer software and/or quantitative tools that are utilized in the investment process (e.g., statistical/portfolio research, portfolio construction, risk models, etc.) across the various strategies/products.]
Measurement of Success	[How do you measure success of your passive product/strategy offerings?]
Brokerage	<p>[1. Does the firm have any broker/dealer affiliations? If yes, please describe the relationship between the firm and its broker/dealer and whether the firm would utilize its services for this mandate.</p> <p>2. What is the firm's policy regarding the use of soft dollars? Please provide the absolute level of soft dollars generated and the percentage of commissions this represented over each of the last five years.]</p> <p>3. Does the firm track broker best execution? If so, how is this tracking performed? Can you provide a recent Trading Cost Analysis (TCA) report for the portfolio?]</p>

Firm (Asset management division only) and Product Employee Breakdown		
Summary	Dedicated Firm Employees	Dedicated "Passive Management" Employees*
Total Employees	[Please Enter #]	[Please Enter #]
Employee Breakdown by Title/Function		
Partners/Owners	[Please Enter #]	[Please Enter #]
Investment Professionals	[Please Enter #]	[Please Enter #]
Portfolio Management	[Please Enter #]	[Please Enter #]
Research	[Please Enter #]	[Please Enter #]
Trading	[Please Enter #]	[Please Enter #]
Risk Management	[Please Enter #]	[Please Enter #]
Administration (Non-Investment)	[Please Enter #]	[Please Enter #]
Legal	[Please Enter #]	[Please Enter #]
Compliance	[Please Enter #]	[Please Enter #]
Other (Please Describe)	[Please Enter #]	[Please Enter #]

Investment Firm

Index/Passive Management Provider Search

*Employees who will dedicate >50% of their time to the product

Litigation, Regulation and Compliance (Asset Management Unit Only)

Past Material Firm Litigation	[Please describe any past material litigation regarding the firm over the past 10 years]	
Investment Professionals	[Have any investment professionals at your Firm ever been subject to any investment-related judgments, indictments, or settlements of potential litigation with or without admission of fault, guilt or liability? If yes, explain.]	
Compliance	[Please describe the Firm's compliance philosophy and staff allocated to this function, e.g. how many and which staff resources are assigned to this function, what are their roles and responsibilities? What are the key compliance procedures? Do you have a policy with regard to ethics, personal securities (if so, outline)? Detail the pre and post trade compliance monitoring process.]	
Systems	[Detail the systems used to ensure best practices, compliance rules, regulations and laws are followed. Was this system developed in-house or is it administered by a vendor. Detail the level of automation in the compliance system. How frequently are these compliance processes checked against current best practices?]	
SEC Registered Investment Advisor	Year Registered	[Please enter]
	Entity Name	[Please enter]
	ADV Attached	[Please attach Part I and II]
SEC Oversight	[Please describe the Firm's most recent examination by the SEC. When was the date of the most recent SEC examination? What were the key findings? Were there any deficiencies noted and what was done to remediate them?]	
Other Regulators	[Please describe other regulatory authorities to which the Firm is subject. Has the Firm ever been subject to reviews or audits by these other regulatory bodies? What were the key findings?]	
Personal Trading	[Please discuss the Firm's personal trading policy. Who is responsible for monitoring? Who does s/he report to? Discuss any material violations to the Firm's trading policy.]	
Investigations, Litigation, Claims	<p>[For the past 10 years has the firm, its officers or principals or any affiliate ever:</p> <ol style="list-style-type: none"> a. Been the focus of a non-routine SEC inquiry or investigation or a similar inquiry or investigation from any similar federal, state or self-regulatory body or organization, b. Been a party to or settled any litigation concerning breach of fiduciary responsibility or other investment related matters, or c. Submitted a claim to your errors & omission, fiduciary liability and/or fidelity bond insurance carrier(s)? <p>If "yes" to any, please provide details and the current status or disposition.]</p>	