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 US Small/Mid Cap Value Equity services (“Proposer” or “SMID Value”) that will be benchmarked against the Russell 2500 Value index. This search is limited to traditional long only investment managers, hedge fund managers will not be considered for this mandate. Both active and passive managers will be considered for this mandate.

The anticipated allocation will be between $40 million and $70 million. 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.](http://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.](http://www.chipabf.org/)

The Fund is governed by Illinois Compiled Statutes, which can be viewed at [www.illinois.gov.](http://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 September 1, 2020. 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](mailto:ChicagoPoliceRFP@nepc.com) |
| Tom Beyna / Chicago Policemen's Annuity and Benefit Fund | Tbeyna@chipabf.org |

The subject line of your email submission should be “*US Small/Mid Cap Value Equity RFP*”.

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 July 23, 2020.

Questions concerning the RFP must be submitted in writing via e-mail to the investment consultant’s search contact by 12pm CST on August 10, 2020. Responses to properly

submitted questions will be consolidated in a single Q&A document and posted on the consultant’s website on or around August 17, 2020. No phone calls please.

**RFP Timeline**

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

Request for Proposal Issued August 5, 2020

Due Date to Submit Written Questions August 10, 2020

Q&A Document Posted on or around August 17, 2020

Due Date for Proposal September 1, 2020

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.

**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. The portfolio management team for the proposed product must each possess more than 5 years investment experience and a minimum of 3 years verifiable investment experience in the specific strategy, as of June 30, 2020.

4. A 3-year GIPS compliant investment performance record as of June 30, 2020.

5. Proposed investment strategy must have at least $100 million in assets.

6. If proposing a pooled fund/mutual fund, liquidity should be at least monthly.

7. 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) and (5) above and will be evaluated for further consideration at the discretion of the Board.

8. 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”*).

9. 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”*).

10. Be familiar with and willing to adhere to Articles 1 and 5 of the Illinois Pension Code.

11. 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.

12. 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.

13. 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.

**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 #9 of the minimum qualifications

4. ***Exhibit C*** – Example of Standard Report (monthly and quarterly)

5. ***Exhibit D*** – Sample Investment Policy

6. ***Exhibit E*** – 1, 3- and 5-year sector attribution as of June 30, 2020 (please provide in excel)

7. ***Exhibit F*** – eVestment Alliance profile

8. ***Exhibit G*** – Short biography on each of the key professionals for the proposed product

9. ***Exhibit H*** – MWDBE certification (if applicable)

10. ***Exhibit I*** – Fee Schedule Certification

11. ***Exhibit J*** – Legal Disclosure (provided in PDF)

Please do not alter the format of this template. Please try to be as concise as possible with answers. If a question is not applicable please respond “N/A”. Please provide any legal disclaimers as a separate attachment (i.e. do not include as part of this document).

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 currently utilized by our NEPC, LLC. The database is provided by eVestment Alliance, which can be located on the web at: [www.eVestmentalliance.com](http://www.eVestmentalliance.com). Populating the eVestment Alliance 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 by NEPC 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 database, you can participate by sending an email with your contact information to: [getmanager@evestmentalliance.com](mailto:getmanager@evestmentalliance.com).

**All eVestment data must be as of June 30, 2020 (Q2 2020)**

**and must be entered by September 1, 2020**

|  |  |  |  |
| --- | --- | --- | --- |
| **General Firm and Fund Information** | | | |
| **Firm Name** | [Please enter] | | |
| **eVestment Product(s) Name** | [Please enter the proposed product’s name in eVestment] | | |
| **Primary Contact Person** | [Name] | | |
| [Email Address] | | |
| [Phone number(s)] | | |
| **Office Locations** | **City** | **State / Province** | **Country** |
| **Main Office** | [Please enter] | [Please enter] | [Please enter] |
| **Location of Team** | [Please enter] | [Please enter] | [Please enter] |
| **Additional Office Locations** | [Please enter] | [Please enter] | [Please enter] |
| [Please enter] | [Please enter] | [Please enter] |
| [Please enter] | [Please enter] | [Please enter] |
| [Please enter] | [Please enter] | [Please enter] |
| [Please enter] | [Please enter] | [Please enter] |
| [Please enter] | [Please enter] | [Please enter] |
| [Please enter] | [Please enter] | [Please enter] |
| **Year Firm was Founded** | [Please add] | | |
| **Product Inception Date** | [Please add] | | |
| **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] | | |
| **Asset Under Management**  **as of 6/30/2020** | [Please add the firm wide asset under management] | | |
| **Product Assets Under Management**  **as of 6/30/2020** | [Please add the value of assets under management for the proposed product] | | |
| **Please describe the ownership of the firm** | a) If an affiliate, designate percent of parent firm's total revenue generated by your organization. Elaborate on affiliations with any brokerages firms and/or broker-dealers.  b) If the firm is a joint venture partner, identify the percentage of ownership and revenues recognized by each partner to the combined association.  c) Explain any pending organizational or ownership changes. | | |
| **Minority/Women Business Entity** | [Please note if the firm is MWBE certified.] | | |

|  |  |  |
| --- | --- | --- |
| **Litigation, Regulation and Compliance** | | |
| **Current Material Firm Litigation** | [Please describe any current material litigation regarding the firm.] | |
| **Past Material Firm Litigation** | [Please describe any past material litigation regarding the firm.] | |
| **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?] | |
| **SEC Registered Investment Advisor** | **Year Registered** | [Please enter] |
| **Entity Name** | [Please enter] |
| **SEC Oversight** | [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?] | |
| **Investment Product Information** | | |
| **Investment Philosophy and Process** | 1. Please describe your firm’s overall investment philosophy. 2. Describe your investment process. 3. Explain the key attributes of your model(s) used, including which inefficiencies the model tries to exploit and any major revisions to the model. 4. With respect to this product, who is responsible for investment strategy, asset allocation, portfolio construction, research, security selection, trading, etc.? Discuss their specific roles within the investment team. 5. Are senior members of the investment team invested in the strategy? 6. Describe the organization of research coverage (i.e. generalists or specialists). If research coverage is specialized, please indicate the segregation of coverages within the team. Who on the investment team is responsible for research coverage for this product (please provide names and bios). 7. How will you define your investable universe? 8. How are out of benchmark or plus sectors allocations managed? | |
| **Performance** | 1. Has there been a performance time period/market that best highlights your products investment style? Please explain. 2. How will your portfolio perform in a bull market? Bear market? 3. What is your preferred benchmark? 4. Please explain the portfolio’s outperformance relative to its benchmark historically and explain why this outperformance is sustainable over time. 5. What tracking error should be expected from your product? 6. How is risk management conducted? | |
| **Trading** | 1. Explain your firm's trading process including commission structure and transaction costs. 2. Does your firm maintain any soft dollar arrangements? If so please explain. 3. Does your firm foresee any complications in its ability to comply with the Fund’s MWBE brokerage goal requirements (allocating 35%)? If so please explain. | |
| **Reporting** | 1. Describe standard reports available (including type of information and timeliness) and to what extent custom reporting is available. 2. What is your firm’s experience in providing electronic links to client systems, remote access to real-time information via the internet, availability of information via access through your website or other proprietary systems? | |
| **Proposed Vehicle Type** | [Please specify whether your firm is proposing a separate account or a pooled fund / mutual fund vehicle.] | |
| **Minimum Account Size** | [Please give the minimum account size and if the mandate size listed is below the vehicle minimum account size, please state if you are willing to waive the minimum for this mandate?] | |
| **Assets** | 2015 | [Please enter asset value for the product as of year-end.] |
| 2016 | [Please enter asset value for the product as of year-end.] |
| 2017 | [Please enter asset value for the product as of year-end.] |
| 2018 | [Please enter asset value for the product as of year-end.] |
| 2019 | [Please enter asset value for the product as of year-end.] |
| **References** | | |
| **Reference 1** | Name | [Please enter.] |
| Relationship to Firm | [Please enter.] |
| Firm / Title | [Please enter.] |
| Business Address | [Please enter.] |
| Business Telephone | [Please enter.] |
| Business Email | [Please enter.] |
| **Reference 2** | Name | [Please enter.] |
| Relationship to Firm | [Please enter.] |
| Firm / Title | [Please enter.] |
| Business Address | [Please enter.] |
| Business Telephone | [Please enter.] |
| Business Email | [Please enter.] |

**Exhibit I – Fee Schedule Certification**

|  |  |  |
| --- | --- | --- |
| **Fee Proposal** | | |
| **Fee Proposal** | Effective Fee on a $50 million account | [Please enter.] |
| Tiered Fee Schedule | [Please enter.] |
| Administrative Fee/Incentive Fee/Other Fee | [Please enter.] |

The undersigned agrees to provide investment management services to the PABF in accordance with the Request for Proposal and Proposal Price Sheet.

*BY SUBMISSION OF A PROPOSAL, THE PROPOSER CERTIFIES:*

1. Fees in this proposal have been arrived at independently, without consultation, communication or agreement for the purpose of restricting competition;
2. No attempt has been made, nor will be by the Proposer to induce any other person or firm to submit a proposal for the purpose of restricting competition;
3. The person signing this proposal certifies that s/he is authorized to represent the company and is legally responsible for the decision as to the fee and supporting documentation provided as a result of this advertisement;
4. Proposer will comply with all Federal regulations, policies, guidelines and requirements;
5. Fees in this proposal have not been knowingly disclosed by the Proposer to any other Proposer and will not be so disclosed prior to award.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(Signature), (Name, Title) (Date)