

**Teachers' Retirement System
of the State of Illinois**



**REQUEST FOR PROPOSALS FOR
REAL ESTATE AND REAL ASSET INVESTMENT CONSULTANT
SERVICES**

Issued July 15, 2019

Responses due August 14, 2019 by 2:00 pm CDT

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I. Introduction

The Teachers' Retirement System of the State of Illinois (the System or TRS) is requesting proposals to provide real estate investment consultant services to assist the System in making prudent investment decisions related to the TRS investment program. The objective of this Request for Proposal is to solicit competitive proposals from qualified firms in sufficient detail to permit objective evaluation of all proposals which may result in a contract to provide real estate and real asset investment consulting services to the Teachers' Retirement System.

TRS is committed to increasing racial, ethnic, and gender diversity in all aspects of its utilization of vendors to provide goods and services to the System, to the greatest extent feasible, and within the bounds of financial and fiduciary prudence. To that end, the System strongly encourages qualified minority, female, disabled, and veteran-owned firms to submit proposals to this RFP.

This Request for Proposal is neither a contract nor meant to serve as a contract. A proposer's preparation or submittal of a proposal or subsequent participation in presentations or contract negotiations creates no obligation on the System to award a contract or to pay any associated costs. All proposals and related materials will be retained by the System and will be subject to disclosure as required in accordance with the Illinois Freedom of Information Act.

II. Summary Description of TRS

The General Assembly created the Teachers' Retirement System of the State of Illinois (TRS or the System) in 1939. TRS administers a multiple-employer public pension plan to provide its members with retirement, disability, and death benefits. Membership is mandatory for all full-time, part-time, and substitute Illinois public school personnel employed outside the city of Chicago in positions requiring certification by the Illinois State Board of Education. Persons employed at certain state agencies relating to education are also TRS members. The System serves over 417,292 members and had nearly \$51.1 billion in assets held in trust for its membership as of March 31, 2019.

The retirement system is administered as a qualified plan under Section 401(a) of the Internal Revenue Code. TRS benefits and investments are governed by Articles 1, 16, and 20 of the Illinois Pension Code, 40 ILCS 5. Funding comes from member contributions, contributions by TRS-covered employers, the state of Illinois, and investment income. The System's most recent Comprehensive Annual Financial Report, as well as a variety of other information about TRS is available on the TRS website at <https://www/trsil.org>.

A thirteen-member Board of Trustees (the Board) is responsible for the general administration of the System, including the duties granted to it under Article 16 of the Illinois Pension Code, 40 ILCS 5. Under the direction of the Executive Director employed by the Board, the day-to-day administration of the System is delegated to approximately 190 full-time staff. The main office is in Springfield, Illinois and there is a satellite office in Lisle, Illinois.

Using the combined resources of external investment managers, consultants, and internal staff, TRS invests the trust assets in accordance with general fiduciary rules of both state and federal laws and the Investment Policy adopted by the Board. The market value of the TRS total fund on March 31, 2019 was \$51.1 billion. The asset allocation as of March 31, 2019 was as follows:

Asset Class	3/31/19 Total Fund \$ Millions	% of Portfolio
U.S. Equities	\$8,275.2	16.2%
International Equities	9,739.8	19.1
Fixed Income	11,831.6	23.2
Private Equity	6,620.8	13.0
Real Estate	7,329.3	14.3
Real Assets	515.5	1.0
Diversifying Strategies	5,362.3	10.5
Short-term Investments	1,409.4	2.8
Total Fund	\$51,083.9	100.0%

The real estate and real asset investment consulting firm will collaborate with TRS's general investment consultant on allocation risk/return issues and work with TRS on its \$7.8 billion real estate and real asset portfolio as administered by a two-person staff reporting through a manager to the Chief Investment Officer.

The TRS real estate portfolio has the following characteristics:

- 66.2% Core
- 15.3% Value-add
- 18.5% Opportunistic
- 73.0% of the portfolio is separate accounts with five (5) managers
- 21.2% closed-end commingled funds
- 5.8% open-end commingled funds
- Diversified geographically by property type

- 32.5% Office
- 19.3% Retail
- 26.3% Multifamily
- 12.4% Industrial
- 4.2% Hotels
- 5.3% Other
- December 31, 2018 performance (net TWR): 1-, 3-, and 5-year: 8.0%, 8.5%, 10.7%
- The real estate portfolio has a long-term target of 40%-70% core, 10%-30% value-add, and 20-40% opportunistic
- Triennial appraisal cycle on separate accounts and annual revaluations as of June 30.
- Portfolio level risk/management insurance program
- Preferred provider for legal services and appraisal services
- Annual portfolio audits

III. Services Required

The System is seeking a real estate and real asset investment consulting firm to advise the System on an ongoing basis in matters involving the management of the real estate portfolio. The consultant will act as a fiduciary to the System. Responding firms must demonstrate experience and expertise in all matters relative to the real estate portfolio. All responding firms must meet the highest standards of professional competence and ethics.

Under the direction of the Board, Executive Director, Chief Investment Officer or a real estate and real asset manager, the services to be provided by the real estate and real asset investment consulting firm shall include, but are not limited to, the following:

A. General

1. Review TRS Real Estate and Real Asset Strategic Plan, Tactical Plan, Real Estate Policy and Procedures and Guidelines.
2. Prepare recommendations for amendments or modifications to the above with justification as warranted by changes in the marketplace or best practices.

3. Assist staff in development of annual tactical plan and recommend changes to the strategic plan as appropriate.
4. Present the tactical plan to the Board of Trustees.
5. Maintain a broad database of real estate managers and products.
6. Attend meetings of the TRS Investment Committee of the TRS Board of Trustees and other meetings as required. Generally, the Board will meet six to eight times per year. The meetings are generally held in either Springfield, IL or Chicago/Rosemont, IL; however, other locations may also be required.
7. Present real estate and real asset performance to the Board of Trustees as needed.
8. Work in conjunction with TRS staff on an ongoing basis to implement TRS real estate and real asset investment policy.
9. On an as needed basis attend and represent TRS staff at commingled fund advisory meetings.

B. Asset Allocation

Collaborate with TRS's general investment consultant and TRS staff on TRS portfolio allocation issues, i.e. real estate and real asset return expectations.

C. Manager Search and Selection

1. Assist staff in the screening of the available investment manager and investment product universe.
2. Assist staff as necessary in the due diligence process with regard to candidate firms.
3. Provide appropriate research and analysis to evaluate investment manager candidates and investment products in order to assist in recommendations of finalist(s) for Board of Trustee consideration and selection.

D. Performance Measurement and Reporting

1. Prepare quarterly evaluation reports on the performance of TRS's investment managers including a comparison with the performance of other managers and appropriate peer universes.
2. Provide TRS with quarterly and annual performance analysis, including statistical and risk analysis, at the TRS real estate and real asset portfolio level.

3. Work with TRS's general investment consultant and master trustee to provide or reconcile returns for each real estate manager as well as a composite real estate and real asset return.
4. Participate in annual meetings (typically 2-3 days) with staff and all separate managers for the annual review of real estate investment managers.

E. Research and Analysis

Prepare comprehensive analysis and advice on specific real estate and real asset investment issues as requested by the Board and Staff.

IV. Proposal Content

The information provided and described herein indicate minimum specifications required for these services. Responders should outline a complete program which they would propose and any pertinent factors they wish TRS to consider in evaluating the proposal.

For ease of review, each requirement should be addressed in a separate section preceded by an index tab to identify the subject of the section. The proposal should be formatted on consecutively numbered pages and include a table of contents. Failure to provide information in the prescribed format may result in rejection of the proposal. All responses will be subject to verification for accuracy. **Proposals containing false or misleading information will be rejected.**

A. Cover Letter

A cover letter, which will be considered an integral part of the proposal package, in the form of a standard business letter, must be signed by an individual authorized to bind the proposer contractually. This cover letter must indicate the signer is so authorized, and must indicate the signer's title or position. An unsigned proposal will be rejected. The cover letter must also include:

1. A statement that the proposal meets all requirements of this RFP, and that the offer tendered by the proposal will remain in full force and effect until, and may be accepted by the Board of Trustees of the Teachers' Retirement System of the State of Illinois, at any time prior to March 31, 2020.
2. A statement certifying that the proposer either: (a) it is not required to register or (b) it is registered as a business entity with the State Board of Elections pursuant to the Procurement Code, 30 ILCS 500/20-160 and acknowledges a continuing duty to update such registration pursuant to the Procurement Code; and that proposer acknowledges that any Agreement awarded as a result of this RFP is voidable under Section 50-60 of the Procurement Code if the proposer fails to comply with the business entity registration requirements. 30 ILCS 500/20-160; 30 ILCS 500/50-60.
3. A statement that the proposal is being made without fraud or collusion; that the proposer 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; and that the proposer has not conferred or promised to confer, on any individual or entity, any payment, loan, advance, services, or any other form of remuneration in connection with the award of this engagement.

4. A disclosure of any current business relationship or any current negotiations for prospective business with TRS, or with any member of the Board of Trustees or TRS staff, or any party currently rendering services to TRS. Provide a statement explaining why such relationships do not constitute a conflict of interest.
5. **A statement that the proposer is willing to enter into an agreement in the form attached to the RFP as Appendix F including all certifications and representations contained therein, and that the proposer acknowledges and understands that certain general provisions in the sample agreement mandated by Illinois state law to be included in contracts with agencies of the State of Illinois are not subject to negotiation.**
6. A statement that the proposer acknowledges that all documents submitted in response to this RFP may be subject to disclosure under the Illinois Freedom of Information Act, 5 ILCS 140, and the Illinois Open Meetings Act, 5 ILCS 120.
7. An attestation by the signer that the information provided in the Proposal is true and accurate, and that the signer is aware that pursuant to the Illinois Pension Code, 40 ILCS 5/1-135, any person who knowingly makes any false statement or falsifies or permits to be falsified any record of a retirement system or pension fund created under this Code (i.e., the System) in an attempt to defraud the retirement system or pension fund is guilty of a Class 3 felony.

B. Diversity

Diversity is a core value at TRS. In addition to the information in the questionnaire, please describe your firm's approach to diversity and inclusion. Describe the steps you have taken to advance minorities, women, disabled people and veterans in your firm and the investment industry.

C. Fee Proposal

Proposers must submit their fee proposal in the format prescribed in Appendix E. Any deviation from the prescribed format which in the opinion of TRS is material may result in the rejection of the proposal. The proposed fee shall include all expenses for providing the services to TRS as described in this RFP.

If TRS does not consider the proposal price to be fair and reasonable, and it cannot negotiate an acceptable price, then TRS reserves the right to cancel the award and take appropriate action to meet its needs. TRS will determine whether the cost is fair and reasonable by considering

the proposal, including the offeror's qualifications, the price proposed, other known prices, the project budget, and other relevant factors.

D. Contract

This Request for Proposal is neither a contract nor meant to serve as a contract.

It is anticipated that one of the proposals submitted in response to this Request for Proposal may be selected as the basis for negotiation of a contract with the proposer. Such a contract is presently contemplated to contain, at a minimum, the terms and conditions set forth in the sample agreement included as Appendix F, but will also incorporate the terms of the proposal submitted, as finally negotiated and approved by the System. TRS reserves the right to negotiate additions, deletions, or modifications to the sample agreement and/or the terms of proposals submitted.

Certain provisions in the sample agreement are required by the State of Illinois and are therefore not subject to negotiation. **Thus it is critically important that vendors submitting proposals clearly and thoroughly identify any and all contractual concerns in their written proposal. Material changes to the sample agreement may preclude the proposal from further consideration.** A proposer that waits until contract negotiation to object to TRS contract terms may be precluded from further consideration.

V. Submission of Proposals

All proposals must be received at the address designated below **no later than 2:00 P.M. CDT on August 14, 2019**. Submit three (3) hard copies of your proposal and one (1) copy on CD- ROM or thumb/jump drive in a sealed package to:

Heidi Darow, Purchasing Officer
Teachers' Retirement System of the State of Illinois
2815 West Washington Street
Springfield, IL 62702

All hard copies must be submitted in one or more sealed envelope/package(s). One of the hardcopies must be marked as the "Master Copy" and submitted in a loose-leaf, three-ringed binder which displays the proposer's name on the outside front cover. **Do not submit the Master Copy with spiral binding.**

Clearly identify the outside of the sealed proposal package with the proposer's name and return address in the upper left-hand corner and the statement "**SEALED PROPOSAL - DO NOT OPEN - Response to Request for Proposals for Real Estate and Real Asset Investment Consultant Services, Issued July 15, 2019.**" Failure to clearly identify the outside of the proposal package may result in the rejection of the proposal. TRS is not responsible for receipt of any proposal which is improperly labeled.

TRS accepts no responsibility for lost and/or late delivery of proposals. Whether mailed, hand-delivered, or delivered by carrier, the proposer is responsible for timely delivery on or before the above date and time. **Proposals that arrive late for any reason whatsoever, including mail delay or any other cause beyond the control of the proposer, will not be considered and will be returned unopened.**

Except as specifically requested by TRS, submission of proposals or any portion thereof via facsimile transmission, electronic, or magnetic media will not be allowed.

The proposals become the property of TRS upon submission. All costs for developing proposals and attending presentations and/or interviews are entirely the responsibility of the proposer and shall not be chargeable to TRS.

Only one proposal from an individual, vendor, partnership, corporation, or combination thereof, will be considered for this assignment.

VI. Evaluation Process

A. Pre-Evaluation Review

Each proposal package will be date-stamped when received. Each proposal package will be inspected to ascertain that it is properly sealed and labeled. Proposals not passing this inspection may not be accepted. All proposals will be reviewed to determine if they contain all the required submittals specified in this RFP. Those not submitting all required information in the prescribed format will be rejected.

B. Proposal Evaluation

Proposals that pass the pre-evaluation review will undergo an evaluation process conducted by TRS staff. TRS will consider the following various elements in the decision process, ranked in no specific order, and will render a decision based on the perceived best value for the engagement. Fees will be one of the determining factors in this decision but will not be the primary determinative. Proposals will be evaluated based on criteria including:

- a. Experience, qualifications and level of commitment of assigned staff.
- b. Documented ability to produce performance reports (using master trustee data) on income and appreciation return. Comparison to NCREIF Property Index for return performance, geographic diversification and property type return. Performance measurement versus major real estate and real asset universe.
- c. Depth of experience in providing services to a large system with major real estate and real asset commitment.
- d. Evidenced ability to solicit, evaluate, document and recommend for selection successful investment managers and products.

- e. Conflict of interest considerations.
- f. Research capability relative to real estate and real asset industry and research capability toward public fund issues such as minority participation, social engineering investing or best procurement practices.
- g. Firm stability evidenced by years in the industry, ownership structure, staff retention and client base.
- h. Search database product and manager due diligence reports.

During the evaluation process, proposers may be requested to provide additional information and/or clarify contents of their proposal. Other than information requested by TRS, no proposer will be allowed to alter the proposal or add new information after the filing date.

Finalists may be scheduled for one or more oral presentations or interviews with TRS staff. Not all proposers may be asked to participate. Finalist interviews will be approximately 1 hour and may be scheduled at the TRS office or on-site at the finalist’s office or designated alternate location at the discretion of TRS. Further, finalists may be asked to present their credentials and program specifics to the Board of Trustees at a public meeting. No expenses or costs associated with interviews or Board presentations will be paid or reimbursed by TRS. TRS may require contract and fee negotiations to be completed prior to any presentation or interview. Once finalists are selected, fees may be subject to a “best and final” offer process to be determined at the discretion of the System.

VII. Anticipated Timeline

Subject to change at TRS discretion

Date RFP Issued	July 15, 2019
Deadline for Submitting RFP Response	August 14, 2019
Semi-Finalist Springfield Interviews	September 23- October 7, 2019
Finalists Selected & Notified	October 11, 2019
Finalist Onsite	October - November 2019
Firm(s) Selected	December 10, 2019

VIII. General Conditions

A. Clarification of the RFP

To maintain the integrity of the RFP process, interested proposers are expected to respond to this RFP to the best of their understanding. Proposers must not contact TRS staff, Trustees or related entities about this RFP. If a proposer discovers an error in this RFP, the proposer should immediately notify TRS of such error in writing to Heidi Darow at the following email address: purchasing@trsil.org. If deemed necessary or appropriate in the System's discretion, TRS may clarify or modify any part of this RFP by posting notice on the TRS website prior to the proposal deadline.

B. Restrictions on Communication

Proposers must not discuss or share the contents of their proposals with other potential proposers. TRS policy and the Illinois state ethics law strictly limit communication during the search process. **Any attempt to initiate contact with TRS staff or TRS Trustees, other than as specifically stated in this RFP, may disqualify the proposer from further consideration.**

C. Prior Deficiencies

A proposer that is or has been deficient in current or recent contract performance in dealing with TRS or other clients may be disqualified unless the deficiency is shown to have been beyond the reasonable control of the proposer. TRS may reject a proposal from any proposer that is in default on any debt owed to, or contract with, TRS or other clients, or that is in default as surety or otherwise, upon any obligation to TRS, or has failed to perform faithfully any previous contract with TRS. Proposers that are newly formed business concerns having substantially the same owners, officers, directors, or beneficiaries as a previously existing non-responsible proposer may be disqualified unless the new organization can prove it was not set up for the purpose of avoiding an earlier declaration of non-responsibility.

D. Reservation of Rights

TRS reserves the right to withdraw this RFP, to accept or reject any or all proposals submitted, and to waive any immaterial deviation, defect, or irregularity, whenever it would be in the best interest of TRS to do so. Waiver of an immaterial deviation shall in no way modify the Request for Proposal or excuse a proposer from full compliance with all RFP requirements.

Proposals that contain false or misleading statements or that provide references which do not support an attribute or condition claimed by the proposer will be rejected. Issuance of the Request for Proposal creates no obligation to award a contract or to pay any costs incurred in the preparation of a proposal. Nothing in this RFP or any resulting contract shall preclude TRS from procuring services similar to those described herein from other sources.

E. Selection, Negotiation, Additional Information

TRS is not bound to accept the lowest priced proposal. TRS reserves the right to negotiate with any proposer or proposers. TRS reserves the right to request additional information of clarification on any matter included in the proposal. The selected proposal will be the most advantageous offer for TRS determined by evaluation and comparison of other factors in addition to cost or price.

Prior to award, TRS may negotiate with the highest ranked respondent(s) for the purposes of:

- Resolving minor differences in the services proposed compared to the services requested in this RFP;
- Clarifying details, responsibilities, and proposed activities;
- Emphasizing important issues;
- Receiving assurances from respondent(s), and;
- Exploring ways to improve the final contract.

If after a period of three days of negotiations, TRS cannot come to agreement with the highest ranked respondent(s), TRS reserves the right to cancel the selection of that respondent(s) and negotiate with another responsive proposer.

TRS shall have the right at any time to cancel this RFP and to either not award or contact or re-issue the RFP with changes if it is in the best interest of TRS to do so.

F. Clarification of Proposal

Proposers may be asked to clarify or further explain their proposal. Any clarification will be submitted in writing by the proposer and will be considered part of the proposal. Refusal by a proposer to comply with this requirement will be cause for rejection of the proposal

G. No Confidentiality

Proposals and all materials submitted in response to this RFP cannot be considered confidential except as provided below. All proposals and related materials will be retained by TRS and will be subject to disclosure as required in accordance with the Illinois Freedom of Information Act, 5 ILCS 140. Simply marking all or portions of the proposal as “Proprietary” or “Confidential” will not protect it from disclosure in the event that a public record request is received. If a proposer is submitting proprietary information or strategies with the proposal, the proposer should submit, along with the un-redacted proposal, a redacted copy that removes only that material considered to be a trade secret, competitively sensitive, proprietary, privileged, or confidential such that disclosure would cause competitive harm to the proposer. Final determination of what materials must be released in response to a FOIA request remains in the sole discretion of TRS.

H. Equal Opportunity

TRS does not discriminate because of race, color, religion, creed, sex, sexual orientation, age, marital status, military status, certain unfavorable discharges from military service, political affiliation, citizenship, ancestry, national origin, physical or mental handicap or disability or any other characteristic protected by law. It is the System's intent to comply with all state, federal, and local equal employment and opportunity laws and public policies.

I. Reference Checks

Reference checks may be conducted for each finalist. Please provide reference authorization letter in the format prescribed in Appendix A.

Appendix A: Reference Authorization Letter
[On prospective firm letterhead]

[Month, Day, Year]

[Reference Name]
[Reference Title]
[Company Name]
[Reference Address]
[City, State, Zip]

Dear [Reference Name]:

(Prospective Firm Name) has submitted a proposal to the Teachers' Retirement System of the State of Illinois ("System") with regard to providing real estate and real asset investment consulting services. The System is conducting its due diligence with regard to *(Prospective Firm Name)*. Through this written authorization, *(Prospective Firm Name)* hereby authorizes any individual, business, corporation, retirement system, state agency, or other entity to release any facts and information it may have concerning *(Prospective Firm Name)*, its principals, employees and agents, to the System.

A copy of this authorization may be used as if it were an original. Thank you for your assistance.

Sincerely,

(Prospective Firm Name)

(Authorized Signature and Title)

cc: Richard W. Ingram, Executive Director, TRS

Appendix B: Statement of Minimum Qualifications

(Firm Name) _____ certifies that it meets the following minimum qualifications.

Please initial each as applicable.

1. _____ Currently providing real estate and real asset investment consulting services to clients whose combined assets total at least \$10 billion, and with client(s) with a real estate and real asset portfolio of \geq \$3 billion.
2. _____ The firm has at least two years' experience in conducting real estate and real asset manager searches with public plan sponsors.
3. _____ As of December 31, 2018, the firm has at least five institutional pension fund clients.

Signed: _____ Date: _____

Title: _____

Appendix C: Questionnaire

The following real estate and real asset investment consultant services questionnaire must be completed and included with your response to this RFP. Type your responses in the same order as the questionnaire, listing the question first followed by your answer.

A. Contact and Firm Information

Name of Firm: _____

Mailing Address: _____

City: _____ State: _____ Zip Code: _____

Phone: _____ Fax: _____

Federal Employer Identification Number: _____

Contact Person(s):

Name: _____ Phone: _____

Title: _____ Fax: _____

Email: _____ Website: _____

B. General Firm Information

1. Is the firm a registered investment advisor under the Investment Company Act of 1940? If yes, please provide the firm's SEC File Number.
2. Will the firm contractually agree to be a fiduciary to TRS?
3. Provide a brief history of your firm and its operation. Include the year formed, ownership, structure, biographies of the principals, affiliations, profit sharing programs, and ownership changes in the last five years. Describe your firm's growth objectives and your plans for managing that projected growth.
4. Provide a list of senior personnel who have left your firm over the last three years. Include their title, role at the firm, tenure at the firm, departure date, as well as who replaced them if they were replaced. Discuss, especially from the client perspective, the procedures for managing the loss of a senior professional from your firm.
5. Please provide an organizational chart of your firm.
6. How many minorities, women, disabled people and veterans are employed at your firm, especially at the executive and professional level?
7. Explain how the firm controls the quality of service provided to the clients, the number of consultants in the firm, and the average number of clients assigned per consultant. What is the maximum number of clients per consultant you maintain?

8. What is your firm's mission statement? What do you see as your organization's strongest area of expertise?
9. Provide the names, portfolio sizes and lengths of engagements for the client base using your real estate services for: (a) performance measurement consulting, (b) manager searches, (c) asset allocation consulting or related applications.
10. List your firm's professional staff indicating which person(s) will be assigned to TRS along with a detailed biography for each and their current responsibilities. Also, provide the number of funds and total assets being managed by each professional.
11. Provide details as to who will perform assignments outlined herein.
12. Provide a listing of clients lost or gained during the past five years. List size of the fund and the reason for ending the relationship(s).
13. Has there been any litigation against your firm or its principal/owners/officers in the last five years? If yes, please explain.
14. Will the firm contractually agree to disclose all potential and actual conflicts of interest, and will it annually disclose all sources of firm revenue and all business relationships and affiliations?
15. Will the firm contractually agree to identify and quantify all business relationships with investment managers who are finalists in a TRS search process?
16. Are there circumstances under which your firm or any individual in your firm receives compensation, finder's fees or any other financial benefit from third parties? If yes, provide a list of such parties, the services provided for such amounts, and the amounts received.
17. Provide the coverage amount and name of carrier for: fiduciary liability insurance, errors & omission insurance, and any other applicable insurance.
18. Provide a copy of the current affirmative action plan and ethics policy for your firm.

C. Asset Allocation Model

1. Describe how your firm is prepared to consult with TRS and its retainer consultant on asset allocation changes and other issues related to the total portfolio.
2. What trends does your firm foresee with the real estate and real asset class in the future?

D. Manager Search Process and Asset Allocation Implementation

1. Describe in detail your real estate and real asset manager database and search process.

2. Provide a final report for a recently completed real estate and real asset manager search.
3. Explain how firms enter your search universe. Are there any charges or costs to the firms? How do they "get a foot in the door" of your database?
4. Please explain your firm's policy for the inclusion of minority- and female-owned investment managers within your database. How might these managers be included in your client's investment program?
5. Describe the frequency and magnitude of manager turnover resulting from performance evaluation, portfolio reviews or asset allocation changes resulting from the optimization strategy provided to your clients.
6. How many real estate and real asset managers are retained by your average client?
7. What do you think is the optimum allocation to a single real estate and real asset investment manager?
8. Have you ever assisted any clients in the development and/or evaluation of economically targeted investments or other "social" programs? Provide a brief outline of your experiences, if any, and your general view of the role of such programs in pension plans such as TRS.
9. Explain how due diligence reviews are performed and at what point your firm believes such reviews would be initiated. Do you initiate such reviews or do you wait for instructions from your client to do so? How frequently are these reviews completed?
10. Provide a copy of a recently completed external investment manager due diligence review.
11. Describe your capabilities to evaluate specialty asset managers, i.e., agriculture, timber, hotels, etc. Please discuss your firm's strengths and weaknesses in evaluating non-traditional asset managers.
12. What are your firm's views on direct investment versus fund-of funds investing?
13. Describe your firm's capabilities to assist staff in the monitoring and oversight of co-investment portfolios.

E. Operational Support

1. Please describe the proprietary or external accounting and operational systems utilized for manager and asset level reporting.
2. Please describe the internal capabilities and resources available to track TRS asset level holdings for both comingled funds and direct investments.

3. Please describe your firm’s Limited Partnership Agreement compliance and monitoring.
4. Please describe the processes used to assist clients with LPAC Investment Committee governance and issue review process, general partner correspondence, etc. and any client reporting available on such matters.
5. Please describe the Accounting/Operational support for capital draws, cash distributions, management fees, etc. and any processes/reporting available
6. Please describe the processes used to assist clients with annual audit requirements and/or confirmations
7. Please describe the reporting process for quarterly and annual reports, including timing of reporting, method of delivery (online portal vs email delivery only), etc.
8. Please describe your firm’s performance reporting including carried interest monitoring and reporting, methods of verifying information as provided by managers, and any benchmarks used to assess performance

F. Reference Information

1. Please supply a list of your five largest clients and include size of their real estate and real asset fund and length of service.
2. Please list all public fund clients. Include the size of their real estate and real asset fund and length of service to them.
3. Please provide four references including at least one public fund client and one corporate client. Include name, title, fund, address, and phone number. References should also list the name of the primary consultant(s) currently servicing the account.

G. General Disclosures

1. Please list all services your firm, its principals or any affiliate(s) provide that generate revenues for the firm and indicate the applicable percent of your firm’s total revenue during the past three years.

	<u>2016</u>	<u>2017</u>	<u>2018</u>
Revenues from consulting with plan sponsors	____%	____%	____%
Revenues from real estate investment activities	____%	____%	____%
Revenues from services to real estate investment managers	____%	____%	____%
Revenues from services to real asset investment managers	____%	____%	____%
Other (please list)	____%	____%	____%

2. Does your firm, its principals, or any affiliate, own any part of a money management firm, broker-dealer or other organization that sells services to institutional investors and/or SEC registered investment advisors? If so, identify the firm(s) and describe the relationship.

3. Has your firm, its principals or affiliate ever (i) been the focus of a non-routine Securities and Exchange Commission (SEC) inquiry or investigation or a similar inquiry or investigation from any similar federal, state or self-regulatory body or organization, (ii) been a party to any litigation concerning fiduciary responsibility or other investment related matters, or (iii) submitted a claim to your errors and omissions, fiduciary, liability, and/or fidelity bond insurance carrier(s)? If your firm answered yes to any of these questions, please provide details.

4. Please list all real estate and real asset investment firms from which your firm, its principals, or any affiliates receive compensation. Please identify these revenues sources as client directed, payment for services, and/or revenues not related to a letter of direction or specific services. (Please mark all that apply.)

Firm Name	Client Directed	Real Estate Investment Services	Non-Client Non-Service Related Revenues
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Appendix D: Vendor Type Verification Form

Please complete the information below as it applies to you/your company. This form must be included with your proposal.

Female Owned Business - Must be 51% independently owned by female(s) _____

Minority Owned Business - Must be 51% independently owned by minority(s) _____

Persons with Disability Business - Must be 51% independently owned by disabled person(s) _____

Combination of Above – Any combination of one or more of the three classes above which collectively represents at least 51% ownership _____

Veteran Owned Business - Must be 51% independently owned by veteran(s) _____

None of the above _____

Representative Signature

Date

Appendix E: Fee Proposal

TRS will evaluate fee structures for full retainer services as well as unbundled services. Please quote fees in hard dollars for the following services. Please detail the scope of services to be provided under such an arrangement and provide quotes for any additional services.

Full Retainer:

- A. Annual fee for full-service real estate and real asset consulting arrangement \$ _____

Unbundled Services:

- B. Annual fee for quarterly performance measurement and portfolio monitoring reports \$ _____
- C. Fee for manager search projects \$ _____
- D. Fee for co-investment monitoring \$ _____

Additional Services/Fee Clarification(s):

- E. TRS pays for its services using hard dollars only. Will your firm agree that neither the firm nor any employee or owner of the firm will receive any commission or fee, directly or indirectly, arising from securities in which TRS invests?
- F. Are all related travel expenses of the investment consultant pertaining to attendance at Board meetings and onsite meetings included in your fee proposal?
- G. Are there any services that your firm could provide that would add value to TRS' real estate and real asset portfolio that are not included in the fee proposal? If so, please provide the service(s) and corresponding fee.
- H. Does your firm offer bundled fees for full retainer consulting services across multiple asset classes?

Appendix F: Sample Agreement for Professional Services (Real Estate and Real Asset Investment Consultant)

THIS AGREEMENT FOR PROFESSIONAL SERVICES (this “Agreement”) is made and entered into this ____ day of _____, 20__, by and between the Teachers’ Retirement System of the State of Illinois (the “System”), a retirement system established under and pursuant to the laws of the State of Illinois, and *[INSERT NAME/ADDRESS/LEGAL STATUS OF CONTRACTOR], a *[INSERT LEGAL STATUS OF CONTRACTOR] (“Contractor”).

WHEREAS, the System has need to obtain the professional services of real estate investment consulting firm to assist the System in achieving its investment objectives to ensure prudent management of TRS trust assets; and

WHEREAS, the System has determined through the Request for Proposal (RFP) process that Contractor meets all qualifications described in the RFP to perform the services set forth herein;

WHEREAS, the TRS Board of Trustees resolved on _____ to engage Contractor to perform the work specified in this Agreement,

NOW THEREFORE, Contractor agrees to provide the following professional services to the System pursuant to the terms of this Agreement as more fully detailed below:

Services: In accordance with the terms of this Agreement and any attachments hereto, the Request for Proposal for Real Estate and Real Asset Investment Consultant Services issued July 15, 2019 (the “RFP”), and Contractor’s response to the RFP (the “RFP Response”), Contractor shall provide performance measurement and reporting system services. Under the direction of the Board, Executive Director, Chief Investment Officer or a designee, the services to be provided by the Contractor shall include, but are not limited to, the following: [AS AGREED]

Term of the Agreement: The professional services under this Agreement shall be provided between date of execution and December 31, 2024 (not to exceed five years) unless earlier terminated in accordance with this Agreement. The term of this Agreement may not be extended.

Compensation:

- a) [AS AGREED]
- b) Such fee shall include all normal business expenses, including all overhead expenses associated with Contractor’s business, such as clerical time and overtime, computer usage, telephone calls, tele-facsimiles, photocopying, and mailing an express delivery expenses.

- c) All out-of-pocket expenses attributable to performance of services under this Agreement, including without limitation, transportation, lodging, and meals during the period of travel, shall be at Contractor's own expense, and the System shall have no obligation to reimburse Contractor for any such out-of-pocket expenses.
- d) Unless otherwise agreed upon and stated herein, this Agreement does not allow for reimbursement of any expenses incurred by Contractor, including but not limited to telephone, facsimile, Internet, or other communications device, computer, postage, delivery, copying, travel, transportation, lodging, food and per diem, clerical time, and overtime.

Billing: Contractor shall submit quarterly invoices for services provided hereunder in accordance with terms outlined below:

- a) By submitting an invoice, Contractor certifies that the professional services provided meet all requirements of the Agreement, that the amount billed is as allowed in the Agreement, and that any expenses billed are reimbursable under this Agreement.
- b) Invoices shall be signed by Contractor and shall set out Contractor's social security number or FEIN.
- c) Invoices submitted by Contractor for the professional services performed prior to July 1 must be presented to the System no later than July 15 of that year in order to ensure payment under this Agreement. Failure by Contractor to seek payment of invoices prior to July 15 may require Contractor to seek payment in the Illinois Court of Claims.
- d) Contractor shall not bill for any taxes unless accompanied by proof that TRS is subject to the tax. If necessary, Contractor may request the applicable Illinois tax exemption number and federal tax exemption information.

Payment: Payments will be paid in accordance with the Prompt Payment Act, 30 ILCS 540. Payment will be made in the amount earned to date of invoice, less previous partial payments. Final payment may be adjusted by the System if such adjustment is supported by a System audit. All recordkeeping shall be in accordance with sound accounting standards. TRS shall not be liable to pay for supplies or equipment provided or services rendered, including related expenses, incurred prior to the execution of this Agreement by all parties and the beginning of the term of this Agreement.

Compliance with Investment Law and Policies: In acting as an investment consultant hereunder, Contractor, its employees, agents, and subcontractors shall act at all times in accordance with all applicable requirements of the Illinois Pension Code, 40 ILCS 5/1, and 40 ILCS 5/16-179, and any other applicable requirements under the laws of the State of Illinois, and all federal, state, and local laws, rules, ordinances, regulations, orders, federal circulars, and all license and permit requirements in the performance of this Agreement. Contractor shall, at all times during the term of this Agreement, maintain compliance with all applicable tax requirements and be current in payment of such taxes. Contractor acknowledges receipt of the System's investment policy (the

“Investment Policy”) in effect as of the date of this Agreement, which document is attached hereto and fully incorporated herein as Appendix __. Contractor understands and agrees that such Investment Policy is subject to change and agrees that it shall act at all times in accordance with any written investment policies of the System in their most current version, which documents, in their most current version, shall be deemed fully incorporated herein by reference.

Fiduciary: In addition to, but not in lieu of any and all applicable fiduciary standards imposed under federal or state law, Contractor is a fiduciary with respect to the System and Contractor shall perform its duties under this Agreement with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in an enterprise of like character and with like aims. Termination of this Agreement does not release Contractor from any of its fiduciary duties and obligations with respect to the System.

Confidential Data and Information: Contractor, including its personnel, agents, and subcontractors, may have access to, collect, or receive confidential data, member records, or other information owned or maintained by the System in the course of carrying out its responsibilities under this Agreement. The System hereby designates all information received or accessed pursuant to this Agreement as confidential unless otherwise designated in writing by the System. Contractor shall not unnecessarily communicate such data or information within Contractor’s operations. No such data or information shall be used for competitive purposes nor disclosed or disseminated except as authorized by law and with the written consent of the System, either during the period of this Agreement or thereafter. Contractor must return all such data and information, in whatever form it is maintained, promptly at the end of the Agreement or earlier at the request of the System, or shall notify the System in writing of its destruction. The foregoing obligations do not apply to confidential data or information lawfully in the receiving party’s possession prior to acquisition under this Agreement, received in good faith from a third party not subject to any confidentiality obligation, that is or becomes publicly known through no breach of confidentiality obligation, or that is independently developed by the receiving party without the use or benefit of the System’s data or information.

Amendment and Changes: This Agreement may be amended in writing from time to time by mutual consent of the parties. All amendments to this Agreement must be in writing and fully executed by the parties.

Applicable Law: This Agreement and Contractor's obligations and services hereunder are hereby made and must be performed in compliance with all applicable federal and state laws. This Agreement shall be construed and governed in accordance with the laws of the State of Illinois to the extent that such laws are not pre-empted by the laws of the United States of America. By entering into this Agreement, Contractor agrees to submit to the exclusive jurisdiction of the state and federal courts of Illinois and agrees that any action or proceeding against the System arising out of or in connection with this Agreement shall be instituted in the Illinois Court of Claims. The System shall not enter into binding arbitration to resolve any dispute arising out of this Agreement. The System does not waive sovereign immunity by entering into this Agreement.

Bankruptcy: Contractor shall promptly notify the System if Contractor becomes insolvent, files a petition in bankruptcy, becomes a party to an involuntary bankruptcy proceeding, or makes an assignment for the benefit of creditors. In such an event, the System may immediately cancel all or any portion of this Agreement upon written notice.

Certifications and Conflicts: Contractor certifies that it is not legally prohibited from contracting with TRS or the State of Illinois, has no known conflicts of interest, and further specifically certifies as follows:

- a) **Educational Loan:** Contractor, in accordance with the Educational Loan Default Act, is not in default on an educational loan. **5 ILCS 385.**
- b) **Ethics:** Contractor acknowledge that employees and trustees of TRS are subject to the State Officials and Employees Ethics Act, that TRS has adopted a gift ban more restrictive than required by state law, and agrees to refrain from bestowing or offering gifts of any monetary or non-monetary value to TRS employees or trustees. **5 ILCS 430.**
- c) **Bribery:** Contractor has not been convicted of bribing or attempting to bribe an officer or employee of the State of Illinois or any other state, nor made an admission of guilt of such conduct that is a matter of record. TRS shall declare this Agreement void if this certification is false. **30 ILCS 500/50-5.**
- d) **Felony:** If Contractor has been convicted of a felony, at least five years has passed after the date of completion of the sentence for that felony, unless no person held responsible by a prosecutorial office for the facts upon which the conviction was based continues to have any involvement with the business. TRS shall declare this Agreement void if this certification is false. **30 ILCS 500/50-10.**
- e) **Sarbanes-Oxley:** If Contractor has been convicted of a felony under the Sarbanes-Oxley Act of 2002, or a Class 3 or Class 2 felony under the Illinois Securities Law of 1953, 815 ILCS 5, at least five years has passed from the date of conviction. Contractor is not barred from being awarded a contract under 30 ILCS 500/50-10.5, and acknowledges that TRS shall declare this Agreement void if this certification is false. **30 ILCS 500/50-10.5.**
- f) **Debt Delinquency:** Contractor and its affiliates are not delinquent in the payment of any debt to the State, or if delinquent, have entered into a deferred payment plan to pay off the debt. Contractor further certifies that it is not barred from being awarded a contract under 30 ILCS 500/50-11, and acknowledges that TRS may declare this Agreement void if this certification is false, or if Contractor later becomes delinquent and has not entered into a deferred payment plan to pay off the debt. **30 ILCS 500/50-11; 30 ILCS ILCS 500/50-60.**
- g) **Illinois Use Tax:** Contractor is not barred from being awarded a contract under 30 ILCS 500/50-12, and acknowledges that TRS may declare this Agreement void if this certification is false. Contractor shall collect and remit Illinois Use Tax on all sales of

tangible personal property into the State of Illinois in accordance with the provisions of the Illinois Use Tax Act, and acknowledges that failure to comply can result in this Agreement being declared void. **30 ILCS 500/50-12.**

- h) **Environmental Protection:** Contractor has not committed a willful or knowing violation of the Environmental Protection Act (EPA) relating to civil penalties within the last five years, and is therefore not barred from being awarded a contract. If this certification is later determined to be false, Contractor acknowledges that the System may declare this Agreement void. **30 ILCS 500/50-14.**
- i) **Lead Poisoning:** Contractor is not in violation of the Illinois Procurement Code provision prohibiting owners of residential buildings who have committed a willful or knowing violation of the Lead Poisoning Prevention Act from doing business with the State until the violation is mitigated. **30 ILCS 500/50-14(c), 410 ILCS 45.**
- j) **Conflict of Interest:** Contractor does not have any public or private interest, direct or indirect, and shall not acquire directly or indirectly any such interest which does or may conflict in any manner with Contractor's obligations under this Agreement. Contractor has disclosed, and agrees it is under a continuing obligation to disclose to TRS, financial or other interests, public or private, direct or indirect, that may be a potential conflict of interest or which would prohibit Contractor from entering into or continuing to perform under this Agreement. Contractor further certifies that, in the performance of this Agreement, no person having any such interest shall be employed by Contractor. If any elected or appointed State officer or employee, or spouse or minor child of same has any ownership or financial interest in Contractor or this Agreement, Contractor certifies that it has disclosed that information to TRS, and any waiver of the conflict has been issued in accordance with applicable law and rule. Membership in the Teachers' Retirement System of the State of Illinois does not constitute a conflict of interest within the meaning of this paragraph. **30 ILCS 500/50-13, 30 ILCS 500/50-15, 30 ILCS 500/50-35.**
- k) **Inducement:** Contractor has not offered or paid any money or valuable thing to induce any person not to bid for a State contract, and has not accepted any money or valuable thing, or acted upon the promise of same, for not bidding on a State contract. **30 ILCS 500/50-25.**
- l) **Non-Solicitation:** Contractor has not employed or retained any company or person, other than a bona fide employee working solely for Contractor, to solicit or secure this Agreement, and has not paid or agreed to pay any company or person, other than a bona fide employee working solely for Contractor, any fee, commission, percentage, brokerage fee, gifts, or any other consideration contingent upon or resulting from the award of making of this Agreement.
- m) **Revolving Door:** Contractor is not in violation of the "revolving door prohibition" on procurement activity relating to a State agency. **30 ILCS 500/50-30.**

- n) **Anticompetitive Practices:** Contractor will report to the Illinois Attorney General and the Chief Procurement Officer any suspected collusion or other anticompetitive practice among any bidders, offerors, contractors, proposers, or employees of the State. **30 ILCS 500/50-40, 30 ILCS 500/50-45, 30 ILCS 500/50-50.**
- o) **Business Entity Registration:** Contractor certifies either: (a) it is not required to register or (b) it is registered as a business entity with the State Board of Elections pursuant to the Procurement Code, 30 ILCS 500/20-160 and acknowledges a continuing duty to update such registration pursuant to the Procurement Code. Contractor acknowledges that this Agreement is voidable under Section 50-60 of the Procurement Code if Contractor fails to comply with the business entity registration requirements. **30 ILCS 500/20-160; 30 ILCS 500/50-60.**
- p) **ERI:** Contractor has informed the System in writing if Contractor was formerly employed by the System and received an early retirement incentive prior to 1993 under 40 ILCS 5/14-108.3 or 16-133.3 of the Illinois Pension Code, and acknowledges that contracts made without the appropriate filing with the Auditor General are not payable from the “contractual services” or other appropriation line items. Contractor has not received an early retirement incentive in or after 2002 under 40 ILCS 5/14-108.3 or 40 ILCS 5/16-133.3 of the Illinois Pension Code, and acknowledges that contracts in violation of Section 15a of the State Finance Act are not payable from the “contractual services” or other appropriation line items. **30 ILCS 105/15a.**
- q) **Drug Free Workplace:** Contractor will provide a drug free workplace and will not engage in the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance during the performance of this Agreement. This certification applies to contracts of \$5,000 or more with individuals, and to entities with 25 or more employees. **30 ILCS 580.**
- r) **International Boycott:** Neither Contractor, nor any substantially owned affiliate, is or shall participate in an international boycott in violation of the U.S. Export Administration Act of 1979 or applicable regulations of the U.S. Department of Commerce. This certification applies to contracts that exceed \$10,000. **30 ILCS 582.**
- s) **Forced Labor:** In accordance with the State Prohibition of Goods from Forced Labor Act, no foreign-made equipment, materials, or supplies furnished under this Agreement have been or will be produced in whole or in part by forced labor, convict labor, or indentured labor under penal sanction. **30 ILCS 583.**
- t) **Child Labor:** In accordance with the State Prohibition of Goods from Child Labor Act, no foreign-made equipment, materials, or supplies furnished under this Agreement have been or will be produced in whole or part by the labor of any child under the age of 12. **30 ILCS 584.**
- u) **Bid Rigging/Rotating:** Contractor has not been convicted of bid rigging or bid rotating or any similar offense of any state or of the United States. **720 ILCS 5/33E-3, E-4.**

- v) **Nondiscrimination/Equal Employment Opportunity:** Contractor will comply with applicable provisions of the State and Federal constitutions, laws, and regulations pertaining to unlawful discrimination, harassment, and equal employment opportunity, including but not limited to the U.S. Civil Rights Act, Section 504 of the Federal Rehabilitation Act, the Americans with Disabilities Act, the Public Works Employment Discrimination Act, and the Illinois Human Rights Act. **42 USC 12101 et seq., 775 ILCS 5, 775 ILCS 10.**

- w) **Discriminatory Club:** Contractor does not pay dues or fees, or subsidize or otherwise reimburse its employees or agents for any dues or fees to any discriminatory club. **775 ILCS 25.**

- x) **Affiliates:** Contractor shall disclose the names and addresses of (i) itself; (ii) any entity that is a parent of, or owns a controlling interest in Contractor; (iii) any entity that is a subsidiary of, or in which a controlling interest is owned by, Contractor; (iv) any persons who have an ownership or distributive income share in Contractor that is in excess of 7.5%; or (v) who serves as an executive officer of Contractor. **40 ILCS 5/1-113.14(c)(5).**

Employment Status: Contractor and all personnel that Contractor assigns to perform services under this Agreement are not employees of the System and amounts paid pursuant to this Agreement do not constitute compensation paid to any employee of the System. The System assumes no liability for actions of Contractor or its personnel under this Agreement and this Agreement is not subject to the State Employee Indemnification Act, as amended, 5 ILCS 350.

Entire Agreement: This Agreement, together with any exhibits or attachments hereto, constitutes the entire agreement between the parties concerning the subject matter of this Agreement, and supersedes all prior proposals and contracts between the parties concerning the subject matter of this Agreement. Any provision of this Agreement officially declared void, unenforceable, or against public policy, shall be ignored and the remaining provisions shall be interpreted, as far as possible, to give effect to the parties' intent. All provisions that by their nature would be expected to survive, shall survive termination. In the event of a conflict between the System's and Contractor's terms, conditions, and attachments, the System's terms, conditions, and attachments shall prevail.

Execution of Originals: This Agreement may be executed in two or more counterparts, any one of which shall be an original without reference to the others.

FEIN Certification: Contractor certifies that the information listed below is correct.

Contractor's legal name of business: _____

Taxpayer Identification Number: _____

Legal status of business: _____

Tax classification:
[Check only if legal status is
a limited liability company]

- S = S Corporation
 C = Corporation
 P = Partnership

Finder's Fee: Contractor certifies that no finder's fee or finder's commission, or third-party placement, marketing, solicitor's, consulting, or contingency fee, or any other consideration has been paid or shall be paid to any individual or organization, other than a bona fide employee working solely for Contractor, resulting from or related to the establishment of this investment consulting relationship with the System. Contractor shall fully disclose any direct or indirect fees, commissions, penalties, or other compensation, including reimbursement for expenses that may be paid by or on behalf of Contractor in connection with the provision of services to the System, and acknowledges a continuing duty to update such disclosure promptly after a modification of those payments or an additional payment.

Inability to Perform: Contractor agrees that if, due to death, illness, departure, or any other occurrence, any principal or principals of Contractor become unable to perform the services set forth in this Agreement, neither Contractor nor the surviving principals shall be relieved of their obligations to complete performance hereunder. Contractor may substitute other professionals to perform such services only upon approval of the System. Contractor shall immediately notify the System of any occurrence resulting in the inability of any principal or principals of Contractor to perform the services set forth in this Agreement, in which event the System, at its own option, may immediately terminate this Agreement upon written notice to Contractor.

Indemnification: Contractor shall indemnify, defend, save and hold harmless the System, its board members, trustees, officers, agents and employees, in both individual and official capacities, from and against any and all suits, actions, claims, demands, damages, losses, costs, and expenses, including attorney's fees and all expenses, which are the result of an error, omission or negligent act of Contractor or any of its employees or agents arising out of or resulting from the provision of Goods and/or performance of services under this Agreement, except where such is due to the active negligence of the party seeking to be indemnified. This paragraph is applicable to the full extent allowed by the laws of the State of Illinois and not beyond any extent that would render this paragraph void or unenforceable.

Independent Contractor: Contractor is an independent contractor in the performance of this Agreement, and is not an agent, employee, partner, or in joint venture with the System. All payments by the System shall be made on that basis. Contractor and its employees are not employees of the System and amounts paid pursuant to this Agreement do not constitute compensation paid to an employee of the System. All personnel performing services pursuant to this Agreement are employees of Contractor, are treated as employees of Contractor for tax reporting purposes, and are provided all benefits of such employment that are provided or accrue to Contractor's employees, including, without limitation, health insurance, life insurance, disability insurance, workers' compensation, vacation, paid holidays, sick leave, and the like. The System assumes no liability for actions of Contractor or its employees under this Agreement and this Agreement is not subject to the State Employee Indemnification Act, 5 ILCS 350.

Insurance: Contractor shall, at its sole cost and expense, procure and maintain in full force and effect during the term of this Agreement, a Certificate of Insurance naming the System and additional insured for all required bonds and insurance. Certificates may not be modified or canceled until at least 30 days' notice has been provided to the System. Contractor shall provide in the following minimum amounts: (a) General Commercial Liability-occurrence form in the amount of \$1,000,000 per occurrence (Combined Single Limit Bodily Injury and Property Damage) and \$2,000,000 Annual Aggregate; (b) Auto Liability, including Hired Auto and Non-owned Auto, in the amount of \$1,000,000 per occurrence (Combined Single Limit Bodily Injury and Property Damage); and (c) Worker's Compensation Insurance in the amount required by law. Insurance shall not limit Contractor's obligation to indemnify, defend, or settle any claims.

Nonexclusive Agreement: Contractor understands, acknowledges, and agrees that Contractor does not have an exclusive agreement with the System to provide the supplies, equipment, and/or services hereunder, and that the System may engage others to provide the same or similar goods and/or services without any obligation to Contractor.

Notices: Notices and any other communication provided for herein shall be given in writing to the contacts designated below by registered or certified mail, return receipt requested, by receipted hand delivery, by courier (UPS, Federal Express, or other similar and reliable carrier), by email, or by fax showing the date and time of successful receipt. Each such notice shall be deemed to have been provided at the time it is actually received. By giving notice, either party may change the following contact information:

Contractor: [Company Name]
1. Attention:
[Mailing Address]
[City, State Zip Code]
Phone:
Fax:
Email:

TRS: Teachers' Retirement System of the State of Illinois
Attention: Heidi Darow, Purchasing Officer
2815 W. Washington St., P.O. Box 19253
Springfield, Illinois 62794-9253
Phone: 217-814-2049
Fax: 217-753-0969
Email: hdarow@trsil.org

No Waiver: Except as specifically waived in writing, failure by either party to exercise or enforce a right or obligation under this Agreement shall not affect any subsequent ability to exercise or enforce a right or obligation.

Performance Review: Contractor's performance of services pursuant to this Agreement is subject to annual review by the System's investment staff according to pre-established criteria, with the

results of such performance review presented to the Investment Committee of the System's Board of Trustees.

Records Retention: Contractor and its subcontractors agree to comply with Section 20-65 of the Illinois Procurement Code, 30 ILCS 500/20-65, and shall maintain adequate books and records relating to the performance of this Agreement and necessary to support amounts charged to the System under this Agreement. Books and records, including information stored in databases or other computer systems, shall be maintained by Contractor and its subcontractors for a period of three years from the later of the date of final payment under the Agreement or completion of the Agreement. Such three-year period shall be extended for the duration of any audit in progress at the time of that period's expiration. Such books and records shall be available for review or audit by the Illinois Auditor General, other governmental entities with monitoring authority, and the System, upon reasonable notice and during normal business hours. Contractor and its subcontractors shall cooperate fully with any such review or audit. Failure to maintain such books and records shall establish a presumption in favor of the System for the recovery of any funds paid by the System under this Agreement for which adequate books and records are not available. Contractor shall not impose a charge or pass on fees or costs for review or audit of such books and records. Contractor shall take reasonable steps to ensure that its subcontractors are in compliance with this provision.

RFP or Bid: The System's Request for Proposal (RFP), Invitation to Bid, or any similar document soliciting contractors for the work set forth herein, and Contractor's response thereto, are hereby incorporated by reference into this Agreement as though fully set forth herein. To the extent that there are any conflicts between the RFP or bid document and this Agreement, this Agreement shall prevail.

Severability: Any provision, covenant, or condition of this Agreement which is held by a court of competent jurisdiction to be invalid or not enforceable in any jurisdiction, shall be ineffective to the extent of such invalidity or unenforceability without invalidating or rendering unenforceable the remaining provisions hereof and any such invalidity or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Subcontracting and Assignment:

- a) This Agreement may not be assigned or transferred in whole or in part without a written amendment duly executed by both parties.
- b) If Contractor intends to utilize one or more subcontractors in performance of this Agreement, Contractor shall provide prior written notice to the System identifying the names and addresses of all such subcontractors to be utilized by Contractor in the performance of this Agreement, together with a description of the work to be performed by the subcontractor and the anticipated amount of money that each subcontractor will receive from Contractor for such work. This Agreement shall apply to and bind all subcontractors utilized by Contractor in the performance of this Agreement as fully and completely as Contractor is hereby bound and obligated. For purposes of this section,

subcontractors are those specifically hired to perform all or part of the work or to provide equipment or supplies covered by the Agreement.

Termination:

- a) This Agreement may be terminated at any time by the mutual consent of the System and Contractor.
- b) Either party may, without the consent of the other party, terminate this Agreement upon 30 days' prior written notice to the other party.
- c) Notwithstanding any contrary provision in this Agreement, this Agreement may be terminated at the option of the System whenever the System determines that such termination is in its best interests, upon 30 days' prior written notice to Contractor.
- d) Upon notice of termination, Contractor shall cease work under this Agreement except work that TRS directs in writing to be completed, and take all necessary or appropriate steps to limit disbursements and minimize costs, and cooperate in good faith with TRS during the transition period between notification of termination and substitution of any replacement contractor. Contractor shall be entitled to payment for satisfactory supplies, equipment and/or services provided under the Agreement. In the event the System and Contractor cannot agree to the amount of payment due Contractor, Contractor will receive a percentage of payment provided under the Agreement equal to the percentage of work completed prior to termination of the Agreement. Contractor shall immediately return to TRS any payments for supplies, equipment, or services that were not rendered by Contractor.
- e) Termination of this Agreement shall not relieve either party of any obligations hereunder which were incurred prior to the date upon which the termination is effective.

Use and Ownership: All work performed or created by Contractor under this Agreement, whether written documents or data, goods, or deliverables of any kind, shall be deemed work-for-hire under copyright law and all intellectual property and other laws, and the System is granted sole and exclusive ownership to all such work, unless otherwise agreed to herein. Contractor hereby assigns to the System all right, title, and interest in and to any such work including any related intellectual property rights, and/or waives any and all claims that Contractor may have to such work including the so-called "moral rights" in connection with the work. Confidential data or information contained in such work shall be subject to all confidentiality provisions of this Agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first above written.

[SIGNATURE BOX]

Appendix G: TRS Real Estate and Real Asset Investment Managers (as of 7/01/2019)

TRS Managers/Fund Relationships
Separate Accounts:
Barings
Heitman
Invesco
Lincoln Property Company
Principal
Commingled Funds:
Beacon Capital Strategic Partners V
Black River Agriculture Fund 2
Blackstone Asia I & II
Blackstone Real Estate Partners VI, VII, VIII, & IX
Blackstone Infrastructure Partners
Capri Select Income II
Carlyle (CEREP III)
Carlyle IV, VII, & VIII
Carlyle Global Infrastructure
Cityview - Southwest Multifamily Partners
Dyal Project Zeus Co-Investment
Exeter Industrial Value Fund IV
Fortress Japan III & IV
Gateway RE Partners IV
IC Hospitality Fund II
LaSalle Asia Opportunity Fund III & IV
Lone Star Real Estate Funds III, IV, V, & VI
Macquarie European Infrastructure Fund VI
Madison International Liquidity Fund VI
Niam V
Oak Street Real Estate Capital - NLP
Oak Street Real Estate Capital Fund III & IV
Rockpoint V & VI
Sheridan Production Partners III-B
Starwood IX, X, XI
Starwood Retail Co-Investment
Starwood Project Whale Co-Investment
Starwood TMI Co-Investment
Starwood Value-Add Fund
Tristan Capital Partners – EPISO V
Walton Street RE Funds IV, VI, VII
Westbrook X & XI
West Street Infrastructure Partners III

