

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



**REQUEST FOR PROPOSALS FOR  
INVESTMENT CONSULTING SERVICES**

**Issued February 8, 2018**

**Responses due March 9, 2018 by 2:00 pm CST**

## **Table of Contents**

<b>I. Introduction .....</b>	<b>3</b>
<b>II. Summary Description of TRS.....</b>	<b>3</b>
<b>III. Services Required.....</b>	<b>4</b>
<b>IV. Proposal Content .....</b>	<b>6</b>
<b>V. Submission of Proposals .....</b>	<b>8</b>
<b>VI. Evaluation Process.....</b>	<b>9</b>
<b>VII. Anticipated Timeline .....</b>	<b>9</b>
<b>VIII. General Conditions .....</b>	<b>10</b>
<b>Appendix A: Vendor Type Verification Form .....</b>	<b>13</b>
<b>Appendix B: Statement of Minimum Qualifications .....</b>	<b>14</b>
<b>Appendix C: Reference Authorization Letter .....</b>	<b>15</b>
<b>Appendix D: Questionnaire .....</b>	<b>16</b>
<b>Appendix E: Fee Proposal.....</b>	<b>25</b>
<b>Appendix F: Sample Agreement.....</b>	<b>26</b>
<b>Appendix G: TRS Contracted Investment Managers .....</b>	<b>38</b>

## **I. Introduction**

The Teachers' Retirement System of the State of Illinois (the System or TRS) is requesting proposals to provide general investment consulting 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 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 412,000 members and had over \$51 billion in assets held in trust for its membership as of December 31, 2017.

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 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 5/16. 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.

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 December 31, 2017, was \$51.22 billion. The asset allocation as of December 31, 2017 was as follows:

**Values = (\$Millions)**

Asset Class	Market Value	
	\$	%
Public Equity	19,076.8	37.2%
Private Equity	6,569.9	12.8%
Real Estate (Opportunistic)	1,412.1	2.8%
<b>Total Equity</b>	<b>27,058.8</b>	<b>52.8%</b>
Real Estate (Core - Value Add)	5,593.7	10.9%
Other Real Assets	1,354.9	2.6%
<b>Total Real Assets</b>	<b>6,948.6</b>	<b>13.6%</b>
<b>Total Diversifying Strategies</b>	<b>6,112.5</b>	<b>11.9%</b>
Global Fixed Income	10,069.0	19.7%
Short-term	1,034.6	2.0%
<b>Total Income</b>	<b>11,103.6</b>	<b>21.7%</b>
<b>Total TRS Fund</b>	<b>\$51,223.6</b>	<b>100.0%</b>

### III. Services Required

TRS is seeking one or more investment consulting firms to advise the System on an ongoing, as-needed basis to assist the Board of Trustees (Board), Executive Director, and Investment Staff in making prudent investment management decisions related to the TRS investment program. Responding firms must demonstrate experience and expertise in all matters relative to investment consulting. All responding firms must meet the highest standards of professional competence and ethics.

The advisor will also act as a fiduciary to the System and provide the following services:

#### 1. General

- a. Prepare reports reviewing and updating TRS's investment policy, criteria and objectives that include strategies for equities, fixed income, private equity, real estate, diversifying strategies, real assets and cash equivalent investments.
- b. Prepare recommendations for amendments or modifications to the TRS portfolio structure with justification for the same as warranted by changes in the marketplace.
- c. Maintain a broad database of investment managers including their philosophies, styles, fee schedules, portfolio characteristics, firm characteristics, performance, and client base. The information should be available for a wide range of investment managers including global

equity and global fixed income managers. A database of additional managers within the alternative asset classes is also important to this engagement.

- d. Assist in the development of policies, procedures, and guidelines for the investment program.
- e. Attend meetings of the TRS Investment Committee of the Board of Trustees and other meetings as required. Generally, the Board meets four to six times per year. The meetings are generally held in Springfield, IL and Chicago, IL, but other locations may also be required.
- f. Work with the System's specialist consultants within alternative asset classes as needed, and research and make recommendations for alternative investment strategies as directed.
- g. Appear before legislative bodies as requested by TRS.
- h. Work in conjunction with TRS staff on an ongoing basis to implement TRS investment policy.
- i. Provide accessibility to all functional areas of investment consulting to TRS staff on an ongoing basis.

## **2. Asset Allocation**

- a. Provide continuous review of investment policy, portfolio mix and investment strategy relative to changes in the capital markets and structure of similar retirement systems.
- b. Be proactive in providing guidance to TRS staff regarding alternative ways to model capital market expectations, portfolio optimization and risk management frameworks.
- c. Provide alternatives to traditional portfolio optimization construction.

## **3. Manager Search and Selection**

- a. Provide access to a developed investment manager database that is open to all institutional quality investment managers.
- b. Possess a deep understanding of a wide range of investment managers within various investment strategies and styles across all asset classes.
- c. Assist staff in the screening of the available investment manager universe.
- d. Provide appropriate research and analytics to evaluate investment manager candidates and produce both quantitative and qualitative basis for the selection of semi-finalist candidates.
- e. Assist staff as necessary in the due diligence process with regard to candidate firms.
- f. Provide access to research resources within the consultant's organization.

## **4. Performance Measurement and Reporting**

- a. Prepare quarterly evaluation reports on the performance of TRS's investment managers including a comparison with the performance and risk metrics of other managers and appropriate peer universes.
- b. Provide TRS with quarterly and annual performance analysis, including statistical and risk analysis, at both the total TRS portfolio level as well as at the manager level.
- c. Provide TRS with quarterly and annual performance reports of theoretical portfolios, i.e. market indices, benchmarks, and composite fund portfolios.
- d. Provide TRS staff with special analytical and custom reporting requests, as needed.

## **5. Research and Analysis**

- a. Prepare comprehensive analysis and advice on specific pension issues as requested by the Board and Staff.

- b. Maintain a general research group within the organization that staff can access to assist in larger scale research projects.

#### **6. Investment Training**

- a. Provide new product and strategy education to Board and Staff on a proactive basis.
- b. Provide training to the Board and Staff on investment topics as requested.
- c. Lead seminars or in-service training sessions as necessary on specific issues designated by the Board and Staff.
- d. Participate in annual planning session with Investment Staff.

#### **7. Evaluation of Hardware and Software**

- a. Evaluate and make recommendations for TRS's purchase of software to aid in internal analysis of investment managers, portfolio performance, structure, and risk.

### **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 December 31, 2018.
- 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 understands that it will serve in a fiduciary capacity to the System if selected for this engagement.
  - g. 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.
  - h. 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 D. 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 three-year term of any resulting contract.

## **V. Submission of Proposals**

All proposals must be received at the address designated below **no later than 2:00 P.M. CST on March 9, 2018**. Submit five (5) hard copies of your proposal and one (1) electronic copy in a sealed package to:

Heidi Darrow, Purchasing Officer  
Teachers’ Retirement System of the State of Illinois  
P.O. Box 19253  
2815 West Washington Street  
Springfield, IL 62794-9253

One of the hard copies 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 Investment Consulting Services, Issued February 8, 2018.**” 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, firm, partnership, corporation, or combination thereof, will be considered for this assignment.

## **VI. Evaluation Process**

### **1. 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.

## 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 proposes 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	February 8, 2018
Deadline for Submitting RFP Response	March 9, 2018
Proposal Evaluation	March 2018
Semi-Finalist Interviews (Springfield) & Due Diligence	March-May 2018
Finalist Presentations, if any (Board Meeting)	May 2018
Consultant(s) Selected	May 2018

## 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.

## 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 not to exceed five years 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.

## **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 a female \_\_\_\_\_

Minority Owned Business - Must be 51% independently owned by a minority \_\_\_\_\_

Persons with Disability Business - Must be 51% independently owned by a disabled person \_\_\_\_\_

Veteran Owned Business - Must be 51% independently owned by a veteran \_\_\_\_\_

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. \_\_\_\_\_ Currently providing investment consulting services to clients whose combined assets total at least \$50 billion.
  
2. \_\_\_\_\_ Primary consultant proposed to be assigned to the TRS account has a minimum of five (5) years experience providing domestic and international investment consulting services to public and/or private pension funds.
  
3. \_\_\_\_\_ As of December 31, 2017, it has at least five (5) institutional pension fund clients.

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 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 D: Questionnaire

The following investment consulting 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.

### 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: \_\_\_\_\_

### General 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 investment consulting firm contractually agree to be a fiduciary to TRS?
3. Please provide the name, address, telephone number, fax and e-mail of the designated person responsible for answering questions regarding the RFP. Also include the name, title, telephone, and fax number of the proposed account administrator responsible for the TRS account. Please also include relevant web addresses for the firm.
4. 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.
5. Provide a list of senior personnel that have left your firm over the last five years. Discuss, especially from the client perspective, the procedures for managing the loss of a senior professional from your firm.
6. Please provide an organizational chart of your organization with biographies for key individuals.

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 services for: (a) performance measurement consulting, (b) public markets manager searches, (c) asset allocation consulting or related applications (d) dedicated real estate, private equity, private credit, diversifying strategies or real asset consulting.
10. How many personnel does your firm employ? (Please break this number into specific functional and strategic areas.) How many personnel in your firm are CFA Charterholders? How many have at least one year of institutional experience in public funds administration? Active equity management? Fixed income management? Cash management? Equities trading? Bond trading? Real estate management? Private equity investing? Alternative investments? Derivatives strategies?
11. Does your firm have multiple locations of business? If so, please articulate what functional activities are housed within each location.
12. Assuming your firm is selected, provide biographical information on the individuals proposed to serve as the primary consultant, his/her principal assistant and other key members assigned to the account. Specify the anticipated role and scope of involvement of each individual. For the primary consultant and principal assistant, provide the names of all clients and nature of their relationships.
13. Describe your firm's and proposed primary consultant's experience in dealing with legislative bodies.
14. 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).
15. Provide a breakdown of your firm's clients: by client type (i.e. public plan DB, public plan DC, corporate DB, corporate DC, endowment, Taft-Hartley, other) and by client size.
16. Describe your firm's commitment to research. Please list dedicated research personnel to public equity, fixed income, and alternatives.
17. Has there been any litigation against your firm or its principal/owners/officers in the last five years? If yes, please explain.
18. Please describe your firm's philosophy with regards to conflict of interests. What policies and procedures are in place to prevent conflicts? Please provide a copy of your firm's code of ethics and conflict of interest policy. Does your firm subscribe to the CFA Institute Code of Ethics and Standards of Professional Conduct?



19. Will the firm contractually agree to disclose all potential and actual conflicts of interest, and annually disclose all sources of firm revenue and all business relationships and affiliations?
20. Will the firm contractually agree to identify and quantify all business relationships with investment managers that are finalists in a TRS search process?
21. 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.
22. Provide the coverage amount and name of carrier for: fiduciary liability insurance, errors & omission insurance, and any other applicable insurance.
23. Describe the key features of your firm's business continuation and disaster recovery plans.

### **Performance Measurement and Portfolio Analytics**

1. Describe the content and format of all performance reports including all additional portfolio analytics and risk content.
2. Are all performance reports compliant with the CFA Institute Global Investment Performance Standards (GIPS)?
3. What are the anticipated availability dates for each report in terms of the number of calendar days after quarter end?
4. How much flexibility is there in your reporting format? Can reports be customized at our request? Are there charges for such changes? Within what time can requested changes in reporting be made, i.e., at the beginning of the relationship only or any time changes are needed?
5. Please provide samples of your performance reports.
6. Please provide samples of your risk or portfolio analytic reports.
7. Please describe where and how your firm receives current manager information. Do you receive detailed information on securities or just market values?
8. Briefly describe your firm's database(s). Include size, composition, % public funds, % private funds, etc. Is it proprietary or purchased from an independent source? If proprietary, how is the data compiled?
9. Please describe your firm's database and/or ability to analyze emerging investment managers. Are there plans in place to proactively increase emerging manager participation in the database?

10. Which peer group universe does your firm utilize? Please describe why your firm utilizes this particular universe. Are there other secondary peer group universes that your firm utilizes?
11. Describe your firm's capabilities to evaluate securities lending programs.
12. Describe your firm's capabilities to perform trading cost evaluations.
13. Describe your firm's capabilities in transition management evaluation.
14. Describe your firm's performance attribution capabilities. Include a breakdown of performance attribution capabilities by each asset class.

## **Asset Allocation Model**

1. Describe how your firm is prepared to consult with TRS on asset allocation research and recommendations.
2. What is your commitment to internal research into the construction and assumptions used in your asset allocation model(s)? What kind of supporting detail and analysis do you provide to support your assumptions? How often are your assumptions updated? What third party research is used to assist your internally driven process?
3. To what extent do you rely on a static model and/or inputs and construction process of an outside vendor's model?
4. Please discuss your proprietary asset return/risk/correlation models and general methodology on constructing these models including all capital market expectation and portfolio optimization techniques utilized.
5. What strategy or evaluation process does your firm employ to measure the risk tolerance of your client fiduciaries?
6. How do you address those fiduciaries' biases which may adversely affect the outcome of the asset allocation model or manager selection processes?
7. What time frame does your asset allocation model use?
8. Describe the models or process used for optimizing strategic asset allocation in sharply changing economic environments.
9. How often do you recommend a formal review of asset allocation policies?
10. To what extent does your firm look at the client's liabilities when preparing an asset allocation?
11. How do you formally integrate risk within the asset allocation process? Please be specific within both asset class and full portfolio levels.
13. What is your firm's opinion on risk allocation and risk budgeting among asset classes as well as within each asset class?
14. What trends, changes or key issues do you believe will impact defined benefit plans and what are your comments for each?
15. What specific trends do you foresee within each asset class (domestic equity, international equity, global fixed income, diversifying strategies, real assets, private equity and real estate) in the future? Please provide a recent example of an asset allocation topical discussion and also include comments on new asset classes that TRS or other investors have not fully embraced within their portfolios.

16. Does your firm incorporate a proprietary liquidity model when assisting plans on constructing proper liquidity stress testing? If so, please discuss the specific characteristics.

### **Manager Search Process and Asset Allocation Implementation**

1. Describe in detail your manager database and search process. Please break-out alternative asset classes such as private equity, private credit, real estate, diversifying strategies and real asset categories in a separate discussion if these asset classes follow a different process from traditional public market searches.
2. Provide a finals report for a recently completed public markets manager search.
3. Explain how firms enter your search universe. Are there any charges or costs to the firms?
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. What role does passive management play in your firm's general view of the asset allocation process for your clients?
6. How many active managers are retained by your average client? What percentage of total assets under management does active management represent for your average client? To what styles and market cap ranges are they assigned?
7. Active management has been an important topic of discussion. Some believe active managers are unable to consistently outperform broad market indices as well as relevant style benchmarks. Do you agree or disagree? Discuss findings that support your views and what roles you think are appropriate for active managers.
8. Has your manager evaluation process resulted in the recommendation of the same equity and fixed income managers consistently over several searches? Please explain and provide examples of recent studies.
9. Have you ever assisted any clients in the development and/or evaluation of: (a) internal asset management programs, or (b) economically targeted investments or other "social" programs? Provide a brief outline of your experiences and your general view of the role of such programs in pension plans like TRS.
10. Describe your role in implementing manager transitions and/or rebalancing strategic asset allocation targets.
11. Explain how due diligence reviews are performed and at what point 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?

12. Provide a copy of three recently completed external investment manager due diligence reviews.
13. Describe your capabilities to evaluate specialty asset managers, i.e., currency overlay programs, emerging market managers, etc. Please discuss your firm's strengths and weaknesses in evaluating non-traditional asset managers.
14. What is your firm's view of emerging manager programs, and the inclusion of minority- and female-owned investment firms within an investment program?
15. Describe your firm's expertise in the area of real estate. How many professionals, if any, are dedicated to your real estate research area?
16. How many clients do you have that currently invest in real estate? Do they use your firm as their sole consultant for real estate or do they also employ a dedicated real estate consultant?
17. What is your experience growing an institutional real estate investment program? Please describe in detail how you would approach assisting a client in establishing a real estate investment program.
18. Describe your firm's expertise in the area of private equity. How many professionals are dedicated to your private equity research area?
19. Discuss the role of private equity within a pension portfolio. Do you have clients using private equity? If so, what is the typical structure of those portfolios? How does your firm assist in the design, implementation, and monitoring of such an investment program? Do you have staff dedicated to researching this asset class? Is your firm actively advising any clients in an active co-investment program within private equity?
20. Provide a formal due diligence report on a private equity investment a client of yours has made.
21. Discuss the role of other alternative investments (including hedge funds, commodity, global macro, tactical asset allocation, real asset, etc.) within a pension portfolio. Do you currently have clients using other alternative investments? If so, what is the form of these alternatives and how have you specifically advised them on this structure? How does your firm assist in the design, implementation, and monitoring of such an investment program? Do you have staff dedicated to researching these asset classes? If so, how is the research function organized? Please include an organizational chart and biographies on key individuals within this group.
22. Provide samples of formal due diligence reports on other alternative investments that your firm has created.

## General Investment Consulting Services

1. If requested, could your firm provide on-site training sessions for trustees and staff?
2. In addition to the areas of specific interest/need listed elsewhere in this request for information, what are the other strengths or areas of specialty in which your firm could be of assistance to TRS?
3. What are your guidelines for fees on special projects not specifically covered by contract?
4. Describe your capabilities in researching and recommending alternative investment strategies or asset classes. Are you pro-active in this area or do you wait for an indication of interest? Please provide examples from the past three years.
5. Describe what you see as your role in the area of general guidance and direction to staff and the Board of Trustees.
6. Describe your capabilities in developing, implementing and modifying investment guidelines and objectives.
7. Describe your capabilities in developing, implementing, and modifying custodial and brokerage policies.

## Reference Information

1. Please supply a list of your five largest clients and include size of their fund and length of service.
2. Please list all public fund clients. Include the size of their fund and length of service to them.
3. Please provide five references including at least one public fund client and one corporate client. Include name, title, fund, address, and phone number.

## 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>2015</u>	<u>2016</u>	<u>2017</u>
Revenues from consulting with Plan Sponsors	____%	____%	____%
Revenues from money management activities	____%	____%	____%
Revenues from services to money 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. Do you offer a broker/dealer facility to sponsor clients to pay for or offset your fees? Are there additional services you offer plan sponsors through your broker/dealer? What conversion ratio ranges are clients paying when using directed brokerage to satisfy your fees?
4. 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 yes to any, please provide details.
5. Please list all of your clients which have issued a specific letter of direction to brokers related to payments for your consulting services.
6. Please list all money management 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	Money Manager Services	Non-Client Non-Service Related Revenues
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

7. For the year ended 12/31/2017, please complete the worksheet (next page) with specific information related to amounts your firm, its principals, or any affiliate received from each of TRS's money managers (listed in Appendix F) identifying all revenues resulting from direct payments and gross directed brokerage.

Money Management Firm Name								
	Cash	Brokerage	Cash	Brokerage	Cash	Brokerage	Cash	Brokerage
Client Directed Payments								
Products Purchased by Money Managers								
Performance Measurement								
Marketing/Strategic Placement								
Educational Conferences								
Software								
Style Analysis								
Non-Product Related Manager Payments								
Grand Total								



## **Appendix E: Fee Proposal**

TRS will evaluate fee structures for full retainer services as well as unbundled services. Please quote your current fees in hard dollars for the following services.

A. Annual fee for full-service consulting arrangement \$\_\_\_\_\_

Please detail the scope of services to be provided under such an arrangement and provide quotes for any additional services.

B. Annual fee for quarterly performance measurement and portfolio monitoring reports \$\_\_\_\_\_

C. Fee for manager search projects \$\_\_\_\_\_

D. Fee for asset allocation services \$\_\_\_\_\_

E. Hourly billing rates for special projects or services \$\_\_\_\_\_

F. Please identify any additional fees for services which your firm might provide to clients (i.e., proxy monitoring reports and services, electronic market information systems, asset allocation software, conferences, etc.)

G. 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?

H. Are all related travel expenses of the investment consultant pertaining to attendance at Board meetings and onsite meetings included in your fee proposal?

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

This AGREEMENT FOR PROFESSIONAL SERVICES (this “Agreement”) is made and entered into this \_\_\_ day of \_\_\_\_\_, 2018, by and between the Teachers’ Retirement System of the State of Illinois (“TRS” or the “System”), a retirement system established under and pursuant to the laws of the State of Illinois, and \*[NAME], (“Contractor”), a \*[LEGAL STATUS], with offices at \*[ADDRESS].

WHEREAS, the System has need to obtain the professional services of an investment consultant 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 professional services to the System as more fully detailed below:

**Services:** In accordance with the terms of this Agreement and any attachments hereto, the Request for Proposal for Investment Consulting Services issued February 8, 2018 (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:

**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 from the date of execution) 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 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) 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.

**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.

**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.

**Authorization:** Each party to this Agreement represents and warrants that: (a) it has the right, power, and authority to enter into and perform its obligations under this Agreement; (b) it has taken all requisite action (corporate, statutory, or otherwise) to approve execution, delivery, and performance of this Agreement; and (c) this Agreement constitutes a legal, valid, and binding obligation upon itself in accordance with its terms.

**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 500/14.5, 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 105/8.40, 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.**

**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 A. 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.

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

Tax classification:

- S = S Corporation
- C = Corporation
- P = Partnership
- Individual/Sole Proprietor
- Limited Liability Company



**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.

**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 Officer  
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.

**Reporting:** Contractor, in conjunction with the System's investment staff, shall submit periodic written reports, on at least a quarterly basis, for review by the Investment Committee of the System's Board of Trustees at its regularly scheduled meetings.

**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.

**Solicitation of Employees:** Contractor agrees not to recruit, solicit, employ, or induce TRS personnel, directly or indirectly, to apply for employment with Contractor, during and for one year following the conclusion of this Agreement.

**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.

**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 dates below.

[SIGNATURE BLOCK]

SAMPLE

## Appendix G: TRS Contracted Investment Managers (as of February 2018)

### Global Public Equity

Acadian Asset Management  
Adrian Lee & Partners  
AQR Capital Management  
Arrowstreet Capital  
Axiom International Investors  
BNP Paribas  
Channing Capital Management, LLC  
Dimensional Fund Advisors LP  
Emerald Advisers, Inc.  
JP Morgan Asset Management  
Levin Capital Strategies, LP  
LSV Asset Management  
Mondrian Investment Partners Limited  
Northern Trust Investments, NA  
RhumbLine Advisers  
Robeco Boston Partners  
Strategic Global Advisors, LLC  
T. Rowe Price Associates, Inc.  
Wasatch Advisors

### Transition Managers

Citigroup Global Markets, Inc.  
Loop Capital  
Macquarie Capital (USA) Inc.  
Northern Trust Investments Inc.  
Penserra Transition Management LLC

### Global Income

Angelo, Gordon & Co.  
Apollo Global Management  
Dolan McEniry Capital Management, LLC  
DoubleLine Capital  
Franklin Advisers, Inc.  
Garcia Hamilton & Associates, LP  
JPMorgan Funds Limited  
LCM Partners  
MacKay Shields, LLC  
Monroe Capital  
Northern Shipping  
NXT Capital Management  
Oaktree Capital Management, LLC  
Pacific Investment Management Company, LLC

### *(Global Income continued)*

Pemberton Capital Advisors  
PGIM, Inc.  
Riverstone  
Solar Capital Partners LLC  
Taplin, Canida & Habacht  
Taurus Funds Management  
TCW Asset Management Company  
Westwood Management Corporation

### Real Estate/Real Assets

AQR Capital Management, LLC  
Barings Real Estate Advisers LLC  
Beacon Capital Partners  
BlackRock  
Blackstone Real Estate Advisors  
Bridgewater Associates, LP  
Capri Capital Advisors, LLC  
CB Richard Ellis, Inc.  
Dyal Capital  
Fortress Investment Group  
Gaw Capital Partners  
Heitman Real Estate Investment Management  
Hines  
INVESCO Real Estate  
LaSalle Investment Management  
Lion Industrial Trust  
Lone Star  
LPC Realty Advisors  
Madison International Realty  
Niam  
Pacific Investment Management Company, LLC  
Principal Real Estate Investors  
Proterra Investment Partners, LP  
Rockpoint Group  
Sheridan Production Partners  
Starwood Capital Group  
The Carlyle Group  
Walton Street Capital, LLC  
West Street Infrastructure Advisors  
Westbrook Group, LLC

## Private Equity

Advent International  
Altaris Capital Partners, LLC  
Apollo Global Management  
Astorg Asset Management  
Baring Private Equity Asia  
Battery Ventures  
Clearlake Capital Group  
Edgewater  
Energy Capital Partners  
Energy Investors Funds  
EnerVest, Ltd.  
EQT Partners  
Evercore Partners, Inc.  
Gamma, LP  
GI Partners  
Granite Ventures, LLC  
Green Equity  
Greenspring Associates  
HealthPoint, LLC  
Hopewell Ventures  
ICV Capital Partners, LLC  
IllinoisVENTURES GP, LLC  
Illinois Asia Investors LP  
Institutional Venture Partners  
JC Flowers  
JMI Equity  
Lightspeed Venture Partners  
Littlejohn & Co., LLC  
Longitude Capital Management  
Madison Dearborn Partners, LLC  
Marlin Equity  
MBK Partners  
Morgan Creek Partners Asia  
New Enterprise Associates  
New Mountain Capital LLC  
NGP Energy Capital Management  
Oaktree Capital Management, LLC  
Parthenon Capital Partners  
Pine Brook Road Partners, LLC  
Prism Capital  
Proterra Investment Partners, LP  
Providence Equity Partners  
RCP Advisors  
Rhône Partners  
Riverstone Holdings  
RRJ Capital  
Scale Venture Partners

## *(Private Equity continued)*

SCP Private Equity Partners, LP  
Shasta Ventures  
Silver Lake Partners, LP  
Siris Capital Group LLC  
Sofinnova Venture Partners  
StonePoint Capital  
TA Associates  
TDR Capital  
The Blackstone Group  
The Carlyle Group  
TrustBridge Partners  
Union Grove Venture Partners  
VantagePoint Venture Partners  
Veritas Capital Fund Management, LLC  
Veronis Suhler Stevenson  
Vicente Capital Partners  
Vista Equity Partners  
Warburg Pincus

## Diversifying Strategies

Alphadyne Asset Management  
Brevan Howard  
Bridgewater Associates, Inc.  
Carlson Capital LP  
Claren Road Asset Management  
Crabel  
Grosvenor Capital Management, LP  
ISAM  
KeyQuant  
Magnetar Financial  
Man Solutions Ltd.  
PDT Partners  
Penso Advisors  
Robeco Transtrend  
Standard Life Investments  
Varadero Capital

## Emerging Manager Program

### *Global Public Equity*

Ativo Capital Management  
Brown Capital Management, LLC  
Matarin Capital Management LLC

### *Global Income*

BASIS Management Group, LLC  
Maranon Capital, LP  
Ramirez Asset Management  
Vista Equity Partners

### *Private Equity*

Grain Communications  
Great Point Partners  
ICV Capital Partners  
LiveOak Venture Partners  
Maranon Capital, LP  
Palladium Equity Partners  
StarVest Partners, LP  
Sunstone Partners

### *Real Estate/Real Assets*

CityView  
Exeter Property Group  
Integrated Capital  
Oak Street Real Estate Capital