

**DRAFT**

# **Illinois Police Officers' Pension Investment Fund**

Illinois Police Officers' Pension Investment Fund (IPOPIF) RFP for  
Transition Coordination and Transition Management Services

July 16, 2021

184 Shuman Boulevard, Suite 305  
Naperville, IL 60563

# Summary

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<b>ORGANIZATION NAME</b>	Illinois Police Officers' Pension Investment Fund
<b>ADDRESS</b>	184 Shuman Boulevard, Suite 305, Naperville, IL 60563
<b>RFP TYPE</b>	Transition Management
<b>RFP SIZE</b>	\$9,000,000,000
<b>ACCOUNT TYPE</b>	Investment Fund for Public Pension Plans

## BACKGROUND

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### INTRODUCTION

The Illinois Police Officers' Pension Investment Fund ("IPOPIF" of "the Fund") is soliciting proposals for qualified firms to provide transition coordination services and/or to be part of a pool of transition managers to assist the IPOPIF in the consolidation of the 357 Article 3 Funds representing aggregate assets of approximately \$9 billion. The pool of transition managers will be used on an ongoing basis following the consolidation. To date, these Funds have been managed separately, with separate boards, staffs, custodians and investment managers, and vehicles. IPOPIF's investment consultant, Verus, is assisting in the search and evaluation process. Additionally, Adirondack Investment Advisors, LLC, is providing operational advice on the consolidation process.

### ABOUT IPOPIF

Pursuant to the Illinois Pension Code (40 ILCS 5/1 and 22B), IPOPIF is a statutorily created public investment fund responsible for consolidating, managing, and investing the pension assets of 357 separate Article 3 Funds. IPOPIF is governed by a nine-member Board of Trustees (the "Board"). The Illinois Pension Code provides that each Article 3 Fund shall transfer its assets to IPOPIF, which are estimated to be approximately \$9 billion ("legacy assets"), no later than June 30, 2022. Information regarding legacy assets is available at

<https://insurance.illinois.gov/Applications/Pension/PensionDataPortal.aspx>

The following table summarizes IPOPIF staff's rough analysis of legacy assets.

Cash	1,048,789
Deposits	343,751,801
CDs	119,899,328
Bonds	1,239,213,783
Govt	1,805,410,124
Insurance Contracts	328,058,550
Pooled Vehicles	47,778,366

Stocks	806,305,884
Mutual Funds	4,540,115,226
Total	9,231,581,851

Sources: IL Dept. of Insurance  
IPOPIF staff estimates and calculations

## MINIMUM APPLICABLE QUALIFICATION REQUIREMENTS AND CERTIFICATION

Respondents must satisfy each of the following minimum qualifications for this RFP in order to be given further consideration. Failure to satisfy each of the requirements will result in the rejection of the proposal. Failure to provide complete information will result in the rejection of the proposal.

Please indicate “Yes” or “no” where indicated.

1. Respondent is a registered investment adviser registered under the Investment Adviser’s Act of 1940 (unless properly exempted from registration by the SEC), registered under State of Illinois law, or otherwise regulated by an appropriate governmental regulatory oversight entity (unless exempt from such registration requirement). (Yes/No): \_\_\_\_\_
2. Respondent and its proposed team have all authorizations, permits, licenses, and certifications required by federal and state laws and regulations to perform the services specified in this RFP, and in Illinois, at the time Respondent submits a response to the RFP. (Yes/No): \_\_\_\_\_
3. If retained for any services, Respondent agrees to serve as a fiduciary as defined by the Illinois Pension Code. (Yes/No): \_\_\_\_\_
4. Respondent has provided all disclosures included in Section 3: Exhibit A and Exhibit B. If Respondent has no disclosures to report, Respondent has indicated that fact in the Respondent’s response. (Yes/No): \_\_\_\_\_

## SCOPE OF SERVICES

IPOPIF expects to retain a transition management firm (“Transition Coordinator” or “TC”) to assist as a fiduciary with the oversight and coordination of the consolidation of investment assets from 357 Article 3 municipal Police Pension Funds to portfolios maintained at IPOPIF’s Custodian. IPOPIF is also seeking to hire a pool of transition management firms (“Transition Manager” or “TM”) that can assist with traditional transition management services, both as they apply to the initial consolidation before June 30, 2022, and on an ongoing basis thereafter, as IPOPIF builds out its asset allocation strategy to potentially include a broader range of asset classes and active and passive strategies.

The TC mandate is expected to be a stand-alone service and will not necessarily be tied to traditional

Transition Manager services. The scope of services for each role are outlined below. ***Firms are welcome to propose on either or both services and are requested to provide separate pricing proposals for each, as well as for both services.***

If IPOPIF elects to engage a firm as a TC or TM, IPOPIF reserves the right to engage more than one. Additionally, IPOPIF may choose to engage a firm to provide one, some, or all the services referenced below.

While IPOPIF may approve a TM for its pool, this does not require IPOPIF to engage the TM for a transition.

For those firms which seek to provide TC services, please provide complete answers to the questions in Section 1 (TC Services) and Section 2 (TM Pool Services) below. If your firm does not seek to provide TC services, but only seeks to participate in the TM pool, please respond No to question 1 in Section 1, and proceed to complete the questions in Section 2.

## **SECTION 1: TRANSITION COORDINATION SERVICES:**

IPOPIF is contemplating hiring a transition management firm to assist with the oversight and coordination of the consolidation of investment assets from 357 Article 3 municipal Police Pension Funds to portfolios maintained at IPOPIF's Custodian. This coordination mandate may be a stand-alone service, not necessarily tied to traditional transition management services outlined below in Section 2, Transition Manager Pool Services, but it is possible that a single firm could be hired to fulfill both roles throughout the initial consolidation of the 357 plans.

This transition process must be completed no later than June 30, 2022, but will begin significantly in advance of that date. We anticipate completing all logistics by **April 30, 2022**, allowing the months of May and June for reconciliation and reporting.

If hired, the Transition Coordinator (TC) will:

1. Coordinate with IPOPIF Staff, IPOPIF's Investment Consultants Verus and Adirondack, IPOPIF's Accounting Consultant, and IPOPIF's Custodian in developing a strategy for completing the transition in an efficient, cost-effective and risk-controlled manner. This will include (but is not limited to) the following:
  - a. Interfacing with legacy custodians and other investment professionals to gather relevant data and information to assist in the planning process;
  - b. Determining whether the asset transfers should be completed on a single Effective Date or in tranches on several Effective Dates and, if completed in tranches, the number, timing, and grouping of the tranches;
  - c. Determining the basis for deciding which local Article 3 Funds will participate in each tranche of the transition (assuming the tranche approach is used); and
  - d. Identifying and addressing any other strategic or operational concerns that could affect the asset transfers.

2. Formulate an efficient, cost-effective plan and calendar to move assets from the legacy portfolios to the new Target Portfolios, working with IPOPIF staff, IPOPIF Investment Consultants, IPOPIF's Accounting Consultant, IPOPIF's Custodian, Article 3 Fund custodians, other holders of assets, and Article 3 Fund Treasurers;
3. Provide regular updates and information related to the progress of the transition to IPOPIF Staff, IPOPIF Investment Consultants, IPOPIF's Accounting Consultant, IPOPIF's Custodian, and other parties identified by IPOPIF, including legacy and target investment managers, (together "the interested parties");
4. Assist IPOPIF with the implementation of the asset transfers from the local Article 3 Funds to the IPOPIF Target Portfolios.

The Target Portfolios have not yet been determined, but during the consolidation period, we expect them to consist primarily of passive exposures to equities and fixed income. We anticipate using commingled funds for non-US exposure.

### **CONTRACT PERIOD**

The initial contract period for TC services is for one year from the initial hire date.

## **SECTION 2: TRANSITION MANAGER POOL SERVICES:**

IPOPIF is seeking to hire a pool of transition management firms that can assist with traditional transition management services, both as they apply to the initial consolidation, and on an ongoing basis thereafter, as IPOPIF builds out its asset allocation strategy to potentially include a broader range of asset classes and active and passive strategies.

The Transition Manager Pool Services will include the following:

1. TMs will be hired as a fiduciary to facilitate the liquidation, transfer, or funding of assets from one or more legacy portfolios to a pre-defined target portfolios. Examples of transition events include, though are not limited to, consolidation of IPOPIF's 357 pension funds, changes in portfolio asset allocation, multi-asset class structural shifts, investment manager hires and terminations, and to create, maintain, or hedge specific market exposures.
2. If a TM bids for an event, the TM will submit a proposal, inclusive of a pre-trade analysis, including an estimate and disclosure of all costs.
3. During the Transition, the TM will be responsible for the best execution strategy and for maintaining the pre-determined market exposures.
4. The TM will serve as project manager, coordinating with multiple third parties to ensure that the assets are transitioned in the most efficient, cost-effective, and risk-controlled manner possible.
5. The TM will provide daily updates on the transition.
6. Within 10 business days following the event, the TM will provide a detailed post-trade

report, which will include a written analysis of the expected pre-trade results versus actual results of the event, including an attribution analysis of all costs incurred.

## EVALUATION CRITERIA

Evaluation of Investment Adviser and Transition Manager Responses. Responses will be evaluated initially by the Chief Investment Officer and the Investment Consultant based on the following evaluation factors. The relative importance of the evaluation factors will vary based on the parameters of the search. The Chief Investment Officer and the Investment Consultant will determine, based on the evaluation factors, the top-qualified Transition Managers and will disclose the non-finalists. The Chief Investment Officer and the Investment Consultant will provide the Board with a copy of the disclosures under Section D.3.i and D.3.j of the Investment Procurement Policy prior to consideration of the finalists. The Board will select, in the exercise of its discretion based on the evaluation factors, a Transition Manager or Managers from the list of top-qualified Transition Managers. The evaluation factors are:

- a. Firm background, experience, and reputation, including: the candidate firm's experience in the transition management of institutional portfolios, the background and qualifications of principals and professional staff, the size of the firm and the products and services offered, organizational structure, manager tenure, depth of portfolio team and research team, the firm's history of lawsuits and regulatory actions, the proposed business terms, and the firm's record of transparency, integrity, and business ethics;
- b. Transition management and Investment philosophy and process, including: the clarity and technical merits of the transition and investment process, buy/sell discipline, efficacy of decisions made (streamlined, responsive), consistency of application, risk awareness and controls, uniqueness of the process, trading ability;
- c. Performance, including: implementation shortfalls, performance, risk factors and, consistency of performance, each of these relative to benchmarks and peers;
- d. Reasonableness and transparency of transition management fees;
- e. Transition management and client services, including client servicing, accounting, and reporting;
- f. Pursuant to Sections 1-113.6 and 1-113.17 of the Illinois Pension Code, and to the extent practical in a transition management setting, decision-useful sustainability factors will be considered within the bounds of financial and fiduciary prudence, including but not limited to (i) corporate governance and leadership factors; (ii) environmental factors; (iii) social capital factors; (iv) human capital factors; and (v) business model and innovation factors, as provided for under the Illinois Sustainable Investing Act, 30 ILCS 238/1, *et seq.* and detailed in the IPOPIF Investment Policy; and
- g. The candidate firm's approach to managing and reducing cybersecurity risk and protecting networks and data, including complying with the U.S. Department of Labor's Cybersecurity Program Best Practices, the State of Illinois Cybersecurity Strategy, the National Institute of Standards and Technology Cybersecurity Framework, and industry best practices.

## INQUIRIES ABOUT THE RFP

All communication and questions related to this RFP will be conducted through **InHub's online RFP management platform**. In order to respond to the RFP, please provide basic information about your firm and request access at <https://open.theinhub.com/verus/ipopif>. All inquiries related to the RFP will be facilitated through InHub; questions can be asked on the **Communications** tab, no later than the due date outlined below. Responses to questions will be posted no later than the due date outlined below.

## PROJECTED RFP SCHEDULE

The Fund anticipates the following schedule, which will result in the approval of transition management agreements by September 2021. IPOPIF will make a good faith effort to follow the below timeline but reserves the right to amend it.

Date (2021)	Milestone
July 16	RFP Released
July 23	Deadline for written questions (by 5 pm central)
July 29	Response to questions disseminated to all parties
July 30	Accept participation in InHub Platform (by 5 pm central)
August 6	Proposal Due Date (by 5 pm central)
August 7-13	Proposal Evaluation
August 16-19	Semifinalist interviews with Verus and IPOPIF staff
August 27	IPOPIF Board Approval
August 27-September 10	Contract Development & Finalization
September 10	Full contract execution

## PROPOSAL SUBMISSION REQUIREMENTS

**Questionnaires and all responses must be submitted via InHub's online RFP management platform, no later than the proposal due date.** Allow sufficient time to upload all additional documents to InHub including responding to the online questionnaire. All technology support or technology-related questions should be directed to InHub at [support@theinhub.com](mailto:support@theinhub.com) in advance of the due date. Late, faxed, or e-mailed proposals will not be accepted.

The responses to the Fee Schedule are preferred in Excel format. Any supplemental exhibits should be provided in PDF format.

To ensure a uniform review process and to obtain the maximum degree of comparability, proposals must be organized in the following manner:

1. **Cover Page:** Show the name of the Respondent, address, telephone number, name of contact person, and date. This page may summarize what the candidate believes to be the firm's most unique attributes or competitive advantages. (NO MORE THAN TWO PAGES).
2. **Affirmation of qualifying under minimum requirements**
3. **Completed RFP Questionnaire:** Respondents who seek to provide TC only or both TC and TM services must provide complete answers to the questions in Section 1 (TC Services) and Section 2 (TM Pool Services) below. Respondents that seek to participate in the TM pool only must respond No to question 1 in Section 1 and proceed to complete the questions in Section 2. Respondents are encouraged to provide concise responses and ensure consistency with the order and formatting provided.
4. **Proposed Fee Schedule:** IPOPIF requests fee proposals for the TC Services and a description of the anticipated fee structure for TM Pool Services mandates.
5. **Required Disclosures:** Please refer to Section 3 for required disclosures.
6. **Please enclose your firm's standard pitch book(s) for Transition Coordination and/or Transition Manager Services.**



## **QUIET OR BLACKOUT PERIOD**

The “Quiet Period” or “Blackout Period” (hereinafter the “quiet period”) provisions of the IPOPIF Investment Procurement Policy will be in effect during the search process.

- a. The quiet period shall commence with the posting of the RFP and end when the parties have executed an Investment Services agreement.
- b. Initiation, continuation, and conclusion of the quiet period shall be directly communicated to the Board and posted on the IPOPIF website.
- c. During the quiet period, no Board member or Staff member or fiduciary or service provider involved in the search shall accept meals, travel, lodging, entertainment, or any other good or service of value from any candidate.
- d. All authority related to the search process shall be exercised solely by the Board as a whole, and not by individual Board members.
- e. If any Board member or IPOPIF Staff member is contacted by a candidate during the quiet period about a matter relating to the pending selection, the Board member or IPOPIF Staff member shall refer the candidate to the Chief Investment Officer. While the quiet period does not prevent Board approved meetings or communications by Staff with an incumbent Investment Consultant, Transition Manager, or Investment Adviser that is also a candidate, discussion related to the pending selection shall be avoided during those activities.
- f. A candidate may be disqualified from a search process for a willful violation of this Policy.

Reference: <https://www.ipopif.org/Resources/cdbbdc5f-960f-4b3c-b8d7-1e338b134173/PP-2021-07%20Procurement%20of%20Investment%20Services%20Policy.pdf>

# Illinois Police Officers Pension Investment Fund

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**REQUEST FOR PROPOSAL (RFP)**  
FOR  
TRANSITION COORDINATION SERVICES  
AND/OR  
TRANSITION MANAGEMENT POOL

**July 9, 2021**

**CONTACT INFORMATION:**

FIRM NAME: \_\_\_\_\_

ADDRESS: \_\_\_\_\_  
\_\_\_\_\_

CONTACT NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

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

E-MAIL: \_\_\_\_\_

## SECTION 1: TRANSITION COORDINATION SERVICES

For those firms which seek to provide TC services, please provide complete answers to the questions in Section 1 (TC Services) and Section 2 (TM Pool Services) below. If your firm does not seek to provide TC services, but seeks to participate in the TM pool only, please respond No to question 1 in Section 1, and proceed to complete the questions in Section 2.

1. Are you proposing to provide Transition Coordination Services as described above? If yes, please respond to questions 2-12 below. If no, please proceed to the next section which is the questionnaire for Transition Management Pool Services.
2. The TC will be required to coordinate with IPOPIF Staff, IPOPIF Investment Consultants, IPOPIF Accounting Consultant, and IPOPIF Custodian in developing the most effective strategy for completing the transition. Please describe how you could handle the following:
  - a. Interfacing with legacy custodians and other investment professionals to gather relevant data and information to assist in the planning process;
  - b. Determining whether the asset transfers should be completed on a single Effective Date or in tranches on several Effective Dates and, if completed in tranches, the number, timing, and grouping of the tranches;
  - c. Determining the basis for deciding which local Article 3 Funds will participate in each tranche of the transition (assuming the tranche approach is used); and
  - d. Identifying and addressing any other strategic or operational concerns that could affect the asset transfers.
3. Discuss how you would formulate an efficient, cost-effective plan and calendar to move assets from the legacy portfolios to the new Target Portfolios, working with IPOPIF staff, IPOPIF Investment Consultants, IPOPIF Accounting Consultant, IPOPIF Custodian, local Article 3 Fund custodians and other holders of assets, and local Article 3 Fund Treasurers.
4. Discuss how you would provide regular updates and information related to the progress of the transition to IPOPIF Staff, IPOPIF Investment Consultants, IPOPIF Accounting Consultant, IPOPIF Custodian, and other parties identified by IPOPIF, including legacy and target investment managers, (together “the interested parties”).
5. Please describe how you would approach the coordination of the interested parties to develop and agree to a logistical plan to perform the consolidation asset transfers in an efficient, cost-effective, and risk-controlled manner.
6. Please specify what risks you look to control in your transition coordination activities. Explain how your firm will assess and control for these risks.
7. Before implementing a specific coordination transfer, what do you require? (Please feel free to be as detailed as you prefer.)

8. Specifically, discuss your initial thoughts and ideas to manage the unique complexities of this consolidation:

- 357 plans
- \$9 billion in combined assets
- Assets currently held by numerous custodians, insurers, distributors, and/or broker/dealers
- Various investment vehicles with different liquidity parameters and trade/settlement dates
  - Separate accounts
  - Commingled funds
  - Mutual funds
  - ETFs
  - Insurance contracts/ Annuities
- Need for transparency and communication with the 357 plans

9. Describe the team you would propose to serve as TC for IPOPIF. Include roles & bios for each team member.

10. What are the key risks you see in Transition Coordination and how does Respondent control for each of these risks?

11. List your five largest transition coordination assignments in the past five years, and scope of work in the table below:

CLIENT TYPE	ASSET BASE	SCOPE OF WORK
e.g., Public Plan	\$3bn	

**Fee Proposal for Transition Coordination Services**

12. Please provide a fee proposal for Transition Coordination Services. We envision the initial coordination activities will take place over a 9-month period ending April 2022. Respondents may quote their fees as an all-in retainer, on an hourly basis, or some combination of the two. Regardless of the proposed pricing structure, please provide your estimate of the number of hours required to complete this project (i.e., the numbers of hours on which you based your proposal.)

## SECTION 2: TRANSITION MANAGEMENT POOL SERVICES

### A. ORGANIZATION

#### FIRM BACKGROUND

13. Please indicate your firm's fiduciary classification(s):

- Bank
- Registered Investment Advisor (Investment Advisers Act of 1940)
- Investment Adviser under the Illinois Securities Law of 1953
- Broker Dealer
- Other \_\_\_\_\_

14. Please give a brief history of the firm including:

- a) The year organized
- b) The year the firm began providing the **Proposed Service (PS)**

15. Describe the nature of the firm's ownership structure, including specific details about any affiliated companies or joint ventures. Please provide a breakdown of the firm's ownership, identifying employee owners, as well as any affiliated or any passive investors.

16. Within the past five years, have there been any significant developments in your organization such as changes in ownership, restructuring, or personnel reorganization? Do you anticipate future significant changes in your organization?

17. Provide an overview of your organization detailing the location and major divisions including the services offered relating to the PS:

HEADQUARTERS OR REGIONAL OFFICE	LOCATION	FUNCTION	NUMBER OF PROFESSIONALS

18. Discuss the importance of the transition management business to your firm., including the contribution of your transition business to the top and bottom lines of the business unit in which it is located, the percentage of overall firm revenue that is from transition management services, and what percentage of the firm's staff is dedicated to transition management services?

19. Does the firm have a Chief Compliance Officer (CCO)? What is the name of that individual? Please attach their biography.

20. Has your firm ever experienced a material violation of your compliance or ethics policy? If a material violation has occurred, please explain what happened, how the violation of the firm's policies was handled, and how the issue was resolved.
21. Over the last ten years, has your firm's investment advisory and/or transition management business, or any officer or principal of these businesses, been involved in any inquiry/investigation by a federal or state governmental agency, in any business litigation, or other legal proceeding of any kind related to the investment advisory or transition management business? Has any inquiry/investigation been related to the PS? If so, provide a brief explanation and indicate the current status. Disclose any sanctions, disciplinary actions, or fines against the Respondent or against any person who will be assigned to work on this engagement, by any regulatory body (SEC, OCC, FCA, NASD, or other) within the last 10 years.
22. By which organizations is your firm regulated (e.g. SEC, FCA, FINRA, etc.)? With which audit processes must you comply?
23. Please provide details of any fidelity or any errors and omission/fiduciary claims the Respondent filed with any insurance provider within the last 10 years.
24. Does the Respondent require executing brokers to carry fidelity bond(s) or errors and omission insurance, or require the broker to have a minimum net capitalization? What is the required minimum bond and insurance coverage and the minimum capitalization?
25. Please describe any potential conflicts of interest your firm may have in the management of this account. Include any activities of affiliated or parent organizations, brokerage activities, investment banking activities, or any past or current relationships of any kind with IPOPIF Board members, staff, and Investment Consultants. Include any other pertinent activities, actions, or relationships not specifically outlined in this question. How are your policies designed to monitor and address those conflicts?
26. Describe any restrictions imposed by a governmental or regulatory authority on your firm, or any of its affiliates.
27. Provide the names of your auditors and when they were appointed. If you have changed any auditors in the last five years, explain why.
28. Is the Respondent a "minority-owned business," "Woman owned business," or "business owned by a person with a disability," as those terms are defined in the Illinois Business Enterprise for Minorities, Women, and Persons with a Disabilities Act (30 ILCS 575/0.01 et seq.)? Is the firm a veteran-owned business? Indicate the percentage of the Respondent owned by women and/or minorities/and or persons with a disability, and/or a veteran.
29. Please list all Minority, Woman, Disabled-Owned broker/dealers, or veteran-owned broker/dealers that the Respondent utilizes for open market trading in the transition process. In the previous calendar year, what percentage of commissions of open market trades was executed through Minority, Woman, Disabled-Owned broker/Dealers, or veteran-owned broker-dealers?

30. List your five largest transition management assignments in the past five years, and scope of work in the table below:

CLIENT TYPE	ASSET BASE	SCOPE OF WORK
e.g., Public Plan	\$3bn	

31. Provide the number of transition management mandates and assets (value) for each asset class in the table below:

YEAR	Equity	Assets	Fixed	Assets
2021				
2020				
2019				
2018				
2017				

32. How has your client mix changed over time? What changes do you anticipate in the future?

33. Describe your experience working with public pension plans and, specifically, the consolidation of any public pension investment funds.

34. Provide as references three clients for whom work similar to that requested in this RFP has been performed:

CLIENT NAME	CONTACT PERSON	TITLE	ADDRESS	PHONE NUMBER

**B. PROFESSIONAL STAFF**

35. Describe the professional staff structure – are they functionalized teams or multi-disciplined? Also provide a description of any succession plans and a team/organization chart as applicable.
36. List all key staff members and highlight the person(s) who would be responsible for the account and their location. If there are different key staff for the various asset classes, you may list them separately.

NAME	TITLE	RESPONSIBILITIES	YEARS OF EXPERIENCE	YEARS AT FIRM	LOCATION	PROFESSIONAL DESIGNATIONS

37. Please include all gains and losses of professional staff for the past three full calendar years and in 2021 (i.e., 2018 to present).

**Gains:**

NAME	TITLE	RESPONSIBILITIES	YEARS OF EXPERIENCE	Year Hired	LOCATION	PROFESSIONAL DESIGNATIONS

**Departures:**

NAME	TITLE	RESPONSIBILITIES	YEARS OF EXPERIENCE	Year Departed

38. How do you plan to provide redundancy for the team working on IPOPIF’s transition?
39. Have any key team members or executive level personnel left or joined the firm in the last five calendar years? If so, indicate the dates and why they joined/left. Describe their responsibility regarding the PS.
40. In a separate attachment, please provide any additional information related to the Respondent’s diversity initiatives that might be useful during the search and/or selection process.



### **C. SERVICE MODEL AND PROCESS**

41. Does your firm adhere and subscribe to the T-Charter Code of Best Practice? If so, for how long and, if not, why not?
42. List all standard services provided in a typical pension plan full-service relationship. List the specialized services that you have provided to meet other needs of your clients.
43. If the firm utilizes the services of a subcontractor and/or a third-party to perform any of the functions or services of the firm as it relates to transition management, please identify the subcontractor(s) or third-party(ies) and the detailed description of the service(s) and qualifications that they provide to the firm. Describe the fees that will be paid, where it/they are located and supervised, and how staffing and services are outsourced as it relates to a typical transition in a current service model?
44. Does your firm's transition management business rely on other areas within your firm's business – for example, trading? If so, please identify these areas and the roles that they play.
45. What are the key factors that differentiate your service and describe why you have a competitive advantage over others in the marketplace? What do you consider to be your firm's specialties, strengths, and limitations? Is there anything unique in your firm's approach to the PS in a manner different than the rest of the industry?
46. Describe the IT security infrastructure you have in place, please cover all aspects of both hardware and software. Please identify the industry standards that govern your IT security infrastructure platform.
47. If hired, will your firm be willing to file an annual IT Security Controls self-assessment? We can provide you with a template IT Security Controls self-assessment template upon request.
48. Summarize the Respondent's written disaster recovery/contingency plan that addresses recovery of business operations. What is the Respondent's anticipated recovery time in the event of a disaster? How frequently and to what extent are recovery arrangements tested? Has the Respondent needed to invoke the plan and if so, when? What was the result?
49. Describe where the firm's servers and data are held and how it is secured. Is the data storage US based?
50. What are the hours of client support?
51. Which custodial bank(s)/firm(s) do you work with most frequently?

## **D. TRANSITION MANAGEMENT**

52. Describe your firm’s philosophy concerning transition management for institutional clients.
53. Describe your firm’s methodology, process, and the systems used to determine the optimal transition strategy on a pre-trade basis, as well as during a transition event. What is the toolkit under your firm’s disposal to effectuate transitions – analytics, proprietary applications, risk systems, trading platforms, etc.?
54. How does your firm define a successful transition? How should the firm’s performance be evaluated to determine if the transition was successful? Describe your methodologies for measuring costs, savings, and performance. Contrast your transition cost calculation methodology with alternative methodologies.
55. When you present your transition cost estimate, we presume that you include an estimate of one standard deviation of outcomes. How does your firm create that estimate? What is it based on? Can you alter or adjust that process? Please explain.
56. Do you have any additional strategic relationships with third parties that could potentially enhance your transition management capabilities? If yes, please describe.
57. Provide a historical overview of the growth of your transition management business.
58. Please describe your transition management experience in each of the asset classes offered. Please rank asset classes in order of expertise.
59. Are there any liquid asset classes or markets in which your firm is unable to provide transition management services? If so, please explain.
60. Provide a summary of the last 10 transitions you performed listing asset class, size, date, time period, index, cost, and implementation shortfall to new benchmark. If the transition cost fell outside of the acceptable range (positive or negative), please describe why.

LEGACY ASSET CLASS/TARGET ASSET CLASS	SIZE	START DATE	TRANSITION TIME PERIOD	PRE-TRADE ESTIMATED COST	ACTUAL COST	IMPLEMENTATION SHORTFALL

61. Describe the largest and most complex transition your firm has completed. Also describe the largest transition completed for a large public pension plan.

62. Discuss the unique characteristics and issues associated with transitioning fixed income and how your firm addresses these issues.
63. In significant detail, please address the Respondent's trading capabilities in the liquidation of mutual fund assets. Are various types of mutual funds treated differently? What complications arise when trading mutual funds? How are mutual fund liquidations treated differently from equity and fixed income liquidations? Describe the tools that the Respondent has used to minimize both implicit and explicit costs when liquidating mutual funds and provide examples if possible.
64. Please discuss the Respondent's use of internal and external crossing, including the Respondent's definition for each. Please discuss what role the Respondent believes internal and external crossing should play in a transition event.
65. Does the Respondent have the ability to internally cross securities at no cost with other client accounts or accounts of the Respondent's affiliates? Describe these internal sources of liquidity and how the Respondent can use them to reduce the cost of a transition. Specifically, address the types of order flow that the Respondent has access to in such networks, the price at which trades are executed, whether the Respondent is entitled to any compensation for trades executed on this network, and whether it is a real-time crossing network or a periodic (once a day/twice a day) crossing. Does the Respondent execute all trades, even if the relationship with the client fund is not covered by the United States Department of Labor ("DoL"), in accordance with DoL Prohibited Transaction Exemption ("PTE") 86-128?
66. What types of investors are able to access the internal crossing network? What is done to protect the anonymity of client orders?
67. What percentage of transition order flow is typically executed through the Respondent's internal liquidity venue/crossing network?
68. What are the benefits and the potential risks of implementing trades through the crossing network? How does the Respondent mitigate and manage these risks? How does the team determine what securities are executed through a crossing network?
69. To the extent that the Respondent maintains and utilizes a DoL-exempt end-of-day cross, please identify how the Respondent balances the risk between opportunity cost versus market impact, bid/asks, and commissions. How does the Respondent incorporate this in its pre-trade modeling process? Describe the types of trades/securities that the Respondent will seek to trade through the end-of-day cross and why.
70. Does the Respondent use external crossing networks (Posit, Instinet, etc.)? If so, describe the circumstances when the Respondent would or would not use such a network. At what price are securities crossed? Do all participants in this network pay the same commission? Does the Respondent ever use this network to cross between different transition clients? Has the Respondent ever charged a client an implicit or explicit fee for crossing with another transition client in the Respondent's affiliated crossing network?
71. Describe how the Respondent would execute foreign currency transactions and discuss the number of venues and potential quotes that the Respondent is able to access and execute to ensure

competitive foreign exchange rates. Describe the Respondent's approach to the execution of foreign exchange. Is there any charge via spread/mark up/mark down earned by either the transition manager or affiliated entity?

72. Does the Respondent utilize internal or external dark pools? If so, please identify.
73. Does the Respondent own its own dark pool? If so, please detail how the Respondent manages any potential conflicts of interest.
74. How do the Respondent's traders manage potential conflicts that may arise between trading for its transition clients, versus trading for other clients such as hedge funds, the Respondent's asset management group, or other money managers?
75. What processes are in place to minimize information leakage of transition management order flow? Who has access to transition trade-related data within the organization? What separation of functions and duties exist between the various individuals / groups that are involved with the implementation of a transition event?
76. Does the Respondent participate in payment-for-order flow or trading rebates from any of the venues the Respondent trades with? If so, how does the Respondent manage the conflict between receiving revenue from execution venues and best execution for its clients? How does the Respondent manage and monitor where its trades are routed?
77. Describe the process your firm follows in soliciting bids from brokers. How many bids would you seek for a typical security? How do you avoid leaking information to the market? Provide a breakdown of percentage of trades allocated to each of the five most utilized brokerage firms over each of the last three (3) years.
78. Describe all sources of revenue (both explicit and implicit) that your firm derives from trading activities related to the assets of transition management clients. Please break out descriptions by asset classes or trading venues utilized.
79. Does your firm have a risk and compliance team that monitors the transition process? Describe the risk and compliance process, including where the risk and compliance employees reside within the firm and to whom they report.

## **E. REPORTING**

80. Are you able to provide daily, real time on-line or Internet reporting access to clients and/or managers to view the activity during the transition period? If yes, please describe.
81. When providing a client post-trade performance measurement of the transition, will your firm separately identify the component of performance specific to foreign exchange transactions?

82. What is your firm's policy around "best execution" for fiduciary transition management mandates? How does your firm measure "best execution"?
83. Is Trade Cost Analysis (TCA) provided as part of the post-trade analysis or report? Who is/are the service provider(s) your firm utilizes for TCA measurement?
84. In a final post trade report, will sources of revenue and fees (e.g., crossing, foreign currency trading, exchange rebates, commissions), both implicit and explicit costs be reported and confirmed to the client?

## **F. FEE PROPOSAL**

85. IPOPIF anticipates obtaining bids and pre-trade estimates from firms in the TM Pool on a transition-by-transition basis. Please provide a description of your typical fee structure for equity and fixed income transitions.

## **G. SUPPLEMENTAL INFORMATION**

Provide the following documentation as an appendix attachment to the RFP document. If your firm does not intend to provide a requested item below, please provide a brief explanation as to why.

86. Annual Report, and Auditor's Management Letter
87. ADV Parts 1, 2A and 2B, if applicable
88. Firm's most recent SOC 1 or SOC 2 audit report
89. Dates of all SEC and other regulatory examinations in the last ten years. Please provide any copies of any deficiency letters
90. Disaster Recovery Policy and Business Resumption Plan
91. Code of Ethics
92. Valuation Policies
93. An organizational chart showing interrelationships between the professional staff, proposed product team, as well as any parent-subsiary, affiliate, or joint venture entities
94. Biographies of the team: (Name, Title, Responsibility, Total Years of Experience, Years with the Firm, Education/School, Designations).
95. Describe the levels (dollar amounts) of coverage for SEC-required (17g-1) fidelity bonds, errors and omissions coverage and any other fiduciary coverage which your firm carries, and cyber insurance policies. List the insurance carriers supplying the coverage and indicate coverage limits per occurrence and in the aggregate.
96. Independent Auditor's Report of GICS compliance
97. Provide a sample pre-trade report.
98. Provide a sample post-trade report.
99. List all security types covered by the transition team.
100. Details of all litigation and regulatory actions over the past 10-years

## SECTION 3: CERTIFICATIONS, REPRESENTATIONS, AND DISCLOSURES

### Exhibit A - Certifications and Representations

In connection with and in consideration of entering into an agreement with the Illinois Police Officers' Pension Investment Fund ("IPOPIF"), the Respondent, by submitting a response, hereby agrees, certifies, and represents as follows:

1. Ethics. The Respondent represents that it will comply with the requirements of the Illinois Governmental Ethics Act (40 ILCS 420) and the State Officials and Employees Ethics Act (5 ILCS 430) and the IPOPIF Ethics Policy, which is available at <https://www.ipopif.org/governing-documents/policies/>
2. Bribery. The Respondent represents that it is not barred from being awarded a contract or subcontract because of a conviction or admission of guilt for bribery or for bribing an officer or employee of the State of Illinois or any other state in that officer or employee's official capacity.
3. Sarbanes-Oxley. The Respondent represents that if it 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 have passed from the date of conviction.
4. Inducement to Staff or Board. Respondent represents that there has been no discussion or offer of future employment to any IPOPIF employee or member of the Board of Trustees. Respondent certifies that it will not, at any time, attempt to influence a Trustee, IPOPIF staff member, or consultant other than by a properly submitted response to this RFP or to a formal request for information or a presentation.
5. Financial Disclosures and Potential Conflicts of Interest. Respondent represents that Respondent, its partners, officers, directors, executives, or any other person performing a similar function: (i) are not legally prohibited from contracting with IPOPIF or the State of Illinois, and (ii) have no public or private interest, direct or indirect, and shall not directly or indirectly acquire any such interest, which conflicts or potentially conflicts, in any manner, with the performance of Respondent's obligations. Respondent acknowledges and agrees that it has a continuing obligation to disclose to IPOPIF any financial or other interest, public or private, direct, or indirect, that may be a potential conflict of interest, or which could prohibit Respondent entering into a contract

with IPOPIF or continuing its performance under any agreement.

6. Respondent Status as an “Illinois Finance Entity”. The Respondent represents that it is not an entity chartered under the Illinois Banking Act, the Savings Bank Act, the Illinois Credit Union Act., or the Illinois Savings and Loan Act of 1985 or a person or entity licensed under the Residential Mortgage License Act of 1987, the Consumer Installment Loan Act, or the Sales Finance Agency Act.
7. Prohibition on Placement Fees: Respondent represents no person or entity has retained, or will retain, a person or entity to attempt to influence the outcome of the Board’s decision or the procurement of transition management services for compensation, contingent in whole or in part upon the decision or procurement. The Respondent must acknowledge this is an on-going prohibition. See 40 ILCS 5/1-145.
8. No Inducement or Placement Fees. The Respondent represents that no fees, commissions, or payments of any type have been or will be paid to any third party in connection with this RFP, except as disclosed in any response or an exhibit thereto. The Respondent shall promptly notify IPOPIF if it ever has reason to believe that this representation is no longer accurate.
9. Business Entity Registration. The Respondent certifies that either: (a) it is not required to register, or (b) it is registered as a business entity with the State Board of Elections. The Respondent acknowledges its continuing obligation to update such registration and agrees that any subsequent agreement is voidable in the event that it fails to comply.
10. Anti-Competitive Practices. The Respondent acknowledges its obligation to and agrees to report to IPOPIF’s Ethics Officer any suspected collusion or other anti-competitive practice among prospective respondents, employees of IPOPIF, or its consultants.
11. No Unlawful Discrimination. To the extent Illinois law is applicable to the Respondent, pursuant to 775 ILCS 5/2-105, the Respondent agrees to:
  - a. Refrain from unlawful discrimination and discrimination based on citizenship status in employment and undertake affirmative action to assure equality of employment opportunity and eliminate the effects of past discrimination;
  - b. Comply with the procedures and requirements of the Illinois Department of Human Rights’ regulations concerning equal employment opportunities and affirmative action;
  - c. Provide such information, with respect to its employees and applications

for employment, and assistance as the Illinois Department of Human Rights may reasonably request; and

- d. Have written sexual harassment policies that shall include, at a minimum, the following information: (i) the illegality of sexual harassment; (ii) the definition of sexual harassment under State law; (iii) a description of sexual harassment, utilizing examples; (iv) the Respondent's internal complaint process including penalties; (v) the legal recourse, investigative and complaint process available through the Illinois Department of Human Rights and the Illinois Human Rights Commission; (vi) directions on how to contact the Illinois Department of Human Rights and the Illinois Human Rights Commission; and (vii) protection against retaliation as provided by Section 6-101 of the Illinois Human Rights Act. A copy of the policies shall be provided to the Illinois Department of Human Rights upon request.

12. Public Records/Open Meetings. The Respondent understands and acknowledges that any response to this RFP and any agreement are subject to the provisions of the Illinois Open Meetings Act (5 ILCS 120/1, et seq.) and the Illinois Freedom of Information Act (5 ILCS 140/1, et seq.).

Note: In connection with this RFP, IPOPIF reserves the right to investigate the qualifications and proposal of any Respondent under consideration. IPOPIF may require confirmation of information furnished by a Respondent and may require additional evidence of qualifications to perform the obligations required by the scope of services in Respondent's proposal.

Additionally, IPOPIF reserves the right to modify the procurement process, with appropriate notice to the Respondents; cancel, modify, or withdraw the RFP in whole or in part at any time without incurring any cost obligations or liabilities; waive or permit corrections, irregularities, informalities, or deficiencies to data submitted with any response to this RFP, including allowing proposal revisions or accepting non-conforming proposals; seek clarifications to a proposal and permit submittal of addenda and supplements to data and information previously provided by a Respondent; request that Respondents submit "best and final" offers; conduct discussions with Respondents whose proposals fall within a competitive range; terminate negotiations at any time; reject any and all proposals received at any time; and disqualify any Respondent that violates the terms of this RFP.

**Respondents must acknowledge that IPOPIF is unable to provide its vendors with any**



**indemnification rights in a resulting agreement with IPOPIF.**

**IPOPIF will provide a standard Transition Manager Agreement. Proposed edits are disfavored, except as necessary to reflect the specific Respondent's legal status and services.**

## Exhibit B - Disclosures

IPOPIF requires the following disclosures to be provided in a separate attachment:

1.) **MWDBE Disclosure.** Pursuant to Section 1-113.21 of the Illinois Pension Code, in a response to the request for proposal and, if retained, on or about each March 1st, the Respondent shall disclose on an annual basis the number of its investment and senior staff and the percentage of that staff who are a minority person, a woman, or a person with a disability. Further, the Respondent shall disclose the number of contracts for investment, consulting, professional, and artistic services the Respondent has with a minority or woman owned business, or a business owned by a person with a disability. The Respondent shall also disclose the number of contracts for investment, consulting, professional, and artistic services which it has with a business other than a minority or woman-owned business, or a business owned by a person with a disability, if more than 50% of the services performed pursuant to that contract are performed by a minority person, a woman, or a person with a disability. For the purposes of this disclosure, the terms “minority person”, “woman”, “person with a disability”, “minority owned business”, “woman owned business”, and “business owned by a person with a disability” have the same meaning as those terms have in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act. For the purposes of this disclosure, the terms “professional service” and “artistic service” have the same meanings as those terms have in 30 ILCS 500/1-15.60. 1)

2.) **Disclosure of Ownership.** Pursuant to Section 1-113.14(c) of the Illinois Pension Code, the Respondent must disclose in writing the names and addresses of the following persons or entities:

(i) any entity that is a parent of, or owns a controlling interest in, the Respondent, (ii) any entity that is a subsidiary of, or in which a controlling interest is owned by, the Respondent, (iii) any persons who have an ownership or distributive income share in the Respondent that is in excess of seven and one-half percent (7.5%), or (iv) serves as an executive officer of the Respondent. If the Respondent is a publicly traded entity subject to federal section 10K reporting, Respondent may submit its 10K disclosure to satisfy the 7.5% ownership disclosure.

Distributive income share, in this instance, is a fee, commission, bonus, or any other form of remuneration conferred by the bidding entity or its parent contingent on the bidding entity’s selection for procurement of services by IPOPIF. The Respondent has further disclosed, the names and addresses of all of its subcontractors, including any third-party marketers, if applicable, and the expected amount of money each will receive under any agreement. The term subcontractor, as used herein, does not include non-investment related professionals or professionals offering services that are not directly related to the investment of assets, such as legal counsel, actuary, proxy-voting services, and services used to track compliance with legal standards. The Respondent further acknowledges that it shall promptly notify the Fund, in writing, if at any time the Respondent adds or changes any subcontractors.

### **3.) Political Contribution Disclosure**

Respondent must disclose all political contributions to support candidates for office in Illinois by the Respondent firm, its officers, directors, and employees. The Respondent must certify that all political contributions for all offices in all states by the candidate firm, its officers, directors, and employees were made in accordance with the provisions of, if applicable, the Illinois Election Code, 10 ILCS 5/1-1 et seq., as amended, and Section 206 of the Investment Advisers Act of 1940 and SEC Rule 206(4)-5 (16 CFR 275.206(4)-5), as amended.

4.) **Disclosure of Fees to be Paid By Respondent.** Respondent must certify and disclose in its response the method for charging and measuring fees, including disclosure of the direct and indirect fees,

commissions, penalties, and other compensation, including reimbursement for expenses, that may be paid by or on behalf of the Respondent in connection with the provision of services to IPOPIF.

**Please refer to IPOPIF's Procurement Policy for Investment Services at <https://www.ipopif.org/governing-documents/policies/>**

These disclosures are not intended to prohibit or prevent any contract. The disclosures are considered by the Board of Trustees of IPOPIF, consistent with its fiduciary duties, prior to awarding a contract.

Failure to make any disclosure required by this provision may render the contract, bid, proposal, response, or relationship voidable by IPOPIF and may result in the termination of any existing relationship, suspension from future contracts, bids, proposals, responses, or relationships.

## **APPENDIX – OTHER INFORMATION**

### **Other Procedural Information - Notice**

IPOPIF will provide notice of this RFP on its website. Neither this RFP nor any response to this RFP should be construed as a legal offer.

Diversity. Public Act 96-0006 encourages IPOPIF to increase the racial, ethnic, and gender diversity of its fiduciaries, to the greatest extent feasible within the bounds of financial and fiduciary prudence. In furtherance of this Act, it is the goal of IPOPIF to use its best efforts to increase the racial, ethnic, and gender diversity of its fiduciaries, including its investment vendors.

Response Submissions. All interested Respondents must submit their responses in accordance with the proposal submission instructions herein. IPOPIF reserves the right to reject any or all proposals submitted. All material submitted in response to the RFP will become the property of IPOPIF. IPOPIF is not responsible for any costs incurred by the Respondents in responding to this RFP.

Revisions. If it becomes necessary to revise any part of the RFP, or if additional information is necessary for a clarification of provisions within this RFP, prior to the due date for proposals, a supplement will be provided to all known Respondents and posted on the IPOPIF's website. If a supplement is necessary, IPOPIF may extend the due date and time of the proposals to accommodate any additional information requirements.

Freedom of Information Act. Respondents are advised that proposal materials are subject to the Illinois Freedom of Information Act (5 ILCS 140). After completion of the RFP, selection by IPOPIF and successful negotiation of a contract, if any, proposals submitted may be viewed and copied by any member of the public, including news agencies and competitors. Respondents claiming a statutory exception to the Illinois Freedom of Information Act for information within the Respondents' proposals must identify relevant language as confidential and identify in the email transmission of the proposal whether confidential information is included. Further, each page of confidential documentation must be labeled as such. The Respondent must also specify which statutory exemption applies for each piece of confidential information. The Freedom of Information Act can be found at the Illinois General Assembly's website (<http://www.ilga.gov/>).

IPOPIF reserves the right to make determinations of confidentiality. If IPOPIF disagrees with a Respondent's confidential designation, it may either reject the proposal or discuss its interpretation of the exemptions with the Respondent. If agreement can be reached, the proposal will be considered. If agreement cannot be reached, IPOPIF may remove the proposal from consideration. Respondents waive any cause of action against IPOPIF if IPOPIF discloses any information provided by a Respondent pursuant to this RFP that was required to be disclosed pursuant to law.

Applicable Law. IPOPIF will conduct the RFP process in accordance with applicable provisions of the Illinois Pension Code, the State Officials and Employees Ethics Act, and any other relevant authority under the Illinois Compiled Statutes and its Bylaws.

**Other Requirements and Information.**

No Respondent shall retain a person or entity to influence (i) the outcome of an investment decision or the procurement of investment advice or services of the IPOPIF for compensation, contingent in whole or in part upon the decision or procurement.

IPOPIF shall post the name of the successful Respondent, if any, on IPOPIF's website, along with a disclosure including the total amount applicable to the contract, the total fees paid or to be paid and a description of the factors that contributed to the selection of the Respondent.

This RFP does not obligate IPOPIF to complete the RFP process. IPOPIF reserves the right to amend or re-bid any segment of the RFP prior to the announcement of the selected firm(s). In case of such amendment, all Respondents will be afforded the opportunity to revise their proposals to accommodate the RFP amendment. IPOPIF also may, at its discretion, issue a separate contract for any service or group of services included in this RFP.