

MEMORANDUM

TO: Investment Consulting Firms
FROM: Richard White, Interim Executive Director *RAW*
RE: Response to submitted questions to the RFP for General Investment Consulting services
DATE: January 29, 2021

This document serves as a formal response to the questions submitted through the process established by the Illinois Police Officers' Pension Investment Fund (IPOPIF) in its Request for Proposal (RFP) for a General Investment Consultant.

As stated in the RFP, questions concerning the RFP had to be submitted in writing via email to the Interim Executive Director by 4:30 PM, CDT, on Friday, January 15, 2021. Responses to the questions have been consolidated into a single Q&A document and will be distributed on or about January 29, 2021. The Q&A document does not identify the source of the question and the questions have been reproduced verbatim.

1. **Is there an estimated aggregate breakdown of assets from all the underlying transitioning Funds (e.g. equities, fixed income, real estate, private equity, hedge funds, etc...)?**
 - No, there is not yet an up-to-date aggregated breakdown of the assets held by the participating police pension funds.
 - Information regarding the participating police pension funds can be located on the Illinois Department of Insurance website (insurance.illinois.gov) under the Biennial Reports tab. The 2019 Biennial Report (2017-2018) contains information regarding the Article 3 Suburban and Downstate Police Pension Funds.
2. **Please confirm whether the State Board of Elections Business Entity Registration described in the Illinois Procurement Code (30 ILCS 500/20-160) is required to respond to this RFP.**
 - No, the IPOPIF is not bound by the Illinois Procurement Code.
3. **As it relates to asset liability modeling. Is there currently any aggregated actuarial data for all the Downstate Police Pension Funds?**
 - No, there is not yet an up-to-date aggregated actuarial data for all of the participating police pension funds.

- Information regarding the participating police pension funds can be located on the Illinois Department of Insurance website (insurance.illinois.gov) under the Biennial Reports tab. The 2019 Biennial Report (2017-2018) contains information regarding the Article 3 Suburban and Downstate Police Pension Funds
4. **One of our Investment Consultant responding to the RFP is married to a fund beneficiary. Do you consider that a conflict?**
- No.
5. **Will Boards locally maintain liquidity funds for pension disbursements and vendor payments?**
- Yes, the participating police pension funds will be able to maintain their own bank account to hold funds for their benefit payments and other payments.
 - a. **If so what are the parameters for having local funds.**
 - The accounts will be controlled by the local pension board.
6. **We are aware of the monthly meeting dates for the Board, however, can you please advise which of the meetings the hired consultant is expected to attend for 2021?**
- With the understanding that the schedule is subject to change, as of this time the Consultant would be expected to attend the quarterly meetings of the Board of Trustees. In 2021, those remaining dates are April 9; July 9 and October 8.
 - Additionally, the Board of Trustees will meet at least monthly through 2021 and participation by the Consultant may be required.
 - Meetings currently are conducted exclusively via a digital platform due to the Covid pandemic and participation at all/some of these meetings may be accomplished via remote participation.
7. **In light of current events surrounding COVID-19, would your organization be willing and able to accept an electronic RFP submission (via email) since the vast majority of our firm's workforce is currently working from home?**
- Yes.

- 8. What is the approximate distribution of assets (market value) for the incoming plans across the following investment vehicle types (mutual funds, separately-managed accounts, collective investment trusts, limited partnerships, retail brokerage accounts, insurance contracts)?**
- There is not yet an up-to-date aggregated breakdown of the assets held by the participating police pension funds.
- 9. Are any of the assets in term-based or lock-up investment vehicles such as annuity contracts, LPs, or insurance products? (If so, how many as either a percentage of Total Market Value or Number of Assets).**
- Although there is not yet an up-to-date aggregated breakdown of the assets held by the participating police pension funds, the Fund believes that there are assets such as these held by the participating police pension funds.
- 10. Please provide the breakdown of custodians utilized by the 353 funds. (A list of custodians used and approximate dollar value of assets held by each would be ideal)**
- The Fund does not yet have this information.
- 11. Who are the most commonly utilized passive index managers across the 353 funds?**
- The Fund does not yet have this information.
 - Information regarding the participating police pension funds can be located on the Illinois Department of Insurance website (insurance.illinois.gov) under the Biennial Reports tab. The 2019 Biennial Report (2017-2018) contains information regarding the Article 3 Suburban and Downstate Police Pension Funds.
- 12. Who are the largest active managers currently utilized across the 353 funds?**
- The Fund does not yet have this information.
- 13. Are any of the plans participating in a securities lending program? If so, how many? (Either directly or within commingled vehicles)**
- The Fund does not yet have this information.
- 14. Are the funds only defined benefit plans or are there any VEBA, 401(h), or any other post-retirement health plans?**
- The 353 participating police pension funds are all defined benefit plans.

- 15. What is the expected monthly benefit payment from the consolidated IPOPIF fund? If possible, can you provide a range of anticipated cash flows on a monthly basis?**
- The monthly benefits payments will remain the responsibility of the local participating police pension funds.
 - The IPOPIF does not know yet what the aggregated monthly cash flow needs of the local participating pension funds will be.
- 16. Are there any preliminary actuarial findings that can be shared at this stage of the process in addition to the aggregate funded status? Can you provide projections or estimates of future employee and employer contributions?**
- The Fund does not yet have this information.
- 17. In the RFP under the "Engagement Agreement" (p. 16), it refers to a "sample engagement letter" attached to the proposal for reference. However, we did not find this in the materials. Can you please provide this? Alternately, should we supply our own agreement letter?**
- The sample engagement letter will be included in the release of these questions and answers.
- 18. In Section 2, "Investment Manager Search, Selection, and Review," section (b) v), it states the Consultant will "Participate in the negotiation of investment management agreements." Please confirm and clarify what this would entail. We cannot provide legal advice.**
- The Fund would expect the Consultant to provide their expertise in the review of legal documents for certain investments, particularly alternative, and to offer this expertise to the Fund's staff and legal counsel who will be responsible for negotiating those agreements.
- 19. In Section 3, "Performance Monitoring and Reporting," section (c), it states the Consultant will "Provide ongoing monitoring and oversight of investment managers in regard to ... compliance with laws, regulations ..." We cannot perform legal analysis or provide legal advice. Please confirm that is not required here and provide additional color on this expectation.**
- Legal advice would not be required. The Fund would expect the Consultant to share its knowledge about the legal status of investment managers as part of the on-going due diligence of managers. The Consultant would be expected to notify the Fund when it becomes aware of legal or regulatory compliance matters that may impact the performance of the investment managers.

20. In Section 5, "Other Services" it notes that the consultant will provide "substantial operational support." Can you clarify in detail what this entails in addition to the information provided?
- The Fund is developing the infrastructure, governance policies, information technology systems and other matters necessary to build the operational organization and to transfer pension fund assets. The Fund would benefit from the knowledge, expertise and support the Consultant could provide to assist the Fund in investment operations, such as transition management, monitoring trading and brokerage, custodian searches, and evaluating the assets that the IPOPIF plans to receive. Specifically, the Consultant will advise on the initial consolidation of assets.
21. Further regarding Section 5, "Other Services," does IPOPIF intend to hire a separate benefits consultant or an actuarial firm with expertise in plan consolidation and pension scheme design?
- The Fund anticipates the retention of an actuarial services firm for the preparation of the actuarial valuation of the participating police pension funds. The timing of this is unknown at this time. The local participating police pension funds retain the responsibility for benefit calculations and payments. The Illinois legislature determines the "pension scheme design".
22. Also in Section 5, "Other Services," item (f), the Consultant is asked to "Evaluate and recommend to the IPOPIF the appropriate information technology and/or IT vendors to assist the IPOPIF with the administration of the investment operation." What is this specifically referring to? Please describe in detail the Consultant's expected role and responsibilities in this area.
- Please refer to the answer to question 20.
23. In Section 6, "Miscellaneous," it states the Consultant will "Confirm that the firm is willing to indemnify and hold harmless IPOPIF for your own misconduct." We cannot agree to this language. Here is our proposed language, substituting "Name of Consulting Firm" for our actual firm name for purposes of this Q&A submission. Please let us know if there are issues with this language:
- a. Client shall defend, indemnify and hold harmless (NAME OF CONSULTING FIRM) and its affiliates, or any of their officers, directors, shareholders, employees or agents, from and against any and all judgments, damages, expenses, settlements, liabilities, costs, losses and other liabilities of any kind (including reasonable attorneys' and experts' fees and disbursements) ("Losses") that arise out of or relate to this Agreement except where such Losses result from (a) (NAME OF CONSULTING FIRM) bad faith, gross negligence or willful misconduct in connection with this Agreement, (b) any breach of this Agreement by (NAME OF CONSULTING FIRM), (c) any breach of Applicable Law by (NAME OF CONSULTING FIRM) or (d) the inaccuracy or breach of any representation or warranty of (NAME OF CONSULTING FIRM) contained in this Agreement.

- b. **(NAME OF CONSULTING FIRM)** shall defend, indemnify and hold harmless Client from and against any and all Losses that result from **(NAME OF CONSULTING FIRM)** bad faith, gross negligence or willful misconduct in connection with this Agreement.
 - c. Any indemnified Party seeking indemnification under this Section 11 shall promptly notify the indemnifying Party in writing of any claim, action, suit, litigation or proceeding (but the failure to do so shall not relieve the indemnifying Party of any liability hereunder except to the extent such Party has been materially prejudiced therefrom) and shall reasonably cooperate in the defense of such claim, action, suit, litigation or proceeding at the indemnifying Party's expense.
 - d. The indemnifying Party may elect, by written notice to the indemnified Party within ten (10) days after receiving notice of such claim, action or proceeding from the indemnified Party, to assume the defense thereof with counsel reasonably acceptable to the indemnified Party. If the indemnifying Party does not so elect to assume such defense, or if the indemnified Party reasonably believes that there are conflicts of interest between the Parties or that additional defenses are available to the indemnified Party with respect to such defense, then the indemnified Party shall retain its own counsel to defend such claim, action or proceeding, at the indemnifying Party's reasonable expense. The indemnifying Party shall reimburse the indemnified Party for its reasonable and actual expenses incurred under this Section 11. The indemnified Party shall have the right, at its expense, to participate in the defense of any claim, action or proceeding against which it is indemnified hereunder and with respect to which the indemnifying Party has elected to assume the defense; provided, however, that the indemnified Party shall have no right to control the defense, consent to judgment, or agree to settle any such claim, action or proceeding without the written consent of the indemnifying Party unless the indemnified Party waives the right to indemnity hereunder. The indemnifying Party, in the defense of any such claim, action or proceeding, except with the written consent of indemnified Party, shall not consent to entry of any judgment or enter into any settlement which (i) does not include, as an unconditional term, the grant by the claimant to the indemnified Party and all Persons with rights of indemnification hereunder of a release of all liabilities in respect of such claims or (ii) otherwise adversely affects the rights of the indemnified Party and/or any Persons with rights of indemnification hereunder.
 - e. The indemnification provisions set forth herein are solely for the benefit of the indemnified Party and all Persons with rights of indemnification hereunder and are not intended to, and do not, create any rights or causes of actions on behalf of any other third party.
 - f. Any indemnity expressly given to Client or **(NAME OF CONSULTING FIRM)** in this Agreement is in addition to and without prejudice to any indemnity provided by law.
- Please refer to the sample engagement letter included in the release of these questions and answers for the indemnification provision language.

- 24. In thinking through this unique engagement and scope of services, we are struck by the need for operational support and guidance. In our view this service area will likely be substantial for the first year and require a heavy commitment of resources not leverageable across our client base. Therefore, we are inclined to propose a fee structure that includes a higher fee for the first year that reflects substantial customized operational support and guidance, and a reduced fee thereafter that reflects the more standardized nature of the ongoing engagement. Is this a structure that makes sense to you and one you would consider?**
- Yes, the Fund would consider a such fee structure based upon the needs and requirements of the Fund, as described.
- 25. Can the individual plans be compelled to transition assets to a more stable, common structure, prior to the official aggregation date (e.g., transferring all global equity to an MSCI ACWI Index fund)?**
- The Fund has the ability to establish the policies and procedures for the transition of assets from the participating police pension funds.
- 26. Are you considering “unitization” as a potential solution? If so, has any progress been made in setting up such a structure?**
- The Fund would consider ‘unitization’ but has not had any discussion about this.
- 27. Do you have an estimate for the aggregate funding level of the combined plans?**
- According to information compiled by the Illinois Department of Insurance, the aggregate actuarial funding ratio was 55.4% in fiscal year 2017 and 54.8% in fiscal year 2018.
- 28. Do you have a sense of what type of implementation you will want in private markets and hedge funds (i.e., direct or fund-of-funds; and if direct, discretionary or non-discretionary)?**
- The Fund has not had any discussions in this area.
- 29. Do you have a rough schedule with which you intend to hire additional service providers (e.g., custodian, actuary, auditor, legal)?**
- Yes, the IPOPIF has General Legal Counsel and Legal Counsel helping with the investment related matters. The retention of auditing firms, Custodian and transition management firm is anticipated in late spring/summer, 2021; the Actuary would be retained in late 2021. Please note that these are rough estimates.
- 30. With what frequency should we expect Board/Committee meeting attendance?**
- Please refer to the answer to Question 6.

- 31. How will the employer ADEC be determined each year for each of the plans? Who makes that determination?**
- The actuarial matters have not yet been defined.
- 32. Does the IPOPIF Board have to provide differing asset allocations to downstate plans based on their level of assets per the Illinois Pension code, or does the new pool set one single asset allocation based on its aggregated asset total and risk tolerance?**
- It is expected that the Consolidated Fund will function with a single asset allocation based upon its aggregated asset total and risk tolerance.
- 33. After consolidation of assets:**
- a. will the 353 downstate plans have the same actuarial provider?**
- It is anticipated that the Fund will have a sole actuarial provider. Although undefined at this point, it is also anticipated that the participating police pension funds will retain the ability to have their own actuarial firms, as well.
- b. will the 353 downstate plans be subject to the same pension statutes, have the same benefit structures, or in effect be merged into a single plan with a single actuarial provider and single actuarial valuation?**
- The participating police pension funds will continue to be regulated as Article 3 pension funds under the Illinois Pension Code. Benefits are not merged. The Consolidation applies only to the investment assets of the Article 3 funds.
- 34. Have the audits and certified asset lists for each downstate fund (as prescribed in 40 ILCS 5/22B-120-c) been produced? If so, how can we access this information for review?**
- No, the Fund is in the planning stages to develop the certified assets lists.
- 35. Do any of the plans have a recent Asset and Liability study? Would they be available for review?**
- Yes, all of the participating police pension funds have this study. Information regarding the participating police pension funds can be located on the Illinois Department of Insurance website (insurance.illinois.gov) under the Public Pension Division Pension Data Portal tab.
- 36. Would the fund consider multiple fee proposals from a single vendor?**
- Yes.

***** End of Report *****

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND
INVESTMENT CONSULTING SERVICES AGREEMENT

THIS INVESTMENT CONSULTING SERVICES AGREEMENT ("Agreement") made the ___ day of _____, 2021, by and between _____ ("_____" or the "Investment Consultant") and the Illinois Police Officers' Pension Investment Fund ("Fund" or "IPOPIF").

WITNESSETH:

WHEREAS the Board of Trustees of the Fund may appoint one or more investment consultants to assist the Board of Trustees in, inter alia, determining an appropriate investment policy, identifying investment advisers/managers, and monitoring the performance of those investment advisers/managers; and

WHEREAS a description of the services to be performed, the need for services, the plan for post-performance review, and the qualifications necessary are set forth herein or in Exhibit A to this Agreement; and

WHEREAS in compliance with its Procurement Policy, the Board of Trustees voted to appoint _____ as an investment consultant based on the Fund's need and _____'s qualifications; and

WHEREAS _____ agrees to act as an investment consultant in accordance with the terms of 40 ILCS 5/1-101, et. seq. and 40 ILCS 5/13-101, et. seq. and with the terms of this Agreement.

NOW, THEREFORE, the Board of Trustees and the Investment Consultant agree as follows:

Section 1. Appointment of Investment Consultant

- A. The Board of Trustees hereby appoints _____ as the Fund's Investment Consultant for the general investment and private equity components of the Fund's investment policy and in accordance with the services to be provided pursuant to this Agreement and Exhibit A. The Investment Consultant shall for all purposes be deemed an independent contractor, and, unless otherwise expressly authorized or provided, shall not have authority to act for or represent either the Fund or the Board of Trustees in any way or otherwise be deemed an agent of either the Fund or the Board of Trustees.
- B. The Investment Consultant hereby accepts its appointment.

Section 2. Standard of Care

- A. As a fiduciary, the Investment Consultant shall perform its duties hereunder with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.
- B. The Investment Consultant shall perform its duties hereunder solely in the interest of, and for the exclusive purpose of providing benefits for, the Fund's beneficiaries.
- C. The Investment Consultant shall not engage in any transaction involving the Fund that would constitute a non-exempt prohibited transaction under Section 406 of ERISA or 40 ILCS 5/1-110.

Section 3. Representations, Warranties and Covenants of the Investment Consultant

- A. The Investment Consultant represents and warrants to the Board of Trustees that it is registered and shall remain registered as an investment adviser, as defined in the Investment Advisers Act of 1940.

- B. Pursuant to Section 5/1-113.14 of the Illinois Pension Code, the Investment Consultant acknowledges that it is a “fiduciary” with respect to the Fund within the meaning of the Illinois Pension Code, and specifically agrees to perform all of its duties and obligations under this Agreement as a fiduciary. The Investment Consultant further warrants that none of the disqualifications described in Section 411 of ERISA apply to the Investment Consultant.
- C. The Investment Consultant represents and warrants that: (1.) all statements made, and materials provided to the Fund in response to the Fund’s search for an investment consultant, which resulted in the Fund and the Investment Consultant entering into this Agreement, were true and complete; and (2.) the Investment Consultant satisfies each of the minimum qualifications set forth in the request for proposals. The Investment Consultant shall also be subject to 40 ILCS 5/1-135.
- D. The Investment Consultant represents and warrants that the statements made at the presentations to the Board of Trustees relating to the Investment Consultant’s conflicts of interest policies and procedures were true and complete. The Investment Consultant further represents and warrants that it has provided the Fund with a copy of all documents describing the Investment Consultant’s conflict of interest process and procedures. These documents are adopted and incorporated by reference herein. The Investment Consultant agrees to provide the Fund with timely notice of any material change in such policies and procedures.
- E. The Investment Consultant represents and warrants that it shall secure and maintain at all times during the term of this Agreement a blanket fidelity bond or bonds in the minimum amount of \$1,000,000. If the Investment Consultant maintains a blanket fidelity bond or bonds in an amount greater than \$1,000,000, the Investment Consultant shall maintain such greater amount for the term of this Agreement. A certificate confirming the bond(s) shall be provided to the Board of Trustees in December of each year.

- F. The Investment Consultant represents and warrants that it shall secure and maintain at all times errors and omissions insurance in the minimum amount of \$ X,000,000. If the Investment Consultant maintains errors and omissions insurance in an amount greater than the amount required, the Investment Consultant shall maintain such greater amount for the term of this Agreement. A certificate of insurance with respect thereto shall be provided to the Board of Trustees in December of each year.
- G. The Investment Consultant agrees to provide notice within seven (7) days of receipt of a notice of cancellation of the bond or the errors and omissions insurance coverage set forth in Paragraphs (F) and (G) of this Section. The Investment Consultant further agrees that there will be no “prior acts” exclusion in the event of any change in either the fidelity bond(s) or errors and omissions insurance policies or the insurance company or companies providing such bond(s) or policies.
- H. The Investment Consultant agrees to notify the Board of Trustees in writing within five (5) business days of any material changes in the “co-leads” or “primary consultants” for the Fund or any legal actions instituted against the Investment Consultant involving its consulting services or of any investigations, examinations, or other proceedings commenced by any governmental regulatory agency which are not either conducted in the ordinary course of Investment Consultant’s business or conducted as part of an industry fact-finding related inquiry.
- I. Pursuant to Section 1-113.14(c) of the Illinois Pension Code, the Investment Consultant has disclosed in writing the names and addresses of the following persons or entities (hereinafter referred to as the “Investment Consultant Disclosures,” which is attached and incorporated herein as Exhibit D: (i) any entity that is a parent of, or owns a controlling interest in, the Investment Consultant, (ii) any entity that is a subsidiary of, or in which a controlling interest is owned by, the Investment Consultant, (iii) any persons who have an ownership or distributive income share in the Investment Consultant that is in excess of seven and one-half percent (7.5%), or (iv) serves as an executive officer of the Investment Consultant. The Investment Consultant further acknowledges that it shall promptly notify the Fund, in writing, if at any time during the term of this Agreement, any of the information contained in the Investment Consultant Disclosures changes.

- J. The Investment Consultant has further disclosed in the Investment Consultant Disclosures, 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 this Agreement. The Investment Consultant further acknowledges that it shall promptly notify the Fund, in writing, if at any time during the term of this Agreement, the Investment Consultant adds or changes any subcontractors. 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.
- K. The Investment Consultant shall comply with all applicable laws of the State of Illinois and the United States of America, and any applicable governmental or regulatory authority outside of the United States. Regulatory reports required under laws applicable to the Investment Consultant by any regulatory authority shall be the sole responsibility of the Investment Consultant.
- L. To the fullest extent permitted under applicable law and notwithstanding any other provision of this Agreement, the Investment Consultant shall indemnify and hold harmless the Board of Trustees and the Fund, including its employees and agents, for, from and against any losses, damages, costs, and expenses (including but not limited to reasonable attorneys' fees, judgments, fines, and amounts paid in settlement) incurred as the result of the Investment Consultant's breach of this Agreement. Notwithstanding the foregoing, no indemnified party hereunder shall be entitled to indemnification to the extent that any such loss was directly caused by such party's own gross negligence or willful misconduct.
- M. The Investment Consultant shall furnish to the Board of Trustees, from time to time, evidence as the Board of Trustees may reasonably request that the Investment Consultant satisfies and continues to satisfy the foregoing requirements. The Investment Consultant shall promptly notify the Board of Trustees if it has reason to believe that any of the foregoing representations, warranties or covenants may cease to be satisfied.

Section 4. Representations and Warranties of the Board of Trustees

- A. The Board of Trustees represents and warrants to the Investment Consultant that the Board of Trustees is a fiduciary authorized to enter into this Agreement and to appoint _____ as its Investment Consultant in accordance with the terms hereof and that the person executing this Agreement for and on behalf of the Board of Trustees is authorized to do so.
- B. The Board of Trustees represents and warrants to the Investment Consultant that it has received a copy of the Investment Consultant's ADV Part II within forty-eight (48) hours prior to the execution of this Agreement.

Section 5. Fees

As compensation for the services provided under this Agreement during the Initial Term, the Fund will pay the Investment Consultant the fees set forth on Exhibit B attached hereto. Neither the Investment Consultant nor any of its affiliates will receive any brokerage commissions on the purchase or sale of Fund assets or any other fees or compensation in connection with services provided hereunder.

Section 6. Effective Date; Term; Termination

This Agreement shall become effective on the date signed by the Investment Consultant and shall continue in full force and effect for XXXX (X) years, unless terminated prior to such date in accordance with this Section. For any reason, including as a result of post-performance review, this Agreement may be terminated by the Board of Trustees effective immediately upon the Investment Consultant's receipt of written notice of termination. The Investment Consultant may terminate this Agreement upon one hundred and twenty (120) days' advance written notice to the Board of Trustees. Upon termination, fees of the Investment Consultant shall be prorated to the date of termination as specified in the notice of termination.

Section 7. Assignment

Unless the Board of Trustees expressly consents in writing thereto, the Investment Consultant's assignment, as defined in the Investment Advisers Act of 1940, of this Agreement shall automatically terminate this Agreement. If the Investment Consultant is converted into, merges, or consolidates with, or sells or transfers substantially all of its assets or business to another corporation, the resulting corporation, or the corporation to which such sale or transfer has been made shall notify the Board of Trustees of such sale or transfer and shall become the Investment Consultant hereunder only if the Board of Trustees expressly so consents in writing.

Section 8. Disclosure of Fees Paid

- A. The Investment Consultant shall disclose in (in Exhibit D) all direct and indirect fees, commissions, penalties, and other compensation, including reimbursement for expenses, that may be paid by or on behalf of the Investment Consultant in connection with the services provided to the Fund. The Investment Consultant agrees to update such disclosures promptly after a modification of such payments or additional payments are made.
- B. The payment of a placement fee or contingency fee is prohibited. The Investment Consultant acknowledges that Section 1-145 of the Illinois Pension Code prohibits a person or entity from retaining a person or entity to attempt to influence the outcome of an investment decision of or the procurement of investment advice or services of the Fund for compensation, contingent in whole or in part upon the decision or procurement.

Section 9. Ethics Statement

The Investment Consultant acknowledges that the Board of Trustees and the Fund are subject, in applicable part, to the Illinois State Officials and Employees Ethics Act, 5 ILCS 430. The Investment Consultant further acknowledges that the Fund has adopted an Ethics Policy, which is attached hereto and incorporated by reference as Exhibit C.

Section 10. Notices

- A. All notices and instructions required by this Agreement shall be deemed duly given when delivered to and received by the respective parties as follows:

To the Board of Trustees:

Illinois Police Officers' Pension Investment Fund

184 Shuman Boulevard, Suite 305

Naperville, IL. 60563

Attn: Executive Director,

Telephone: (331) 472-1080

Email: rwhite@ipopif.org

To the Investment Consultant:

- B. Any such notice shall be effective: (a) if sent by certified or registered mail, return receipt requested, by United States express mail, or by courier service, then when actually received; (b) if sent by facsimile transmission, on the date sent, provided confirmatory notice is deposited in the United States mail, postage prepaid, on said date; or (c) if delivered by hand, then on the date so delivered. The address or addressee to receive notice for any party may be changed by such party from time to time by giving notice in the foregoing manner. Any notice required under this Agreement may be waived only in writing, signed by the person entitled to notice.

Section 11. Entire Agreement; Amendment

This Agreement as it may be amended in writing, together with the Exhibits annexed hereto, constitutes the entire agreement of the parties; is intended to be the complete and exclusive statement of the terms hereof; and, except as provided for herein, may not be modified or amended except by a writing signed by the parties hereto. If any provision of this Agreement is found to be invalid or unenforceable by a court of competent jurisdiction, the other provisions shall be considered severable and enforceable.

Section 12. Governing Law; Venue

This Agreement shall be governed by, and construed in accordance with, the laws of the State of Illinois, without regard to conflict of laws principles. References herein to provisions of law shall be deemed to include a reference to any amendments thereof and any successor provisions thereto. Venue for any litigation relating to this Agreement, including any tort claim arising out of or related to this Agreement, is agreed to be the Circuit Court of DuPage County, Illinois, or the U.S. District Court for the Northern District of Illinois, Eastern Division.

Section 13. Counterparts

This Agreement may be executed in any number of separate counterparts, each of which shall be deemed an original, but the several counterparts shall together constitute but one and the same agreement of the parties hereto.

Section 14. Disclosure of Information

The Investment Consultant shall regard as confidential all information regarding the operations and investments of the Fund and shall not disclose such information except as required by law, regulation or in the course of a regulatory examination, or by order of a court of competent jurisdiction. Notwithstanding this, the Fund agrees that the Investment Consultant may from time to time, as it deems necessary in its discretion, disclose to third parties that the Fund is one of the Investment Consultant's clients, but the Investment Consultant agrees that such disclosure shall be limited to supplying the name of the Fund only, and not the nature or extent of its investments or any other information concerning the Fund. The Fund acknowledges that the Investment Consultant considers certain information related to its investment databases, investment research, and investment processes to be proprietary, confidential and trade secrets. The Investment Consultant agrees that the Fund is subject to the Illinois Freedom of Information Act ("FOIA"). To the extent permitted by FOIA, the Fund agrees to take all reasonable steps to assist the Investment Consultant in protecting the confidentiality of such information, including taking any reasonable and legally permitted steps to preserve the confidentiality of such information from disclosure to third parties via FOIA requests.

Section 15. Additional Provisions

- A. The Investment Consultant certifies to the Fund that it is not barred from being awarded a contract or subcontract with the State of Illinois 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's or employee's official capacity as provided in Section 50-5 of the Illinois Procurement Code, 30 ILCS 500/50-5.

B. As required by 775 ILCS 5/2-105, to the extent this provision applies to the Investment Consultant, the Investment Consultant agrees to:

- (i) Refrain from unlawful discrimination and discrimination based on citizenship status in employment and to undertake affirmative action to assure equality of employment opportunity and eliminate the effects of past discrimination.
- (ii) Comply with the procedures and requirements of the Illinois Department of Human Rights' regulations concerning equal employment opportunities and affirmative action.
- (iii) 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
- (iv) Have written sexual harassment policies that shall include, at a minimum, the following information or its reasonable equivalent:
 - the illegality of sexual harassment.
 - the definition of sexual harassment under State law.
 - a description of sexual harassment, utilizing examples.
 - the Investment Consultant's internal complaint process including penalties.
 - the legal recourse, investigative and complaint process available through the Illinois Department of Human Rights; and
 - directions on how to contact the Illinois Department of Human Rights.

- C. The Investment Consultant shall maintain, for a minimum of ten (10) years after, all transactions involving the Fund in conjunction with this Agreement. The Investment Consultant shall further make all such books, records, and supporting documents related to this Agreement available for review and audit as reasonably requested by the internal or external auditors of the Fund and by the Illinois Auditor General, shall cooperate fully with any audit conducted by the internal or external auditors of the Fund and the Illinois Auditor General, and will further provide the internal or external auditors of the Fund and the Illinois Auditor General full access to all relevant materials. Failure to maintain the books, records, and supporting documents required by this Section shall establish a presumption in favor of the Board of Trustees.

IN WITNESS WHEREOF, duly authorized representatives of the Board of Trustees and the Investment Consultant have executed this Agreement on the day and year signed by the Investment Consultant.

THE BOARD OF TRUSTEES OF THE ILLINOIS POLICE OFFICERS PENSION INVESTMENT FUND

By: _____

By: _____

Title: INTERIM EXECUTIVE DIRECTOR

Title: _____

EXHIBIT A

SCOPE OF SERVICES

SCOPE OF SERVICES

The General Investment Consultant (“Consultant”) shall provide comprehensive general investment consulting advice and services to IPOPIF. The Consultant will report directly to the Board of Trustees but will work closely with IPOPIF Staff (“Staff”) including the Executive Director and the Chief Investment Officer.

The Consultant will serve in a fiduciary capacity and will acknowledge in writing its fiduciary status, without qualification. In all cases, the Consultant and its representatives will offer advice that is solely in the interest of IPOPIF.

The scope of services for GENERAL INVESTMENT CONSULTANT SERVICES includes, but are not limited to these duties and responsibilities:

1. Consolidation and Transition of Assets

- (a) Assist directly with the transition of assets from local pension funds to the IPOPIF. The Consultant will provide substantial operational support and guidance throughout the transition period, including but not limited to guidance on short-term and long-term asset allocation, liquidity requirements and coordination with Custodian and Transition Manager(s).
- (b) Propose appropriate custodial arrangements and assist with searches for custodians and other investment related vendors, as required.

2. Investment Policy and Asset Allocation

- (a) Upon engagement, assist the Board of Trustees with the development of an Investment Policy Statement (IPS) and, at least annually thereafter, conduct a review and analysis of IPOPIF's investment policies, procedures, and guidelines recommending changes, if appropriate.
- (b) Conduct a comprehensive asset allocation study (the "Study") at least every three years the primary purpose of which shall be to determine the asset allocation policy of the IPOPIF. In completing the Study, the Consultant shall among other things recommend methodologies, capital market assumptions, asset classes for analysis, and alternative asset allocation policies for consideration.
- (c) Provide advice and recommendations on various other investment policy issues, such as the Board's long-term investment policy, asset allocation and investment strategies for equities, fixed income, hedge funds, private equity, private debt, real estate, real assets, alternatives, and cash equivalent investments.
- (d) Monitor changes in capital markets, economic conditions, and other relevant factors on an ongoing basis to assess their impact on the IPOPIF and advise the Board accordingly.
- (e) Monitor, assess, and evaluate the risk in the investment portfolio, including the development of a risk budget and risk policy.

3. Investment Manager Search, Selection, and Review

- (a) The Consultant shall be responsible for advising and recommending IPOPIF on the selection, oversight, and termination of investment managers.
- (b) Additionally, the Consultant shall:
 - i) Conduct investment and operational due diligence on prospective managers.
 - ii) Conduct ongoing review and due diligence, including periodic on-site due diligence visits of IPOPF managers.

- iii) Provide annual due diligence reports of managers seen during the year that are retained by IPOPIF. (IPOPIF expects that all retained managers of IPOPIF will have due diligence conducted at least every three years for open-ended and public security mandates.)
- iv) Potentially allow trustees or staff to accompany the firm on due diligence visits in order to gain “first-hand” manager exposure.
- v) Participate in the negotiation of investment management agreements.

4. Performance Monitoring and Reporting

- (a) Provide monthly, quarterly, and annual reports on the investment performance of the total Fund (gross and net of fees), by asset class, and by manager. Reports should include analysis of the current market environment, the asset allocation of the current investment program, return attribution, and risk assessment.
- (b) Provide ongoing monitoring and oversight of investment managers in regard to organizational stability and compliance with laws, regulations, investment policies, and mandates, and other relevant matters, and report quarterly.
- (c) Monitor and evaluate investment costs including, but not limited to, manager trading and transaction costs.
- (d) Reports will also contain written commentary on the investment results of all portfolios and manager performance in the context of their objectives and benchmarks and be customized according to the Fund’s specifications.

5. Client Service and Education

- (a) Attend the statutorily required quarterly Board of Trustees meetings.
- (b) Attend additional meetings of the Board of Trustees, as necessary, up to a maximum of 12 meetings annually. (It is anticipated that the Board of Trustees will meet on a monthly basis through the transition period and thereafter, at a minimum, quarterly as required by law).
- (c) Attend telephone meetings, as requested by the Board or Staff.
- (d) Coordinate effectively with the Board, Staff, and custodian bank.
- (e) Respond to inquiries by the Board and Staff between meetings in a timely manner.

- (f) Report significant changes in the Consultant's ownership, organizational structure, personnel, and other areas that may be relevant to Consultant on a timely basis.
- (g) Request information from investment managers in order for the IPOPIF to comply with regulatory and/or other requirements.
- (h) Provide education to the Board and Staff, as required.
- (i) Provide the Board or Staff access to research, including proprietary research.

6. Alternative Investment Services

- (a) Assist in the development of goals, strategy, and objectives for alternative investments. Develop and review annually policies and guidelines focusing on the structure and diversification of each portfolio. Provide an analysis of investment pacing based on cash flow and current commitments.
- (b) Support the selection of alternative investments including searches for various vehicles, including direct partnership underwriting, meeting the Fund's established goals including the identification of emerging managers within the asset class. Provide support in the negotiation of agreements, terms, and fees for such investments.
- (c) Provide ongoing monitoring of the Fund's investment managers and related investments within each asset class focusing on investment performance, amendments to the limited partnership agreements, and organizational issues. Prepare written communication of any important developments and recommendations regarding amendments to partnership agreements.
- (d) Educate and present topical research regarding market conditions for each component of the alternative portfolio, opportunities, trends, and other relevant subjects to Board members and to the Fund staff. Provide access to alternatives research, published or unpublished, databases maintained, and general memoranda produced by the investment consultant.
- (e) The Investment Consultant will prepare a quarterly report (or as needed) for the alternative investment which should include a review of investment manager fee calculations, particularly as it relates to the determination of carried interest and return verification; reconcile discrepancies in the returns calculated by the Investment Consultant versus the returns calculated by the Fund's staff and assist in resolving return discrepancies.

7. Other Services

- (a) Propose appropriate custodial arrangements and assist with searches for custodians and other vendors, as required.
- (b) Provide other services typically provided by general investment consulting relationships firms to institutions with investment programs similar to that of IPOPIF.
- (c) Make recommendations to the Board of Trustees and staff regarding securities lending, transition management, transaction cost analysis, commission recapture, and other alternative investment strategies.
- (d) Carry out any other duties or provide any other services that may be specified in, or required by, IPOPIF's Investment Policy Statement.
- (e) Evaluate and recommend to the IPOPIF the appropriate information technology and/or IT vendors to assist the IPOPIF with the administration of the investment operation.
- (f) Continual enhancement of the Fund's investment operations with review of custodial operations, transition management procedures, securities lending structure and guidelines, and recommending best practices as appropriate.
- (g) Assisting with draft development and publication of annual Comprehensive Annual Financial Report (CAFR).
- (h) Working with third party providers as directed by the Fund, including, without limitation, Fund's actuaries, auditors, counsel, and other investment related professionals.

EXHIBIT B
SCHEDULE OF FEES

The Investment Consultant has agreed to provide the Fund with consulting services as described in Section 1 and Exhibit A of the Investment Consulting Agreement dated _____, 2021. For purposes of Section 10, the Investment Consultant's annual fee for the Initial Term (as defined in Section 10) shall be \$_____ annually for a _____ year contract. All travel, delivery costs and out-of-pocket expenses incurred in connection with fulfilling its obligations under this Agreement shall be borne entirely by the Investment Consultant.

The Investment Consultant's fees shall be billed quarterly, in arrears, and shall be payable by the Fund within thirty (30) days.

ACKNOWLEDGED:

By: _____

Name: _____

Title: _____

SAMPLE

**EXHIBIT C
ETHICS POLICY**

**IPOPIF ETHICS POLICY (PP-2020-07)
INCLUDED AS AN ATTACHMENT TO THIS DOCUMENT.**

SAMPLE

**ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND
POLICY AND PROCEDURE**

POLICY NUMBER: PP-2020-07
SUBJECT: ETHICS POLICY
EFFECTIVE DATE: December 14, 2020
AMENDED:

INDEX:

SECTION A: INTRODUCTION
SECTION B: DEFINITIONS
SECTION C: POLICY
SECTION D: CONFLICT OF INTEREST
SECTION E: PROHIBITION ON GIFTS
SECTION F: DISCLOSURE OF ECONOMIC INTERESTS
SECTION G: SEXUAL HARASSMENT
SECTION H: TRAINING
SECTION I: ENFORCEMENT
SECTION J: POLICY REVIEW

A. INTRODUCTION

The Board of Trustees of the Illinois Police Officers' Pension Investment Fund ("The Fund") hereby adopts this Ethics Policy ("Policy") in furtherance of the objective of acting solely in the interests of the Fund's Members and Beneficiaries when conducting Fund business, and to affirm its duties under 40 ILCS §5/22B *et seq.*

B. DEFINITIONS

The definitions used in this Ethics Policy are limited to the Policy and shall not be binding on the Fund for any other purpose. Whenever used in this Policy, the following terms shall have the following meanings:

- (a) **"Administrative Action"** means any decision on, or any proposal, consideration, enactment or making of any rule or any other official action or non-action involving the expenditure of Fund assets by the Board, the executive director, or by any Employee of the Fund, or any matter which is within the jurisdiction of the Board.
- (b) **"Board"** means the Board of Trustees of the Illinois Police Officers' Pension Investment Fund.
- (c) **"Board Member"** means each of the elected, appointed, and ex officio trustee members of the Board.
- (d) **"Compensation"** means money, thing of value or other pecuniary benefit received or to be received in return for, or as reimbursement for, services rendered or to be rendered.
- (e) **"Employee"** means an individual employed by the Fund, whether part-time or full-time, or by a contract of employment, but excludes Board Members and any third party vendor of the Fund.
- (f) **"Ethics Officer"** means the Executive Director of the Fund. In the event that the Executive Director is the subject of a complaint, a member of the Board shall be appointed to conduct an investigation. In the event of a conflict of interest, the Board shall refer the complaint to the appropriate law enforcement agency or other persons or entities qualified to conduct such investigations as determined by the Board.
- (g) **"Fund"** means the Illinois Police Officers' Pension Investment Fund.

- (h) **"Gift"** means any gratuity, discount, entertainment, hospitality, loan, forbearance, or other tangible or intangible item having monetary value including, but not limited to, cash, food and drink, and honoraria for speaking engagements related to or attributable to Fund employment or the official position of a Board Member or Employee of the Fund; provided, however, Gifts shall not be deemed to include reimbursement from the Fund of travel or educational expenses relating to Fund business.
- (i) **"Person"** means any individual, entity, corporation, partnership, firm, association, union, trust, estate, as well as any parent or subsidiary of any of the foregoing, whether or not operated for profit.
- (j) **"Party in interest"** means (1) any person that is a fiduciary, counsel or Employee of the Fund or a relative of such person; (2) any person that provides services to the Fund or a relative of such person; (3) an employer, any of whose employees are covered by the Fund; (4) an employee organization, any members of which are covered by the Fund; and (5) an Employee, officer or director of the Fund or of a person described under items (2), (3) or (4) above.
- (k) **"Prohibited source"** means any person or entity who:
- (1) is seeking official action (A) by the Fund, (B) by any Fund Member or (C) by an Employee;
 - (2) does business or seeks to do business (A) with the Fund or (ii) with a Board Member or Employee;
 - (3) has interests that may be substantially affected by the performance or non-performance of the official duties of the Board Member; or

- (4) is registered or required to be registered with the Secretary of State under the Lobbyist Registration Act, except that an entity not otherwise a prohibited source does not become a prohibited source merely because a registered lobbyist is one of its members or serves on its board of directors.

C. POLICY

1. To the extent applicable, Trustees, employees, and external service providers are subject to the Illinois Pension Code. (40 ILCS 5/1 *et seq.*) Trustees and employees shall also comply with the Fund's Bylaws ("Bylaws") and Rules and Regulations ("Rules"), as adopted from time to time.

2. The Fund, by a majority vote, shall appoint an Ethics Officer for the Fund. The Ethics Officer shall be that person designated as Ethics Officer and in the absence of such designation, the Executive Director shall serve in that capacity.

3. Trustees and employees shall act with honor and integrity in administering the Fund.

4. Trustees and employees shall not knowingly make any false statement or falsify, or permit to be falsified, any record of the Fund.

5. Trustees and employees shall act in good faith and in the best interest of Members and Beneficiaries.

6. Trustees and employees shall act with prudence and reasonable care.

7. Trustees and employees shall act with skill, competence, and diligence.

8. Trustees shall deal fairly, objectively, and impartially with all Members and Beneficiaries. Trustees and employees shall develop and maintain their skills and competence through continuing education, participation in staff and Trustee training, and participation in professional associations in order to familiarize themselves with duties and obligations and to keep abreast of developments.

9. By virtue of their roles, Trustees and employees shall respect and protect privileged information.

10. Trustees and employees shall not engage in "Prohibited Transactions" as defined in the Illinois Pension Code.

11. Trustees shall recuse themselves whenever a matter comes before the Fund as to which an actual conflict, a potential conflict, or the appearance of a conflict of interest may exist, unless, after full disclosure at a Fund's meeting of the facts underlying an actual conflict, a potential conflict, or the appearance of a conflict, the Fund determines no conflict, potential conflict, or the appearance of a conflict exists. A Trustee shall not vote on matters as to which a conflict or potential conflict of interest exists.

12. An employee shall inform the Fund and the Executive Director in writing and then recuse herself/himself from any role in, or consideration of, a matter whenever any matter comes before the employee as to which an actual conflict, a potential conflict, or the appearance of a conflict of interest may exist, unless, after full disclosure at a Fund's meeting disclosing the facts underlying an actual conflict, a potential conflict, or the appearance of a conflict, the Fund determines that no conflict or potential conflict exists.

13. No person, including a Trustee or an employee, or entity shall retain any person or entity to attempt to influence the outcome of an investment decision of or the procurement of investment advice or services of the Fund for compensation, contingent in whole or in part upon the decision or procurement.

D. CONFLICT OF INTEREST

14. A conflict of interest is a tension between one's private interests and one's public and/or fiduciary duties or the appearance of such tension. There are many nuances when determining whether a conflict of interest exists; however, the core of a conflict of interest is whether the situation could reasonably result in impaired judgment or involve the potential for personal gain in a procurement or contracting decision or action. All employees and vendors must disclose in writing all actual conflicts, potential conflicts, or the appearance of a conflict of interest to the Executive Director, who shall disclose to the Fund, in writing, all actual conflicts, potential conflicts, or the appearance of a conflict of interest. The Executive Director and/or Trustees must disclose in writing all actual conflicts, potential conflicts, or the appearance of a conflict of interest to the Fund, as a whole.

15. Except as provided herein, and subject to applicable State laws, a Trustee or employee shall not accept either directly or indirectly any item of value from:

a. a person required to be registered under the Illinois Lobbyist Registration Act (“Lobbyist”);

b. any person or entity which is doing business with the Fund or which has an interest that is substantially affected by Fund business (hereinafter a “Prohibited Source”);

c. any person or entity which is “seeking to do business” with the Fund within the next twelve (12) months, e.g., the person or entity takes an action to obtain Fund business when, if such action were successful, it would result in the person or entity doing business with the Fund within the next twelve (12) months and the contract or business sought has not been awarded to any person or entity, or the person or entity has an interest that may be substantially affected by Fund business (hereinafter “ Prohibited Source”); and

d. a Lobbyist, Prohibited Source’s, or Prospective Prohibited Source’s spouse, or immediate family member residing with such Lobbyist or Prohibited Source;

e. individuals described in (a) to (d) are collectively referred to as Prohibited Sources. Such Prohibited Sources include, but are not limited to, attorneys, investment managers, consultants, professional service providers, brokers, or vendors.

E. PROHIBITION ON GIFTS

16. Notwithstanding any other provision of this Policy, a Trustee or an employee, the definition of which shall include the Trustee’s or employee’s spouse and any immediate family member residing with such Trustee or employee, shall not accept food and/or refreshments of any value or any Gift from any Prohibited Source after a Request for Proposal (“RFP”) or Request for Information (“RFI”) has been approved relating to the Prohibited Source’s business interest with the Fund or when the Trustee or employee knows such RFP or RFI will be the subject of Board action.

17. A Fund Trustee or employee, the definition of which shall include the Trustee’s or the employee’s spouse and any immediate family member residing with such Trustee or employee, may not accept any “Gift” from a Prohibited Source.

This restriction shall not apply to the following:

- a. Opportunities, benefits, and services that are available on the same conditions as for the general public.
- b. Anything for which the officer, member, or employee pays the market value.
- c. Educational materials and missions.
- d. Travel expenses for a meeting to discuss Fund business.
- e. Food or refreshments not exceeding \$75 per person in value on a single calendar day; provided that the food or refreshments are (i) consumed on the premises from which they were purchased or prepared or (ii) catered. For the purposes of this Section, "catered" means food or refreshments that are purchased ready to eat and not delivered by any means.
- f. Any item or items from any one prohibited source during any calendar year having a cumulative total value of less than \$100.
- g. A gift from a relative, meaning, those people related to the individual as father, mother, brother, sister, uncle, aunt, great aunt, great uncle, first cousin, nephew, niece, husband, wife, grandfather, grandmother, grandson, granddaughter, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, half brother, half sister, and including the father, mother, grandfather or grandmother of the individual's spouse and the individual's fiancé or fiancée.
- h. Anything provided by an individual on the basis of a personal friendship unless the member, officer, or employee has reason to believe that, under the circumstances, the gift was provided because of the official position or employment of the member, officer, or employee and not because of the personal friendship.
- i. Intra-governmental and inter-governmental gifts. For the purpose of this Act, "intra-governmental gift" means any gift given to a member, officer, or employee of the Fund from another member, officer, or employee of the Fund; and "inter-governmental gift" means any gift given to a member, officer, or employee of the Fund, by a member, officer, or employee of another state agency, of a federal agency, or of any governmental entity.

18. The limitations on the receipt of items of value, food and/or refreshments, or Gifts as set forth in the Policy shall not apply to items of value, food and/or refreshments, or Gifts received by a Trustee or employee as a result of familial, personal, outside business, or social relationship existing independent of the Fund's affairs that a Trustee or employee may have with

a Prohibited Source, unless the Trustee or employee has reason to believe that, under the circumstances, the item of value, food and/or refreshments, or Gift was provided or enhanced because of the Trustee's or employee's position and not because of the personal, business, or social relationship existing independent of the Fund's affairs. In determining whether the item of value, food and/or refreshments, or Gift was provided because of the Trustee's or employee's position and not because of the personal, business, or social relationship existing independent of the Fund's affairs, the Trustee or employee shall consider the circumstances under which the item of value, food and/or refreshments, or Gift was offered, such as:

a. the history of the relationship with the individual giving the item of value, food and/or refreshments, or Gift, including any previous similar exchange between the individual and the Trustee or employee;

b. whether, to the knowledge of the Trustee or employee, the individual providing the item of value, food and/or refreshments, or Gift personally paid for it or sought a tax deduction or business reimbursement;

c. whether, to the knowledge of the Trustee or employee, the individual providing the item of value, food and/or refreshments, or Gift provided the same or similar items of value, food and/or refreshments, or Gifts to other Trustees or employees.

19. A Fund Trustee or employee shall neither solicit nor accept anything of value, including, but not limited to, a Gift, favor, or promise of future employment, based upon any mutual understanding, either explicit or implicit, that the votes, official actions, decisions or judgments of any Trustee or employee, concerning the business of the Fund would be influenced thereby.

20. If an investment manager, broker, or vendor is on the Fund's written "watch" list, and notwithstanding any other provision of this Policy or State law, a Trustee or employee shall not accept any food and/or refreshments, Gift, or entertainment from that investment manager, broker, or vendor. The Executive Director shall issue any such watch list and provide Trustees, employees, investment managers, brokers, and vendors with a copy of the list.

21. A Trustee or employee does not violate this policy if the Trustee or employee promptly takes reasonable action to return the prohibited gift to its source or gives the gift or an amount equal to its value to an appropriate charity that is exempt from income taxation under

Section 501(c)(3) of the Internal Revenue Code of 1986, as now or hereafter amended, renumbered, or succeeded.

F. DISCLOSURE OF ECONOMIC INTERESTS

22. All Fund Trustees and employees who are required to file a statement of economic interest, pursuant to the Illinois Governmental Ethics Act, shall timely file such statement.

G. SEXUAL HARASSMENT

23. The Fund is committed to creating and maintaining a work environment that is free of all forms of sexual harassment and retaliation. The Fund will take preventive and corrective action to address any behavior that violates this policy or the rights it is designed to protect.

24. "Sexual Harassment" means any unwelcome sexual advances or requests for sexual favors or any conduct of a sexual nature when: (i) submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment; (ii) submission to or rejection of such conduct by an individual is used as the basis for employment decisions affecting such individual; or (iii) such conduct has the purpose or effect of substantially interfering with an individual's work performance or creating an intimidating, hostile, or offensive working environment. For the purposes of this definition, the phrase "working environment" is not limited to a physical location an employee is assigned to perform his or her duties and does not require an employment relationship.

25. An aggrieved party may report a complaint internally with the Fund's Ethics Officer. If the aggrieved party feels a conflict exists, they may address their complaint with the Fund's Chairperson. An aggrieved party is not limited to internal procedures; the Illinois Department of Human Rights has established a "Sexual Harassment Helpline" to assist callers in finding necessary resources, including counseling services, and to assist in the filing of sexual harassment complaints with the IDHR or other applicable agencies, the Helpline can be reached at: 1-877-236-7703. The Illinois Secretary of State Inspector General has jurisdiction over complaints made against lobbyists, however nothing shall prohibit an aggrieved party from reporting through other venue.

26. Should the Fund hire a Lobbyist, that Lobbyist shall abide by all requirements found in the Lobbyist Registration Act, including, but not limited to, completing anti-sexual harassment training provided by the Secretary of State within 30 days of registration.

27. Persons reporting alleged violations, assisting victims, or assisting with an investigation of sexual harassment shall be free from retaliation and reprisal. Whistleblower protections under the State Officials and Employee Ethics Act, the Whistleblower Act and the Illinois Human Rights Act shall be applicable, in addition to penalties provided for in the enforcement of this policy.

28. Violations of this sexual harassment policy are subject to the penalties provided for in the enforcement section of this policy, in addition to other remedies allowed by law.

H. TRAINING

29. Board members and employees shall be required to complete at least 8 hours of ethics training per year, which shall include training on ethics, fiduciary duty, investment issues and any other curriculum that the investment board establishes as being important for its administration. The Fund's Ethics officer shall be responsible for annual certification of these requirements in accordance with 40 ILCS 5/1-113.18.

30. Within 30 days of adoption of this policy, or initial employment, and annually thereafter, all Board members and employees shall complete anti-sexual harassment and discrimination training. The Fund's Ethics officer shall establish and assign training in accordance with 430 ILCS 5-10.5 and certify compliance.

I. ENFORCEMENT

31. Any Fund Trustee or employee found to have violated any of the provisions of this Policy or to have furnished false or misleading information to the Fund regarding compliance with this Policy shall be subject to the following sanctions:

a. any employee found in material violation of any of the provisions of this Policy shall be subject to employment sanctions, up to and including discharge, in accordance with the Fund's Employee Handbook.

b. any Fund Trustee found to be in material violation of any of the provisions of this Policy shall be subject to the following sanctions, as determined to be appropriate by the Fund:

- i. Public censure;
- ii. Requested resignation;
- iii. Litigation by the Fund seeking to remove the Trustee for breach of fiduciary duty;
- iv. Any additional appropriate sanctions in accordance with the applicable provisions of the Illinois Pension Code or other State law, including, if applicable, referral to the relevant State's Attorney's Office with proper jurisdiction over the matter, or to the Illinois Attorney General's office for investigation.

32. All Fund contracts with investment managers/consultants and professional service vendors shall include a provision requiring compliance with this Policy. The contract with any investment manager/consultant or professional service vendor who violates a material provision of this Policy shall be voidable by the Fund.

33. Nothing in this Policy shall preclude the Fund from bringing a lawsuit for an accounting for any pecuniary benefit received by any person in violation of this Policy or of law, or to recover damages for violation of this Policy or of law.

J. POLICY REVIEW

34. The Policy is subject to change in the exercise of the Board's judgement.

35. The Board of Trustees will review this policy at least every two (2) years to ensure that it remains relevant and appropriate and consistent with state and federal laws and regulations

36. In the event of legislative changes to the pertinent sections addressed in this policy, the Board will review the policy as appropriate.

37. This policy was adopted by the Board on December 14, 2020.

EXHIBIT D
INVESTMENT CONSULTANT DISCLOSURES

SAMPLE