

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



**REQUEST FOR PROPOSALS FOR  
PRIVATE DEBT/PRIVATE CREDIT CONSULTANT SERVICES**

**Issued November 10, 2022**

**Responses due December 15, 2022 by 2:00 pm CST**

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## I. Introduction

The Teachers' Retirement System of the State of Illinois (the System or TRS) is requesting proposals to provide private debt/credit 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 private debt return 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.

A proposer's preparation and 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 434,000 members and had over \$63 billion in assets held in trust for its membership as of August 31, 2022.

The retirement system is administered as a qualified plan under 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 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 5/16. Under the direction of the Executive Director employed by the Board, the day-to-day administration of the System is delegated to the System's 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 asset allocation as of August 31, 2022 was as follows:

Asset Class	08/31/22 Total Fund \$ Millions
Equities (U.S., Int'l., Private)	\$31.2 billion
Income (Public/Private/ST)*	\$15.4 billion
Real Assets	\$12.3 billion
Diversifying Strategies	\$4.4 billion
<b>Total Fund-1</b>	<b>\$63.3 billion</b>

1 –August 31, 2022 values are preliminary and subject to change.

\*From 2008-2022, TRS has committed \$10.4 billion to private debt structures with a current fair market value of \$5.2 billion. This includes, but not limited to, US/international direct lending, specialty finance, sector specific finance, real estate debt, stressed debt and accounts of one.

### III. Services Required

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

TRS’s private debt book has exceeded over \$10 billion in commitments since 2008 encompassing most sectors. Commitments have been via funds and separate accounts.

The services to be provided shall include, but are not limited to, the following:

#### 1. General

- Assessment of goals and objectives, policies and procedures and guidelines
- Review of the market environment, portfolio, and fund performance relative to benchmarks, and structure of portfolio
- Recommendation of sub strategy targets
- Modeling of commitment pacing and portfolio exposures
- Presentations to the Board including the asset class Tactical Plan and Performance Review on an annual basis

- Identification, diligence, and recommendation of investments by sub strategy, geography, and/or sector
- Recommendations to staff on the sale, disposition, or replacement of investments upon request
- Participation in calls with staff as needed and at TRS Board meetings upon request

## **2. Strategic Direction/Structure of the Portfolio**

- Provide input on capital market assumptions (risk, return and correlation) for the asset class including supporting research and industry perspective
- Review TRS Investment Policy and recommend revision, as necessary, related to private debt investing
- Provide insight into industry trends and products/strategies in which the System may not currently be an investor
- Develop presentations or projects involving specific private debt strategies, geographies, and/or sectors, which can include a macro view of participants and investment trends
- Update staff on changing market conditions and trends affecting the terms and structure of private debt investment, which could influence pacing in certain segments of the market

## **3. Investment Manager Research/Sourcing**

- Work closely with staff to identify suitable private debt investments for the Fund
- Conduct initial and ongoing operational and investment due diligence of private debt investment managers and vehicles
- Verify all manager activity is lawful, ethical, reasonable and in the best interest of the System
- Provide appropriate written documentation for any recommendation for investment
- The full diligence review will be customized to address the pertinent issues concerning the investment and its fit within the existing TRS portfolio. Advisor diligence may include, without limitation, any or all of the following: gathering and review of investment documents including offering materials, the Limited Partnership Agreement, financial statements, data supporting track-records and valuations, conducting reference checks, and providing background checks on key members of the firm
- Consultant will provide to the staff a detailed investment memo and recommendation that will contain an overview of the firm, management and team, strategy and process, performance, and competitive position
- Upon request, consultant will advise staff on the structuring and negotiation of provisions to be incorporated in the terms of a Limited Partnership Agreement that specifically relate to monitoring, including those provisions which govern the format, frequency, and scope of reports provided by general partners to TRS, as a limited partner

#### **4. Monitoring/Reporting**

- Monitor performance of private debt investments
- Provide private debt benchmarks (where applicable) for the portfolio as applicable and create a custom benchmark appropriate for the TRS portfolio
- Periodically report to the Board of Trustees
- A detailed review of performance, attribution and relevant comparison to similar funds and the overall private debt universe for all reports
- Identify areas of heightened risk or new opportunities
- Work with staff to select and implement an private debt performance monitoring infrastructure
- Work with staff to develop monthly reporting standards and guidelines
- To the greatest extent possible, review, analyze, and assess financial statements, performance reports, and other related materials provided to TRS by the general partners of primary fund and co-invest relationships
- Maintain detailed records of all cash flows and serve as the keeper of record for the program, and support TRS staff for all needs related to the accounting of the program
- Prepare and provide staff with comprehensive monitoring reports that give an update of each fund and co-investment with a detailed evaluation of investment performance for each partnership and co-investment on a quarterly basis. The information will include, but is not be limited to TRS commitment, vintage year, invested capital, valuation, cumulative distributions, and unfunded commitments
- Detail will include on portfolio companies commencement, name, original cost, distributions, remaining value, location, industry classification, etc. Additionally, a full roll up at the private debt composite level by sector, investment type, leverage, etc.
- Consultant may advise staff upon request to actions or investment strategies which might be undertaken or might be requested to be undertaken with respect to any Partnership, including any modifications to the partnership agreements and/or requests pertaining to advisory board requests
- Monitor administrative and organizational expenses by fund or account of one
- Provide any custom reporting as agreed upon by TRS staff and consulting team
- Provide custom reporting and monitoring for TRS's custom or hybrid accounts included in the Global MultAsset Solutions sleeve
- Provide a monthly report of capital calls and distributions

#### **5. Back Office Support**

- Assist staff in implementing best practices commensurate with the scope of the program
- Provide resources and specific recommendations to improve existing middle and back office processes
- Work with the TRS master custodian regarding accounting and performance issues within the asset class
- Assist staff in properly accounting for cash and non-cash transactions, reconciling on a monthly basis

- Prepare, as needed, detailed reporting of base and incentive fees accrued and/or paid by partnership/investment
- Work with the TRS master custodian and TRS staff regarding accounting and performance issues within the asset class
- Provide operational support as needed to staff when requesting information from general partners/investment managers

## **IV. Proposal Content**

At a minimum, the proposal must include the following information to be considered for the engagement. 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.**

### **1. 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:

- a. 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 June 30, 2023.
- b. 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.**
- c. 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.

- d. 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.
- e. **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.**
- f. 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 and/or the Illinois Open Meetings Act 5 ILCS 120. TRS must comply with the Illinois Freedom of Information Act (5 ILCS 140/1 et seq.) TRS cannot represent or guarantee that any information submitted in response to this Invitation for Bids will be confidential. If TRS receives a request for any document submitted in response to the request for Proposal, TRS's sole responsibility will be to notify respondent of a request for such document to allow the respondent to seek protection from disclosure in a court of competent jurisdiction. No documentation will be provided under FOIA until the contract has been awarded.
- g. 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.

## **2. Vendor Type Verification Form**

Proposers must complete and return the Vendor Type Verification form in the form contained in Appendix A

## **3. Statement of Minimum Qualifications**

Proposers must complete and return the Minimum Qualifications Certification in the form contained in Appendix B.

## **4. Reference Checks**

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



## 5. Questionnaire

The questionnaire contained in Appendix D to this RFP must be completed and returned as part of the proposal.

## 6. Fee Proposal

Proposers must submit their fee 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 costs and expenses for providing the services to TRS as described in this RFP. Once finalists are selected, fees may be subject to a “best and final” offer process to be determined at the discretion of the System. The fee proposal must expressly state that the proposed fees are guaranteed for the term of any resulting contract.

## 7. Contract

This Request for Proposal is neither a contract nor meant to serve as a contract. It is anticipated that one or more 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 firms submitting proposals clearly and thoroughly identify any and all contractual concerns in their written proposal.** 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. CST on December 15, 2022.** Proposals should be in an Adobe Acrobat format and should be emailed to Heidi Darow at [bidsubmissions@trsil.org](mailto:bidsubmissions@trsil.org). Subject must contain **“Response to Request for Proposals for Private Debt/Private Credit Consultant Services – Name of Responder.”** Failure to clearly identify the proposal in the subject line may result in the rejection of the proposal. Only email submissions will be accepted. TRS is not responsible for receipt of any proposal which is improperly labeled. An email confirmation will be sent confirming receipt of the proposal.

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, firm, partnership, corporation, or combination thereof, will be considered for this assignment.

## VI. Evaluation Process

### 1. Pre-Evaluation Review

All proposals will be reviewed to determine if they contain all the required submittals specified in their RFP. Those not submitting all required information in the prescribed format will be rejected. .

### 2. 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:

- Understanding of the services requested
- Soundness of the approach and quality of the proposed services
- Firm qualifications including established record of success in similar work
- Individual qualifications of the assigned staff
- Proposed deliverables
- Cost

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	November 10, 2022
Deadline for Submitting RFP Response	December 15, 2022
Proposal Evaluation	Dec 2022-Feb 2023
Semi-Finalist Interviews	March/April 2023
Finalist Interviews	March/April 2023

## VIII. General Conditions

### 1. 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 **without asking questions or requesting clarification**. 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](mailto: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.

### 2. 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.**

### 3. 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.

### 4. 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.

## **5. No Confidentiality**

Proposals and all materials submitted in response to this RFP cannot be considered confidential. 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.

## **6. 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.

## **Appendix A: 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 B: Statement of Minimum Qualifications**

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

Please initial each as applicable.

1. \_\_\_\_\_ The firm and/or its principals have a minimum of five years of experience in providing private debt investment consultant services for institutional investors, in aggregate with a private debt book with at least a minimum of \$1 billion.
2. \_\_\_\_\_ As of December 31, 2022, the firm has at least three institutional clients for which it is providing private debt investment consultant services.
3. \_\_\_\_\_ The firm agrees to propose the required services on a non-discretionary, fee only basis.
4. \_\_\_\_\_ The advisor agrees to function as a fiduciary to the System with respect to private debt investment consulting.
5. \_\_\_\_\_ The primary consultant assigned to the account will commit a minimum of 20% of his or her available time to TRS.

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

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

**Appendix C: 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 private debt 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: R. Stanley Rupnik, CFA, Executive Director and CIO, TRS

## Appendix D: Questionnaire

The following private debt/credit 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.

### 1. Contact and Firm Information

Name of Firm: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Phone: \_\_\_\_\_

Federal Employer Identification Number: \_\_\_\_\_

Contact Person(s):

Name: \_\_\_\_\_ Phone: \_\_\_\_\_

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

Email: \_\_\_\_\_ Website: \_\_\_\_\_

### 2. General Firm Information

- a. Provide a historical overview of the firm including ownership.
- b. Describe the current financial condition of the firm. Include a copy of the firm's financial statement for the most recent annual reporting period.
- c. Describe any significant developments in your organization that have occurred since January 1, 2022 (changes in ownership, personnel, reorganization, etc.). Describe any anticipated near term changes as well.
- d. Provide details on any primary consultant, officer, or principal involvement in any business litigation, regulatory, or other legal proceedings or government investigation involving allegations of fraud, negligence, criminal activity, or breach of fiduciary duty relating to investment consulting activities.
- e. Describe in detail any potential conflicts of interest the firm may have in providing consulting services to TRS including affiliate organizations.
- f. Identify and current professional or personal relationship of any nature whatsoever with any current or former member of the TRS Board. Identify any other matters that would be required to be disclosed pursuant to the "Conflict of Interest" provision contained in the sample agreement enclosed in this RFP.
- g. Provide the levels of insurance coverage, including the amounts of errors and omission insurance and any other fiduciary professional liability insurance the firm currently carries. List the insurance carriers supplying the coverage.
- h. Provide a copy of the firm's ethics policy.
- i. Disclose the dollar amount and nature of all material beneficial relationships in which the firm or any affiliate of the firm is engaged in with investment manager clients.
- j. Describe your future business plans with regard to private debt consulting. Discuss the total number of accounts and assets that will be accepted. Identify the plans for additions to professional staff in relation to growth of accounts or assets.



- k. Please describe in detail other services, in addition to private debt consulting, provided to clients or customers by your organization, parent company or subsidiary. Include an ownership organizational chart (Identify as **Exhibit #1**). If you provide other services, or are a subsidiary or affiliate, what percentage of total revenue does private debt consulting generate?
- l. Are there any circumstances, specifically related to your investment advisory activities, under which your firm, its officers or employees receive direct or indirect compensation from investment managers or general partners? If so, describe.
- m. How many minority and women investment consultants are currently employed at your firm?
- n. How many minority and women are currently on your senior management team?
- o. Do you have a Chief Diversity Officer?

### 3. Clients

- a. Provide a comprehensive list of institutional clients.
- b. Provide a list of all clients lost since January 2018. Include an explanation of the loss for each client.
- c. Provide the name, address, phone number, contact name and title of three clients that TRS may contact as references. Also indicate the length of your relationship and assets under management/advisement for each reference. Provide the same information for three clients that have terminated your services over the past three years.

### 4. Personnel

- a. List the key professionals currently with the firm. Identify those who will be assigned to the TRS account including biographies for all owners, directors, and investment staff performing manager and operational due diligence.
- b. List any senior personnel or key professionals with job titles that have left or joined the firm in the last three years. For those who have left the firm, please indicate the numbers of years with the firm prior to their departure along with titles and responsibilities.
- c. Describe the firm's procedures to replace key personnel in the event those assigned to TRS leave the firm.
- d. What do you consider to be your firm's alternative investment consulting specialties, strengths, and limitations and how do you staff accordingly?
- e. Describe any significant innovations your firm has made in consulting for institutional private debt investors.
- f. If your firm is awarded a contract, who would have direct responsibility for the TRS Account? What other accounts (by name) will the individual retain? What percentage of their time would be devoted to TRS's Account? Where would they be physically located? Who would be their backup? What is the maximum number of accounts this person would be assigned?
- g. Provide biographies of the key individuals who would be assigned to the TRS account (Identify as **Exhibit #2**).
- h. Describe the staffing and technical capabilities of your firm to handle acting as the online repository of GP records that would be accessible by TRS staff.

## **5. Firm Capabilities**

- a. Describe key strengths and competitive advantages of the firm.
- b. Describe the firm's capabilities to share and leverage information across the organization.
- c. Describe the firm's ability to deliver timely and pertinent information to TRS staff and the process to provide such information.
- d. Describe the firm's capabilities to provide education to staff and the Board of Trustees.
- e. Briefly describe your firm's experience and capabilities for each of the following areas of Private debt:
  - i. Direct Lending across the capital stack
  - ii. Stressed/distressed debt
  - iii. Special Situations
  - iv. Specialty Finance
  - v. Restructuring
  - vi. Structured Product
  - vii. International capabilities (list regions/countries)
  - viii. Sector Specialist
  - ix. Co-Invest Underwriting
  - x. Secondary Disposition
  - xi. Real Estate debt
  - xii. Customized accounts

## **6. Strategic Direction/Structure of the Portfolio**

- a. Describe the firm's process for determining the optimal structure and strategic direction for the private debt portfolio.
- b. Provide a case study focusing on the process involving an institution similar to TRS.
- c. Provide as an exhibit, the historical recommendations of your firm to client by vintage year, sub strategy, geography, and sector.
- d. Describe how investment opportunities are allocated among clients. How allocation issues are resolved and how does the firm report to clients the results from the firm's allocation process?
- e. Discuss the role of a co-investment program and how to integrate into a seasoned private debt portfolio and the diversification needs of an underlying portfolio.
- f. Discuss the firm's experience in evaluating co-invest opportunities. Provide examples of how you have helped clients generate deal flow.
- g. Discuss how the firm has performed due diligence on separate account structures in terms of identifying the needs of the client to selection of the underlying investment partner.

## **7. Investment Manager/General Partner Research**

- a. Describe the firm's best practices when evaluating investment managers.
- b. Provide details on how the firm maintains best practices.
- c. Provide an example report of an approved and a rejected manager.

- d. Discuss the private debt portfolio analytics your firm is capable of providing. Provide an example (Identify as **Exhibit # 3**). How are they used in evaluating manager performance? Use direct lending, real estate debt, and sector specific mandates
- e. Discuss your firm's tracking system for prospective investments.
  - i. What alternative investment sectors are followed in your investment tracking system?
  - ii. How many funds and fund managers are currently being tracked?
  - iii. How many years of performance data are on the system?
  - iv. Describe your coverage of U.S. vs. Non-U.S. alternative investments.
  - v. Specify how your data is generated.
  - vi. Provide a sample of your firm's tracking report (Identify as **Exhibit #4**).
  - vii. Describe the activities of your firm to build out pipelines in Europe, Asia, Latin America, and rest of the world. List the firms that you believe to have historically outperformed in each area.
  - viii. Have you studied research on performance of diverse managers?
  - ix. How many minority and/or women-owned firms (at least 51% ownership) are currently in your database? What is the breakdown by asset class?
  - x. How many minority and/or women-owned investment management firms have you recommended to all your clients? How much total assets does this account for? What is the breakdown by asset class?
  - xi. What is the average asset allocation for recommended minority and/or women-owned asset management firms?
  - xii. Do you track diversity at majority-owned firms?
  - xiii. What do you do to increase the diversity of asset managers in your database?
  - xiv. Do you include diversity assessment within you manager diligence/underwriting process?

## 8. Due Diligence

- a. Provide an example report of an approved and a rejected manager.
- b. Describe your approach to the investment selection/due diligence process. Include the following:
  - i. Your firm's criteria for investing in alternative investment programs and include the relative importance of the criteria.
  - ii. The objective and subjective standards used to evaluate fund managers.
  - iii. Your firm's internal approval process for investment selection.
  - iv. Provide an example of your firm's due diligence questionnaire (Identify as **Exhibit #5**).
  - v. Provide an example of a due diligence report that has been submitted to a client for a private debt partnership (Identify as **Exhibit #6**).
- c. Describe your legal due diligence process.
- d. Do you use in-house legal counsel? If so, please identify your legal staff and their alternative investment expertise (include biographies, identify as **Exhibit #7**).
- e. Do you use independent legal counsel? If so, please identify those firms you use most often.
- f. Describe the firm's best practices for operational due diligence.

- g. Define how the firm evaluates and ensures that investment managers are adhering to these best practices.
- h. Describe the depth of background investigations.

**9. Portfolio Monitoring and Reporting**

- a. Define the firm's best practices for portfolio monitoring and reporting.
- b. Describe how the firm meets these criteria in a timely and effective manner.
- c. Please describe your monitoring process.
- d. Describe your control system for capital draws, and general partners' contract compliance (e.g., management fees, carried interest calculations).
- e. Describe your performance measurement reporting system and methodologies.
- f. How do you verify information provided by the fund managers? Describe the screening variables and capabilities of the database
- g. List and describe, by asset type, the alternative investments benchmarks that you employ (both market indices and peer group), and those that you would recommend to assist in judging performance.
- h. Outline your process for monitoring and reporting on market trends. Include in your response two research reports generated by your firm (Identify as **Exhibit #8**).
- i. Describe the client reporting process you typically undertake in preparing quarterly and annual reports. Assuming information is available on a timely basis from the general partners, how long would it take you to prepare and deliver quarterly and annual reports to the client?
- j. Does your firm have experience in monitoring and providing reporting for customized accounts across the private credit and public debt landscape or hybrid accounts? Please discuss.
- k. Enclose samples of your typical quarterly and annual performance measurement and monitoring reports regarding the quarterly and annual reporting of primary funds, separate accounts, co-investments, and secondary transactions (Identify as **Exhibit #9**).
- l. What factors drive your firm's evaluation of GP performance and how are they weighted?
- m. Describe your philosophy on aggregating private debt risk for asset allocation models. Characterize your experience in constructing exposure proxies for risk models.
- n. Do you have a risk aggregation/portfolio monitoring system? If so, what are its capabilities and how are results communicated internally and back to clients.
- o. Describe how robust your systems are to run queries of portfolio company level detail. Do your clients have direct access to system run ad-hoc reports?
- p. Provide examples of the data analytics your systems have generated at the asset class level and more granular by portfolio company. Provide examples of items your software or systems cannot model or track.
- q. List and characterize the pros/cons of the various systems utilized by your firm for performance measurement, portfolio company tracking, CRM, data analytics, etc.
- r. List the various vendor licenses utilized by your firm and the ability for TRS to gain access through your contract. Examples include Preqin, Thompson Reuters and Cambridge for benchmarking.
- s. Describe experience with off the shelf risk providers (i.e. BlackRock Aladdin, etc.) to incorporate a client's private debt portfolio characteristics/holdings into the risk

analytics of a total portfolio risk aggregation exercise. Highlight personnel and their backgrounds to help clients assess the risks/exposures embedded in their private debt portfolio.

#### **10. Office Administration**

- a. Define the firm's best practices for middle and back office processes.
- b. Describe how the firm can assist TRS in achieving best practices.

#### **11. Transition Management**

- a. Provide a case study for assisting an organization similar to TRS with the transition away from fund for debt into the secondary market. Provide specific challenges and the solutions to overcome those challenges.

#### **12. Discretionary Models**

- a. Please indicate if your firm provides or has the capabilities for discretionary asset management within private debt/credit portfolios.
- b. Provide a current marketing deck for a full discretionary model (**Exhibit #10**)
- c. Please provide all historical performance, sources of value add, all relative risk metrics for various types of full discretionary portfolios across all asset types, i.e., direct lending, specialty finance, real estate debt, etc
- d. If your firm acting as fiduciary for discretionary portfolios?
- e. If applicable, please provide a current model portfolio (on a forward-looking basis next 3-5 years)) for a discretionary private debt/credit mandate. Assume a risk profile (volatility and Value-at-Risk) of 8-10% and leverage at 0.5x and \$500MM.
- f. Please discuss the administration and accounting functions of your discretionary platform.
- g. Please discuss the pros/cons of discretionary models.

## 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. In your proposal, please include non-US estimated travel in emerging markets.” TRS will not reimburse, so it should be included in your fee bid.

- A. Annual fee for quarterly performance measurement and portfolio monitoring reports
- B. Fee for manager search projects
- C. Fee to underwrite debt co-investments
- D. Fee to monitor debt co-investments
- E. Fee for private debt asset allocation services
- F. Hourly billing rates for special projects or services
- G. Fee for ancillary services, e.g. legal reviews, secondary market recommendations, etc.
- H. 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?
- I. Are all related travel expenses of the investment consultant pertaining to requested attendance at Board meetings and onsite meetings included in your fee proposal?
- J. Are there any services that your firm could provide that would add value to TRS’ private debt portfolio that are not included in the fee proposal? If so, please provide the service(s) and corresponding fee.

## **Appendix F: Sample Agreement for Professional Services (Private Debt Investment Consultant)**

THIS AGREEMENT FOR PROFESSIONAL SERVICES (this “Agreement”) is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2023, 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 \* 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 Private Debt/Private Credit Consultant Services issued November 10, 2022 (the “RFP”), and Contractor’s response to the RFP (the “RFP Response”), Contractor shall provide private debt/private credit consultant 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:

**Term of the Agreement:** The Professional services under this Agreement shall be provided between date of execution and June 30, 20\_\_\_\_ (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. Any non-US travel is included in the fee and will not be reimbursable.
- c) Except as provided below, all out-of-pocket expenses attributable to performance of services under this Agreement and attendance of Contractor’s personnel at all regular

meetings of the System's Board of Trustees and the Investment Committee thereof, 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) Contractor's expenses related to travel that occurs within Contractor's standard industry coverage in its normal course of business shall be at Contractor's own expense and shall not be reimbursed by the System. Contractor shall be entitled to reimbursement for actual and reasonable expenses related to travel specifically requested by the System but only to the extent that such travel occurs outside of Contractor's standard industry coverage in its normal course of business. Standard industry coverage not subject to reimbursement shall include travel to: the continental U.S., Canada, Western Europe (Belgium, France, Germany, Italy, Luxembourg, the Netherlands, Spain, and Switzerland), Norway, Denmark, Sweden, the U.K., Hong Kong, Singapore, Japan, India, Mainland China, and frontier markets as agreed upon with the System.
- e) Contractor may be eligible for reimbursement for reference checks on specific fund managers as requested and approved by the System

**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.



**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.

**Building Security** Contractor shall comply with the System's security procedures during the time Contractor's personnel are on the premises.

**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 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).**

**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.

**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.

**Consultant Disclosures:** In accordance with Illinois law and prior to the award of this Agreement, Contractor has made all required disclosures surrounding minority persons, women, persons with a disability, and businesses owned by the above, relative to Contractor's staff, contracts, and searches made by Contractor, and surrounding compensation and economic opportunity received from investment advisors, and will update such disclosures each January 1 hereafter as required by law. **40 ILCS 5/1-113.21; 40 ILCS 5/1-113.22; 40 ILCS 5/1-113.23.**

**Contact Person:** Contractor's principal contact person for all services rendered hereunder shall be \_\_\_\_\_.

**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:** Under penalties of perjury, Contractor certifies that the legal name of business, taxpayer identification number, and legal status listed below are correct.

Contractor's legal name of business: \_\_\_\_\_

Taxpayer Identification Number: \_\_\_\_\_

Legal status of business: \_\_\_\_\_

Tax classification:  S = S Corporation  
[Check only if legal status is  C = Corporation  
a limited liability company]  P = Partnership

**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 arising from services rendered under this Agreement.

**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:**

- a) Contractor shall, at its sole cost and expense, procure and maintain on its own behalf, worker's compensation insurance in amounts equal to all statutory requirements. Contractor shall also carry, on its own behalf, commercial general liability insurance of at least \$5 million per occurrence. Contractor shall also carry, on its own behalf, professional liability insurance of at least \$5 million. Contractor shall furnish the System a true and correct copy of each paid-up policy evidencing such insurance, or a certificate of the insurer certifying that such policy has been issued, as soon as practicable following execution of this Agreement. Contractor shall also provide renewal certificates of insurance so long as this Agreement is in effect. Each policy shall provide that it may not be canceled or materially changed without sixty days prior written notice to the System.
- b) Contractor shall promptly notify the System in writing of any claims under any required insurance policies which, if valid, would have the effect of materially reducing the amount of insurance available under such policies or reducing the amount of insurance available under such policies to an amount lower than the limits provided herein and of any material developments relating to such claims.
- c) Contractor expressly understands and agrees that insurance coverage required by this Agreement or otherwise provided by Contractor shall in no way supersede, reduce, or otherwise limit Contractor's obligation to indemnify, defend, and hold harmless the System, its board members, officers, agents and employees, in both individual and official capacities, as provided in this Agreement.

**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]  
Attention:  
[Mailing Address]  
[City, State Zip Code]  
Phone:  
Fax:  
Email:

TRS: Teachers' Retirement System of the State of Illinois  
Attention: Heidi Darow, Purchasing Manager  
2815 W. Washington St., P.O. Box 19253  
Springfield, Illinois 62794-9253  
Phone: 217-814-2049  
Fax: 217-753-0969  
Email: [Purchasing@trsil.org](mailto:Purchasing@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 60 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 15 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.

**Third Parties Operating Policy:** Contractor shall also comply with the System's Third Parties Operating Policy which shall be provided to Contractor and their personnel.

**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.

Pursuant to this Agreement, Contractor shall make available to the System Contractor's intellectual property, including those confidential research and ongoing due diligence reports prepared generally for Contractor's clients ("Contractor Materials"). Contractor retains all intellectual property rights in the Contractor Materials. Contractor grants the System a perpetual license to such Contractor Materials, subject to the terms and conditions of this Agreement. The System will maintain the confidentiality of the Contractor Materials, subject to its obligations under Illinois Freedom of Information Act. Further, the System agrees to provide Contractor with as much notice as is practicable prior to responding to any subpoenas or third party requests to access Contractor Materials to enable Contractor to take action to protect such Contractor Materials. Contractor Materials shall not include any work exclusively prepared and specifically customized for the System by Contractor and its staff.

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

[SIGNATURE BLOCK]