

# **REQUEST FOR PROPOSALS**

**Investment Management  
Global or International (Non USA),  
Small or SMID Cap, Active**

Posted: July 24, 2023

## Introduction

The Illinois Police Officers’ Pension Investment Fund (“IPOPIF” or “the Fund”) is soliciting proposals for active investment management of global or international small or SMID (small/mid) capitalization stocks. The Fund is conducting the Request for Proposal (“RFP”) process in accordance with applicable provisions of the Illinois Pension Code, the Fund’s Investment Policy Statement, the Fund’s Procurement of Investment Services Policy, and the Fund’s Ethics Policy, all of which are subject to change. All policies are available on the Fund’s website at: <https://www.ipopif.org/governing-documents/policies/>. Candidates shall comply with the Fund’s Procurement of Investment Services Policy and the Fund’s Ethics Policy at all times.

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## About IPOPIF

Pursuant to the Illinois Pension Code (40 ILCS 5/1 and 5/22B), IPOPIF is a public pension investment fund responsible for consolidating, managing, and investing the pension assets of 357 separate Illinois Pension Code Article 3 Funds. IPOPIF is governed by a nine-member Board of Trustees (the “Board”). As of June 30, 2023, the IPOPIF total fund was valued at \$9.4 billion. The asset allocation is summarized below. Currently, all public equities are passively managed. New active managers will be funded from current passive allocation.

IPOPIF Asset Allocation	Long Term Strategic Target
<b>Growth</b>	<b>65%</b>
US Large	23%
US Small	5%
International Developed	18%
International Developed Small	5%
Emerging Markets	7%
Private Equity	7%
<b>Income</b>	<b>14%</b>
Bank Loans	3%
High Yield Corp. Credit	3%
Emerging Market Debt	3%
Private Credit	5%
<b>Inflation Protection</b>	<b>11%</b>
US TIPS	3%
Real Estate/Infrastructure	8%
<b>Risk Mitigation</b>	<b>10%</b>
Cash	1%
Short-Term Gov't/Credit	3%
US Treasury	3%
Core Plus Fixed Income	3%

## About the Search

IPOPIF has a 5% allocation (approximately \$450 million) to international small cap, which is currently invested in a passive commingled trust. IPOPIF seeks to increase investment returns for this allocation through active investment management. The search will include both international (ex USA) and global (including USA) products.

To minimize operating costs and maximize market access, IPOPIF currently does not use separate accounts for non-US exposure. For international exposure, IPOPIF can use commingled funds, mutual funds, exchange traded funds, or similar vehicles.

The number of managers and the size of allocations will be determined as part of the search process. Individual allocations are expected to be at least \$100 million.

IPOPIF will use the eVestment database (“IPOPIF database”) for screening and evaluation. The eVestment database must be updated by August 4<sup>th</sup> with data and narratives for the organization, product, and process, as well as performance and holdings data through June 30, 2023.

IPOPIF will screen the eVestment database using the following filters to create the evaluation universe:

- Geographic Region in ACWI, ACWI-ex-US, EAFE, and Global
- Primary Equity Capitalization in Small Cap and Small-Mid Cap

Following initial evaluation of information provided to eVestment, Candidates who the IPOPIF Staff, in consultation

with the Investment Consultant, identify as the highest caliber candidates will be requested to submit a proposal as detailed below. However, any firm that meets the minimum criteria may submit a proposal if they so choose.

## Schedule

The Fund anticipates the following schedule and key milestones, but reserves the right to amend it at any time at its sole discretion:

Deadline	Milestone
7/24/23	RFP posted
8/4/23	Investment firms update data through 6/30/2023 in the eVestment database
8/18/23	Highest caliber candidates are invited to submit proposals
8/25/23	Deadline for written questions (by 5 pm central)
9/1/23	Response to questions posted on IPOPIF website
9/8/23	Proposal Due by 5 pm central
9/18/23-9/22/23	Semifinalist interviews with Verus and IPOPIF staff
10/13/23	Board review, interviews (TBD), and approval

**Inquiries:** All communication and questions related to this RFP will be conducted via dedicated IPOPIF email: [ISC\\_search@ipopif.org](mailto:ISC_search@ipopif.org). Questions can be emailed any time, but no later than the question due date outlined above. Responses to questions will be posted to the IPOPIF website no later than the response due date outlined above. The general IPOPIF phone number, 309-280-6464, may be used if absolutely necessary.

**Quiet Period:** The following Quiet Period provisions of the IPOPIF Procurement of Investment Services Policy will be in effect during the search process.

1. The quiet period shall commence with the posting of the RFP and end when the parties have executed an investment manager agreement.
2. Initiation, continuation, and conclusion of the quiet period shall be directly communicated to the Board and posted on the IPOPIF website.
3. 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.
4. All authority related to the search process shall be exercised solely by the Board as a whole, and not by individual Board members.
5. 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.
6. A candidate may be disqualified from a search process for a willful violation of this Policy.

Notwithstanding the foregoing, the Board through any designated Board member, the Executive Director, the Chief Investment Officer, or Fiduciary Legal Counsel may conduct discussions with candidates to determine in greater

detail a candidate's qualifications; and negotiate the various terms of the investment manager agreement, including fees. Discussions may be held before and after the responses to the RFP have been submitted. The Board, IPOPIF Staff, and Fiduciary Legal Counsel shall not disclose publicly any information contained in any responses until the presentation of the finalists.

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

**Proposal Submission:** Email the completed proposal, including all supporting Exhibits, to [ISC\\_search@ipopif.org](mailto:ISC_search@ipopif.org), no later than the proposal due date. IPOPIF will acknowledge receipt of proposals. You must ensure that your email is successfully transmitted and is not undeliverable due to the size of file attachments. IPOPIF will not accept late, mailed, or faxed Proposals.

All material submitted in response to the RFP will become the property of IPOPIF. IPOPIF is not responsible for any costs incurred by the Candidates in responding to this RFP. This RFP shall not be construed as a legal offer and the Board, in its sole discretion, may select one or more firms, or no firms, to provide the services.

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

1. **Cover Letter:** Candidates must provide a cover letter signed by an individual authorized to legally bind the Candidate and on official business letterhead showing the name of the Candidate, address, telephone number, name of contact person, and date. This letter may summarize what the candidate believes to be the firm's most unique attributes or competitive advantages but may be no longer than two pages. The letter must contain/attest to the following:
  - a. Confirmation that the Candidate meets each of the Minimum Qualifications, set forth below.
  - b. Confirmation that the Candidate is in compliance with Exhibit 3 – Certifications, Representations, and Acknowledgements.
  - c. Confirmation that the Candidate has provided complete Exhibit 4 – Disclosures.
  - d. Confirmation that the Candidate accepts or has redlined any and all objections or proposed amendments to Exhibit 5 – Template Investment Manager Agreement.
  - e. The following verification statement:

I certify under penalty of perjury, that I am an individual authorized to legally bind the Candidate, that I have personally examined and am familiar with the information submitted in this disclosure and all attachments, and that the information is true, accurate, and complete. I acknowledge and agree that, under 40 ILCS 5/1-135, any person who knowingly makes any false statement or falsifies or permits to be falsified any record in an attempt to defraud the IPOPIF is guilty of a Class 3 felony.
2. **Exhibit 1 – Completed RFP Questionnaire.**
3. **Exhibit 2 – Proposed Fee Schedule.** Note that, as required by the Minimum Qualifications, below, the proposed fee schedule must be an MFN fee schedule.
4. **Exhibit 3 – Certifications, Representations, and Acknowledgements.**
5. **Exhibit 4 – Disclosures.**

6. **Exhibit 5 – Template Investment Manager Agreement.** The IPOPIF template Investment Manager Agreement is attached as Exhibit 5. Amendments to the template Investment Manager Agreement are disfavored and any objections to the template Investment Manager Agreement shall be redlined in the Candidate’s response to the RFP.

## Scope of Services

The IPOPIF is seeking qualified firms to manage a portion of the Plan’s International Small-Cap Equity assets. This can include global or international small or SMID (small/mid) capitalization stocks. The Candidate, a qualified investment adviser, shall serve as a fiduciary to the IPOPIF and have independent discretionary authority with respect to the management of the portfolio assigned to the successful candidate, subject to the Fund’s Investment Policy and the agreed upon objectives and guidelines. To be considered, the Candidates must meet the minimum qualifications found below. IPOPIF can use commingled funds, mutual funds, exchange traded funds, or similar commingled vehicles.

## Minimum Qualifications

Candidates must satisfy each of the following minimum qualifications for this RFP in order to be given consideration. Failure to satisfy each of the requirements will result in the rejection of the proposal. Candidates are required to confirm in their cover letter that they meet each of the following minimum qualifications.

1. Candidate is: (a) a registered investment adviser registered under the Investment Adviser’s Act of 1940, (b) a registered investment adviser under the Illinois Securities Law of 1953; (c) a bank, as defined in the Investment Advisers Act of 1940; or (d) an insurance company authorized to transact business in Illinois.
2. Candidate 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 Candidate submits a response to the RFP.
3. Candidate confirms that it has provided an MFN fee schedule.
4. Candidate agrees to serve as a fiduciary as defined by the Illinois Pension Code.
5. Candidate acknowledges and agrees that IPOPIF is unable to provide its vendors with any indemnification rights and that IPOPIF requires that its vendors provide it with indemnification.
6. Candidate has provided all certifications and completed all required disclosures.
7. IPOPIF’s practice is to reserve all rights to seek all remedies in court (IPOPIF does not consent to arbitration), including the right to a jury trial, and IPOPIF’s further practice is that venue for any litigation shall be, and third parties shall submit to the jurisdiction of, the Circuit Court for the Tenth Judicial Circuit, Peoria, Illinois, or the U.S. District Court for the Central District of Illinois.

## Evaluation Criteria

Evaluation of Investment 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 highest caliber investment managers and will also disclose the non-finalists. The Chief Investment Officer and the Investment Consultant will provide the Board with a copy of

Exhibit 4 – Disclosures prior to consideration of the finalists. The Board will select, in the exercise of its discretion based on the evaluation factors, an investment manager from the list of top-qualified Investment Managers. The evaluation factors are:

1. Firm background, experience, and reputation, including: the candidate firm’s experience in the management of institutional portfolios, the background and qualifications of principals and professional staff, the size of the firm and the products offered, organizational structure, portfolio manager tenure, depth of portfolio team and research team, the firm’s history of lawsuits and regulatory actions regarding the firm’s investment practices, and the firm’s record of integrity and business ethics;
2. Investment philosophy and process, including: the clarity and technical merits of the investment process, buy/sell discipline, efficacy of decisions made (streamlined, responsive), consistency of application, risk awareness and controls, uniqueness of the process, and trading ability;
3. Performance, including long-term performance, risk factors, and consistency of performance, each of these relative to benchmarks and peers;
4. The IPOPIF’s overall Investment Policy and allocations among existing investment managers, including, but not limited to, the diversification of investment managers in terms of style, investment philosophy, and the complementary relationship between investment managers in the context of the Investment Policy;
5. Reasonableness of the fees, including availability of ‘most-favored nation’ fee clauses;
6. Portfolio management and client services, including client servicing, accounting, and reporting;
7. The Candidate’s ability, pursuant to Sections 1-113.6 and 1-113.17 of the Illinois Pension Code, to consider decision-useful sustainability factors 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
8. The Candidate’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.

## **IPOPIF Database**

The IPOPIF utilizes [eVestment](#) (the “IPOPIF database”), a third-party industry database of institutional-quality quantitative and qualitative registered investment manager information, to serve as the primary pool from which the IPOPIF will identify and evaluate Candidates. Candidates are required to submit their information into the IPOPIF Database and may do so at [www.evestment.com/submit-my-data/](http://www.evestment.com/submit-my-data/). The IPOPIF’s database is subject to the following:

1. All interested investment managers have access to the IPOPIF Database. No fee shall be required to participate in the IPOPIF Database and the IPOPIF will not use any criteria to exclude Emerging or MWDBE (as defined below) investment managers or SDVOSB or VOSB (as defined below) investment managers from participating in the IPOPIF Database.
2. The IPOPIF shall publish on its website the details of the IPOPIF Database and shall encourage all interested investment managers to access and submit their information into the IPOPIF Database, regardless of whether there is a current RFP, and will engage in outreach to ensure that Emerging or MWDBE investment managers and SDVOSB or VOSB investment managers are aware of and have access to the IPOPIF Database.

3. The IPOPIF will use the IPOPIF Database to evaluate Candidates with respect to the product information and performance as specified in Exhibit 1 – RFP Questionnaire.

### **Emerging, MWDBE, SDVOSB, and VOSB Investment Managers**

“Emerging Investment Manager,” as defined in Section 1-109.1(4) of the Illinois Pension Code, means a qualified investment adviser that manages an investment portfolio of at least \$10,000,000 but less than \$10,000,000,000 and is a MWDBE. MWDBE means a Minority-Owned Business, Women-Owned Business, or Business Owned by Person with a Disability, as those terms are defined in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act, 30 ILCS 575/2, as amended. SDVOSB means a “qualified serviced-disabled veteran-owned small business” as defined in 30 ILCS 500/45-57. VOSB means a “qualified veteran-owned small business” as defined in 30 ILCS 500/45-57.

The IPOPIF will not use any criteria to exclude an otherwise qualified Emerging or MWDBE, SDVOSB, or VOSB investment manager Candidate, such as a minimum number of years in business or minimum assets under management. The IPOPIF’s goal is to improve investment performance by identifying highly qualified and potentially successful Emerging and MWDBE investment managers that can be awarded allocations or, if the investment manager is participating in a “fund of funds”, to be graduated into a separate account portfolio when openings occur or a need is identified.

Emerging or MWDBE, SDVOSB, or VOSB investment manager Candidates shall provide documentation establishing such status. Preference shall be given to the appropriate certification from the State of Illinois as acceptable documentation. If such certifications are not available, the IPOPIF may consider another state’s or a city’s certification.

If an Emerging or MWDBE investment manager Candidate meets the criteria in the RFP, then that Candidate shall receive an invitation by the Board to present as a finalist. If there are multiple Emerging or MWDBE investment manager Candidates that meet the criteria, then the Chief Investment Officer may choose the most qualified firm or firms to present to the Board. The preference for Emerging or MWDBE investment manager Candidates was established by the Illinois Pension Code.

If a SDVOSB or VOSB investment manager Candidate meets the criteria in the RFP, then that Candidate shall receive an invitation by the Board to present as a finalist. If there are multiple SDVOSB or VOSB investment manager Candidates that meet the criteria, then the Chief Investment Officer may choose the most qualified firm or firms to present to the Board. The preference for SDVOSB and VOSB investment manager Candidates was established by the Board.



## Exhibit 1

### IPOPIF Active International Small Cap Equity Investment Management RFP Questionnaire

#### Organization

1. Please provide your standard marketing deck for this strategy.
2. Provide a brief history of your firm including the year of organization.
3. Describe the ownership structure of the firm, including affiliations, subsidiaries, and employee ownership.
4. Describe any ownership structure changes in the past five years or any impending or planned changes.
5. Has your firm terminated, divested, or otherwise ceased to offer any strategy or product within the past ten years? If so, please explain.
6. Is the firm an Emerging-, MWDBE-, SDVOSB-, or VOSB-owned firm as defined in the RFP? If so, please describe and provide relevant certifications.
7. Describe the portfolio management team.
8. Please attach biographies for key members of the portfolio management team.
9. Describe the client service organization, including the people who will service IPOPIF.
10. Please attach biographies for key client service personnel.

#### Investment Process

11. Please describe your investment philosophy and process for the proposed strategy.
12. How has/will your philosophy and process change/d, and are there any impending changes?
13. Please describe any performance and risk targets for this strategy?
14. What is the preferred index for this strategy?
15. Are there market conditions where expect to out- or under-perform the market? If so, please describe.
16. Are any of the investment activities fully or partially outsourced?
17. Please discuss the use of Fair Value Pricing, or other processes used to address timing issues with respect to Valuation.
18. Please discuss risk control processes and systems.
19. If applicable, please describe how and to what extent derivatives are used, including what controls and guidelines are in place regarding use of derivatives for each strategy.
20. What do you believe are differentiating features of your proposed strategy?
21. Please provide performance attribution for the last four quarters and the past three years.
22. Please provide an explanation of any policies/procedures/mechanisms designed to align your interests with those of your clients.

#### Trading

23. Discuss your trading systems and processes from the perspective of seeking best execution.
24. Please discuss and quantify the results of your initiatives to increase the utilization of MWDBE, SDVOSB, or VOSB broker dealers.

#### Product Information

25. Provide the following information for the applicable strategy
  - a. eVestment Firm name
  - b. eVestment Strategy name

- c. Preferred benchmark index
  - d. Inception date
  - e. Proposed investment vehicle
  - f. Liquidity (daily, weekly, etc)
  - g. Liquidity notice required (e.g. how many days prior)
26. The IPOPIF Database (eVestment) will be used to evaluate comparative product information, performance, and risk factors. Please confirm that the database is updated with all relevant information through June 30, 2023.

### **Compliance**

- 27. Is the Candidate compliant with GIPS® Standards? Has the Candidate contracted with an outside firm to conduct a GIPS® verification? If so, please indicate the last verification year and the name of outside firm.
- 28. When was the Candidate's last audit by the SEC, DOL, or any other regulatory agency? Please include the month and year.
- 29. Please explain all findings on the firm's most recent SEC audit, including minor deficiencies. Please attach a copy of the SEC Review findings and firm responses.
- 30. What are the Candidate's Errors & Omissions (E&O) Insurance, fidelity bond, and Cyber Liability Insurance policy limits in millions?
- 31. Does the Candidate have a compliance officer? Is compliance the primary role of the person? To whom does the compliance officer report?
- 32. Please summarize compliance systems and processes.
- 33. Disclose any actual or potential conflicts of interest that may arise from the firm's engagement by IPOPIF, including the activities of any affiliated companies.
- 34. Please discuss proxy voting processes and policies.
- 35. Has the Candidate or any of its affiliates been the subject of a lawsuit, regulatory investigation, or proceeding within the last five years? If yes, please provide complete details and relevant factors. If still open and active, please include any anticipated disposition information.
- 36. Has any member of the senior management team been charged with or convicted of a felony crime, including but not limited to fraud, by the Securities and Exchange Commission, or any other criminal or regulatory agency?
- 37. Has the Candidate or any of its affiliates ever filed for any form of bankruptcy protection? Does the Candidate or any affiliate expect to file for any form of bankruptcy protection during the next 12 months? Please provide details for any such filings.
- 38. Has the Candidate or any of its affiliates been involved in any labor action or labor dispute within the last five years? If yes, please provide details and relevant factors. If still open and active, please include any anticipated disposition information.

### **Cybersecurity**

- 39. Describe the Candidate's security environment. Specifically, cover the physical, digital security, and policy measure safeguards in place to control access to portfolio reporting systems and client account information and to secure email, web communications, and mobile devices such as phones, tablets, and laptops.
- 40. Do the Candidate's information technology systems meet or exceed industry best practices related to cyber-security, including but not limited to the U.S. Department of Labor's Cybersecurity Program Best Practices and the requirements of the State of Illinois Cybersecurity Strategy and the NIST Cybersecurity Framework? If not, explain the details of how your firm is not compliant.

41. Has the Candidate had its security assessed by a third party? If so, when was this last completed and what was the result?
42. Has the Candidate ever experienced a data security breach? If so, describe the incident and the corrective actions.
43. Describe the Candidate's disaster recovery and business continuity plans.
44. Provide the most recent date and the numbers of times the Candidate has practiced and tested disaster recovery procedures in the past five (5) years, and the results of those exercises.
45. Describe the Candidate's back-up capabilities and/or offsite location, in the event the primary office location was inaccessible.

### **Supplemental Information**

Please provide the following information.

46. ADV Parts 1, 2A and 2B, if applicable
47. Firm's most recent SOC 1 or SOC 2 audit report
48. Disaster Recovery Policy and Business Resumption Plan
49. Code of Ethics
50. Valuation Policies
51. Proof of E&O, fidelity bond, and cyber liability Insurance Coverage

### **References**

52. Please provide the following information for three referenceable current clients and one former client. Public defined benefit plans are preferred.
  - Name of institution
  - Name, title, phone # and e-mail address for contact person
  - Strategy used and inception/termination dates

## Exhibit 3

### Certifications, Representations, and Acknowledgements

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

1. Ethics. The Candidate 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 Candidate 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. Candidate 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. Candidate represents that there has been no discussion or offer of future employment to any IPOPIF employee or member of the Board of Trustees. The Candidate 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. Candidate represents that the firm, 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 Candidate's obligations. Candidate 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 Investment Manager certifies that it is not an entity chartered under: (i) the Illinois Banking Act, as amended (205 ILCS 5/1 et seq.); (ii) the Illinois Savings Bank Act, as amended (205 ILCS 205/1 et seq.); (iii) the Illinois Credit Union Act, as amended (205 ILCS 305/1 et seq.); or (iv) the Illinois Savings and Loan Act of 1985, as amended (205 ILCS 105/1 et seq.) nor is it a person or entity licensed under (v) the Illinois Residential Mortgage License Act of 1987, as amended (205 ILCS 635/1 et seq.); (vi) the Illinois Consumer Installment Loan Act, as amended (205 ILCS 607 et seq.); or (vii) the Illinois Sales

Finance Agency Act, as amended (205 ILCS 606/1 et seq.).

7. Business Entity Registration. The Candidate 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 Candidate acknowledges its continuing obligation to update such registration and agrees that any subsequent agreement is voidable in the event that it fails to comply.
8. Anti-Competitive Practices. The Candidate 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.
9. No Unlawful Discrimination. To the extent Illinois law is applicable to the Candidate, pursuant to 775 ILCS 5/2-105, the Candidate 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.
10. Public Records. The Candidate acknowledges and agrees that all documents created as part of an RFP, including Candidate's responses, shall be considered public records and shall be made available for inspection and copying as provided in Section 3 of the Illinois Freedom of Information Act, 5 ILCS 140/1, et seq.
11. IPOPIF Due Diligence. The Candidate acknowledges and agrees that IPOPIF reserves the right to investigate the qualifications and proposal of any Candidate under consideration. IPOPIF may require confirmation of information furnished by a Candidate and may require additional evidence of qualifications to perform the obligations required by the scope of services in Candidate's proposal.
12. IPOPIF Right to Modify Procurement. The Candidate acknowledges and agrees that IPOPIF

reserves the right to modify the procurement process, with appropriate notice to the Candidates; 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 Candidate; request that Candidates submit "best and final" offers; conduct discussions with Candidates whose proposals fall within a competitive range; terminate negotiations at any time; reject any and all proposals received at any time; and disqualify any Candidate that violates the terms of this RFP.

## Exhibit 4

### Disclosures

Candidates are required to provide complete disclosure of each of the following:

1. Pursuant to Section 113.14(c)(3) and (12) of the Illinois Pension Code, 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 Investment Manager in connection with the provision of Investment Services to the IPOPIF;
2. Pursuant to Section 113.14(c)(5) of the Illinois Pension Code, the names and addresses of: the Investment Manager; any entity that is a parent of, or owns a controlling interest in, the Investment Manager; any entity that is a subsidiary of, or in which a controlling interest is owned by, the Investment Manager; any persons who have an ownership or distributive income share in the Investment Manager that is in excess of 7.5%; or serves as an executive officer of the Investment Manager. An "executive officer" shall mean any president, director, vice-president in charge of a principal business unit, division, or function (such as investment management, marketing, or administration), and any other employee who performs a policy-making role, regardless of the title given to their position;
3. A statement that contingent and placement fees are prohibited by Section 1-145 of the Illinois Pension Code;
4. Pursuant to Section 113.14(c)(6) of the Illinois Pension Code, the names and addresses of all subcontractors, if any, and the expected amount of money each will receive under the contract;
5. Pursuant to Section 113.21 of the Illinois Pension Code, a disclosure of the number of the Investment Manager's investment and senior staff and the percentage of that staff who are a minority person, a women, a veteran, or a person with a disability; the number of contracts for investment, consulting, professional, and artistic services the Investment Manager has with a MWDBE, SDVOSB, or VOSB; the number of contracts for investment, consulting, professional, and artistic services which the Investment Manager has with a business other than a MWDBE, SDVOSB, or VOSB, if more than 50% of the services performed pursuant to that contract are performed by a minority person, a women, or a person with a disability. For the purposes of this subsection, the terms "professional service" and "artistic service" have the same meanings as those terms have in 30 ILCS 500/1-15.60. Note that the SDVOSB and VOSB reporting required under this provision is not required by the Pension Code but is required by the IPOPIF; and
6. [FOR FUND-OF-FUND SEARCHES ONLY] Pursuant to Section 113.15 of the Illinois Pension Code, for searches for fund-of-fund Investment Advisers: (a) a description of any fees, commissions, penalties, and other compensation payable, if any, directly by the retirement system, pension fund, or investment board (which shall not include any fees, commissions, penalties, and other compensation payable from the assets of the fund-of-funds or separate account); (b) a description (or method of calculation) of the fees and expenses payable by the IPOPIF to the Investment Manager and the timing of the payment of the fees or expenses; and (c) a description (or method of calculation) of any carried interest or other performance based

interests, fees, or payments allocable by the IPOPIF to the Investment Manager or an affiliate of the Investment Manager and the priority of distributions with respect to such interest.

7. The Investment Manager shall disclose for the prior 24 months any compensation or economic opportunity paid in the last 24 months to IPOPIF's Investment Consultant Verus Advisory, Inc. "Compensation" means any money, thing of value, or economic benefit conferred on, or received by, the Investment Consultant in return for services rendered, or to be rendered, by himself, herself, or another. "Economic opportunity" means any purchase, sale, lease, contract, option, or other transaction or arrangement involving property or services wherein the Investment Consultant may gain an economic benefit.
8. The disclosure of all political contributions to support candidates for office in Illinois by the candidate firm, its officers, directors, and employees. The candidate should 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 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.
9. The Investment Manager shall disclose and provide the details of any actions, proceedings, or investigations threatened or pending before any tribunal, arbitrator, court or governmental authority, including without limitation, the SEC, FINRA, any state securities regulatory authority or any other regulatory authority having jurisdiction over the company or its affiliates, against or relating to the company, its affiliates, or the officers or directors of the company or its affiliates claiming or alleging: (i) fraud; (ii) violation of any federal or state securities law, rule, or regulation, or (iii) breach of fiduciary duties.



## INVESTMENT MANAGER AGREEMENT

THIS INVESTMENT MANAGER AGREEMENT ("Agreement"), made the \_\_\_\_ day of \_\_\_\_\_, 20\_\_, is by and between \_\_\_\_\_ (the "Investment Manager") and the Illinois Police Officers' Pension Investment Fund ("Fund" or "IPOPIF").

### WITNESSETH:

WHEREAS, POPIF was created pursuant to Public Act 101-610, which established Article 22B of the Illinois Pension Code, 40 ILCS 5/1-101, et seq. ("Pension Code"), in order to consolidate the assets of Illinois Pension Code Article 3 police pension funds ("Participating Pension Funds" and, collectively, the "Fund's Assets"); and

WHEREAS, IPOPIF is administered by the Board of Trustees ("Board"), which is vested with the authority to manage the Fund's Assets for the purpose of obtaining a total return on investments for the long term;" and

WHEREAS, pursuant to 40 ILCS 5/1-109.1 and 40 ILCS 5/22B-122, the Board may appoint one or more investment advisers, commonly also known as investment advisors or investment managers (referred to herein as "Investment Manager") to provide investment advisory/investment management services, as fiduciaries to manage, including the power to acquire and dispose of, any Fund Assets, defined as "Investment Services" in the IPOPIF Investment Services Procurement Policy; and

WHEREAS, the Board identified a need for an Investment Manager to manage a certain portion of the Fund's Assets; and

WHEREAS, a description of the services to be performed, the need for services, the qualifications necessary, and the plan for post-performance review are set forth herein and in the Investment Policy to be approved by the Board and that will be adopted and incorporated by reference upon adoption; and

WHEREAS, in compliance with its procedures, the Board voted to appoint \_\_\_\_\_ as an Investment Manager for a portion of the Fund's Assets based on the Fund's need and the Investment Manager's qualifications; and

WHEREAS, the Investment Manager agrees to act as an investment manager for that portion of the Fund's Assets in accordance with the terms of 40 ILCS 5/1-101, et seq. and 40 ILCS 5/22B-101, et seq. and with the terms of this Agreement;

NOW, THEREFORE, the Board and the Investment Manager agree as follows:

**Section 1. Appointment of Investment Manager**

- A. Pursuant to 40 ILCS 5/1-109.1 and 5/22B-122, and this Agreement, the Board hereby appoints the Investment Manager to invest and reinvest in cash, cash equivalents, fixed income, equity securities, and other instruments, of such portion of the Fund's Assets as the Board shall determine from time to time, the proceeds from the sale of such Fund Assets, and the income due and appreciation attributable to such Fund Assets, less any Fund Assets the Board may withdraw, from time to time. Any such portion(s) of the Fund's Assets shall, for purposes of this Agreement, be referred to as the "Sub-Account". The Investment Manager shall for all purposes herein provided 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 in any way, or otherwise be deemed an agent of either the Fund or the Board.
- B. The Investment Manager hereby accepts such appointment and acknowledges that it is a fiduciary in accordance with the Illinois Pension Code, 40 ILCS 5/1-101, et seq. ("Pension Code"), with respect to the Fund and the Sub-Account, and that it assumes the duties, responsibilities, and obligations of such a fiduciary. The Investment Manager further agrees to act in strict adherence to the fiduciary duties imposed by the Pension Code and this Agreement, and to provide such investment management services with respect to the Sub-Account in accordance with this Agreement.
- C. Subject to this Agreement and the Fund's Investment Policy and Investment Guidelines (defined in Section 2, below), the Investment Manager, in its full discretion and without obligation on its part to give prior notice to the Board: (i) buy, sell, exchange, convert, tender and otherwise trade in any stocks, bonds, or other securities or instruments; and (ii) open brokerage and trading accounts and execute transactions through such accounts established with such brokers or dealers as the Investment Manager may in its sole discretion select, except to the extent otherwise directed by the Board in writing; provided, however, that all such actions shall be conducted in a manner consistent with

the Investment Manager's fiduciary duties, and with other obligations pursuant to this Agreement and, under the Pension Code, and under the Employee Retirement Income Security Act of 1974, (hereinafter "ERISA"), even though the Fund itself is exempt from the requirements of ERISA. The Investment Manager may, using such of the Fund's assets in the Sub-Account as the Investment Manager deems necessary or desirable, direct the Custodian to deposit for the Sub-Account original and maintenance brokerage and margin deposits and otherwise direct payments of cash, cash equivalents, securities, and other property into such brokerage accounts and to such brokers as the Investment Manager deems prudent, provided that such directions are consistent with the terms of this Agreement. The Board has directed the custodian of the Fund's assets ("Custodian") to act in accordance with the instructions of the Investment Manager. Title to all assets in the Sub-Account shall at all times be registered in the name of the Fund on behalf of the Participating Pension Funds, or in the name of the Custodian or its nominee for the account of the Fund, and the indicia of ownership of all assets in the Sub-Account shall at all times be maintained in trust by the Custodian on behalf of the Fund. The Investment Manager shall at no time have custody of or physical control over the Sub-Account. The Investment Manager shall not be liable for any act or omission of the Custodian, unless it knew or should have known that the act or omission was a breach of the Custodian's obligations to the Fund.

- D. Cash held in the Fund pending direction from the Investment Manager shall be invested and reinvested in accordance with the Fund's Investment Policy or, if such Investment Policy does not apply, by the Custodian or in the Fund's designated short-term investment fund.
- E. The Investment Manager shall act in accordance with this Agreement; the applicable requirements of the Pension Code, including but not limited to 40 ILCS 5/1-109, 40 ILCS 5/1-110, 40 ILCS 5/22B et seq.

**Section 2. Investment Policy and Investment Guidelines**

- A. Investment Manager acknowledges and agrees that it has received a copy of the Fund's Investment Policy, which is available on the Fund's website at <https://www.ipopif.org/governing-documents/> and which is adopted and incorporated by reference upon adoption. The Investment Manager shall invest the Sub-Account in accordance with the Fund's Investment Policy, which is subject to change, and the Board shall advise the Investment Manager with respect to any amendment of the Investment Policy. The Investment Manager will not be held liable to the Fund for non-compliance with any amendment to the Investment Policy if the Board fails to advise the Investment Manager of such amendment.
- B. The Investment Manager shall invest the Sub-Account in accordance with the Fund's Investment Guidelines, which are specific to the Investment Manager and are attached as Exhibit A and are adopted and incorporated by reference. The Investment Manager shall recommend to the Fund any material changes to the Investment Guidelines it deems appropriate or necessary. The Investment Guidelines may be amended by the mutual, written agreement of the Fund and the Investment Manager.

**Section 3. Standard of Care**

- A. As a fiduciary, the Investment Manager 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 Manager, subject at all times to the duties and obligations set forth in this Agreement and the attached Exhibits, shall diversify the assets in the Sub-Account so as to minimize the risk of large losses unless under the circumstances it is clearly imprudent to do so.
- C. The Investment Manager shall discharge its duties hereunder with respect to the Fund and the Sub-Account solely in the interest of, and for the exclusive purpose of providing benefits for, the beneficiaries of the Participating Pension Funds.

- D. The Investment Manager shall not engage in any transaction involving the Fund or the Sub-Account that would constitute a non-exempt prohibited transaction under Section 406 of ERISA or 40 ILCS 5/1-110.
- E. The Investment Manager acknowledges its duty to utilize broker dealers that will use best execution and that agrees to use commercially reasonable efforts to obtain the most favorable terms with respect to all transaction on the Fund's behalf.
- F. The Investment Manager shall make every reasonable effort to not make investments that would generate unrelated business taxable income for an entity that is exempt under Section 501(a) of the Internal Revenue Code.

**Section 4. Representations, Warranties and Covenants of the Investment Manager**

- A. The Investment Manager represents and warrants to the Board that it is and shall remain:
  - (i) a registered investment adviser registered under the Investment Adviser's Act of 1940; (ii) a registered investment adviser under the Illinois Securities Law of 1953; (iii) a bank, as defined in the Investment Advisers Act of 1940; or (iv) an insurance company authorized to transact business in Illinois.
- B. Pursuant to Section 5/1-113.14 of the Pension Code the Investment Manager acknowledges that it is a "fiduciary" with respect to the Fund and the Sub-Account within the meaning of the Pension Code, and specifically agrees to perform all its duties and obligations under this Agreement as a fiduciary. The Investment Manager further warrants that none of the disqualifications described in Section 411 of ERISA apply to the Investment Manager.
- C. The Investment Manager represents and warrants that its response to the request for proposals and all written and oral presentations to the Board, upon which the Fund is relying in entering into this Agreement, were true and complete and did not omit to state a fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading. The Investment Manager shall also be subject to 40 ILCS 5/1-135 regarding fraud.

- D. The Investment Manager represents and warrants that it shall secure and maintain at all times during the term of this Agreement, and for a period of five (5) years thereafter, a blanket fidelity bond or bonds in the minimum amount of \$XX,000,000 per occurrence. If the Investment Manager maintains a blanket fidelity bond or bonds in an amount greater than the minimum required by this paragraph, then the Investment Manager shall maintain such greater amount for the term of this Agreement. In addition, the Investment Manager shall secure and maintain a bond complying with the requirements of ERISA in the amount of \$500,000, with the Fund as the sole additional insured. Fidelity bond coverage will include coverage for theft, embezzlement, fraud, or misplacement of funds, money, or documents, whether committed by employees or outside parties, acting alone or in collusion with others. Coverage must also include computer system and voice-initiated transfer fraud coverage. The fidelity bond shall not limit the Investment Manager's obligation to indemnify, defend, or settle any claim. Certificates of coverage naming the Fund as an additional insured shall be provided to the Board in \_\_\_\_\_ of each year.
- E. The Investment Manager represents and warrants that it shall secure and maintain at all times during the term of this Agreement, and for a period of five (5) years thereafter, a privacy and network security liability insurance policy (commonly known as a "cyber security policy") in the minimum amount of \$XX,000,000, per occurrence and in the aggregate. The policy shall be a claims-made program with any prior acts exclusion predating the date of this Agreement. Certificates of coverage naming the Fund as an additional insured shall be provided to the Board in \_\_\_\_\_ of each year.
- F. The Investment Manager represents and warrants that it shall secure and maintain at all times during the term of this Agreement, and for a period of five (5) years thereafter, professional liability insurance (commonly known as "errors and omissions" insurance) in the minimum amount of \$XX,000,000, per occurrence and in the aggregate, plus \$XX million for each \$100 million or fraction thereof that the market value of the Sub-Account exceeds \$100 million. If the Investment Manager maintains errors and omissions

insurance in an amount greater than the minimum required by this subparagraph, the Investment Manager shall maintain such greater amount for the term of this Agreement. The policy(ies) shall be a claims-made program with any prior acts exclusion predating the date of this Agreement. Certificate(s) of coverage naming the Fund as an additional insured shall be provided to the Board in \_\_\_\_\_ of each year.

- G. The Investment Manager agrees to provide notice within seven (7) days of receipt of a notice of cancellation of any bond or policy required hereunder.
- H. The Investment Manager agrees to notify the Board and its investment consultant in writing within five (5) business days of any material changes in the portfolio manager(s) for the Sub-Account or of any legal or regulatory actions instituted against the Investment Manager involving the investment of securities or, to the extent allowed by law, of any investigations, examinations, or other proceedings commenced by any governmental regulatory agency which are not either conducted in the ordinary course of Investment Manager's business or conducted as part of an industry sweep or other fact-finding related inquiry.
- I. Pursuant to Section 1-113.14(c) of the Pension Code, the Investment Manager has certified in Exhibit B 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 Investment Manager, (ii) any entity that is a subsidiary of, or in which a controlling interest is owned by, the Investment Manager, (iii) any persons who have an ownership or distributive income share in the Investment Manager that is in excess of seven and one-half percent (7.5%), or (iv) serves as an executive officer of the Investment Manager.
- J. The Investment Manager has certified in Exhibit B the names and addresses of all its subcontractors, including any third-party marketers, if applicable, and the expected amount of money each will receive under this 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.

- K. The Investment Manager represents and warrants that (i) there are no actions, proceedings, or investigations threatened or pending before any tribunal, arbitrator, court or governmental authority, including, without limitation, the SEC, any state securities regulatory authority, or any other securities regulatory authority having jurisdiction over the Investment Manager or its affiliates, against or relating to the Investment Manager, or its affiliates, or their officers or directors claiming or alleging fraud, violation of any federal or state securities law, rule, or regulation, or breach of fiduciary duties; and (ii) during the ten (10) year period prior to the date hereof, none of the Investment Manager's or affiliates' officers or directors has been found liable for, nor settled, any such violation in any such action, proceeding, or investigation.
- L. Pursuant to Section 1-113.21 of the Pension Code, on or about each \_\_\_\_\_(September 1<sup>st</sup>) the Investment Manager shall disclose the number of its investment and senior staff and the percentage of that staff who are a minority person, a woman, a "qualified service-disabled veteran", qualified veteran, or a person with a disability; the number of contracts for investment, consulting, professional, and artistic services which the Investment Manager has with a business other than a Minority-Owned Business, Women-Owned Business, Qualified Service-Disabled Veteran-Owned Small Business, Qualified Veteran-Owned Small Business, or Business Owned by Person with a Disability, if more than 50% of the services performed pursuant to that contract are performed by a minority person, a women, a veteran, or a person with a disability. "Minority-Owned Business, Women-Owned Business, or Business Owned by Person with a Disability" means as those terms are defined in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act, 30 ILCS 575/2, as amended. "Qualified Service-Disabled Veteran-Owned Small Business means as defined in 30 ILCS 500/45-57. "Qualified Veteran-Owned Small Business" means as defined in 30 ILCS 500/45-57. The terms "professional service" and "artistic service" have the same



meanings as those terms have in 30 ILCS 500/1-15.60. Note that the “Qualified Service-Disabled Veteran-Owned Small Business” and “Qualified Veteran-Owned Small Business” reporting required under this provision is not required by the Pension Code but is required by the Fund. The Investment Manager shall comply with all applicable local ordinances, 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 Manager by any regulatory authority shall be the sole responsibility of the Investment Manager.

- M. If Investment Manager is a bank, Investment Manager represents that it will comply with the requirements established pursuant to Section 6 of the Public Funds Investment Act. The limitations set forth in Section 6 of the Public Funds Investment Act shall be applicable only at the effective date of this Agreement and shall not require the liquidation of any investment at any time.
- N. Investment Manager has disclosed to IPOPIF all political contributions to support candidates for office in Illinois by the candidate firm, its officers, directors, and employees. Investment Manager hereby certifies 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 Election Code, 10 ILCS 5/1-1 et seq., as amended, and Section 206 of the Investment Advisors Act of 1940 and SEC Rule 206(4)-5 (16 CFR 275.206(4)-5), as amended.
- O. To the fullest extent permitted under applicable law and notwithstanding any other provision of this Agreement, the Investment Manager shall indemnify, hold harmless and defend the Fund, all past, present, and future members of the Board of Trustees for actions during their term which coincides with the term of this Agreement, and all of its officers, employees, agents, members and beneficiaries from and against any and all liability, loss, costs and expenses (including but not limited to attorneys' fees), damages, demands, suits, proceedings, claims, and actions arising out of or in any way whatsoever related to or connected with Investment Manager's actions (including but not limited to

Investment Manager's acts or omissions that are negligent, constitute bad faith or willful misconduct, or involve a breach of this Agreement. IPOPIF shall have the right, in its sole discretion, to participate in or lead any defense of a claim against IPOPIF without waiving any of its rights to indemnification.

- P. All disclosures made by the Investment Manager during the procurement and selection process are adopted and incorporated by reference (herein referred to as the "Investment Manager Disclosures" and which are attached as Exhibit B). The Investment Manager further acknowledges that it will promptly notify the Fund, in writing, if at any time during the term of this Agreement the information contained in the Investment Manager Disclosures changes.
- Q. The Investment Manager shall furnish to the Board, from time to time, evidence as the Board may reasonably request that the Investment Manager satisfies and continues to satisfy the foregoing requirements. The Investment Manager shall promptly notify the Board if it has reason to believe that any of the foregoing representations, warranties or covenants may cease to be satisfied.
- R. The Investment Manager represents that, pursuant to Sections 1-113.6 and 1-113.17 of the Illinois Pension Code, decision-useful sustainability factors will be considered by the Investment Manager 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.

**Section 5. Representations and Warranties of the Board**

- A. The Board represents and warrants to the Investment Manager that the Board is a fiduciary authorized to enter into this Agreement and to appoint the Investment Manager as its investment manager in accordance with the terms hereof and that the person executing this Agreement for and on behalf of the Board is authorized to do so.

- B. The Board represents and warrants to the Investment Manager that if another entity should be substituted for the Custodian as custodian of the Fund's assets, the Board shall promptly notify the Investment Manager of such substitution and the substituted entity will thereafter be deemed to be the Custodian for purposes of this Agreement.
- C. The Board represents and warrants to the Investment Manager that it has received, if applicable, a copy of the Investment Manager's ADV Part II within forty-eight (48) hours prior to the execution of this Agreement.
- D. The Board represents and warrants to the Investment Manager that, as a fiduciary, it is responsible for assuring the Fund's Investment Policy are prudent for the Fund's Assets.
- E. The Board represents and warrants to the Investment Manager that the decision to allocate any of the Fund's Assets to the Sub-Account is solely the responsibility of the Board and is independent of the Investment Manager's fiduciary responsibilities as established pursuant to this Agreement.
- F. The Board represents and warrants to the Investment Manager that it has determined that the initial investment of the Fund's Assets in the Sub-Account satisfies applicable provisions of Illinois law.
- G. The Board represents and warrants to the Investment Manager that the Investment Manager is responsible for diversification or investment requirements applicable to the Fund's Assets allocated to the Sub-Account only, and not to the Fund's Assets as a whole.

**Section 6. Foreign Market and Foreign Exchange Transactions**

Foreign market and foreign exchange transactions are prohibited, unless expressly permitted by the Investment Policy and the Investment Guidelines.

**Section 7. Reports; Meetings**

- A. The Board shall cause the Custodian to provide the Investment Manager with monthly reports concerning the status of the Sub-Account, and such reports from the Custodian shall constitute the principal record of the Sub-Account for all purposes of this

Agreement, including but not limited to, the calculation of the Investment Manager's fees to be paid.

- B. With respect to the Sub-Account, the Investment Manager shall provide the Board and its investment consultant with, *inter alia*: on a monthly basis, confirmations of all transactions; a monthly summary of the performance of the Sub-Account; a quarterly summary of returns on investments, including gross and net returns on investments after payment of all fees, commissions, and other compensation; a monthly report on brokerage activity; an annual report, as provided for in Section 11 herein, regarding the voting of proxies, if any, during a year; an annual report within forty-five (45) days after the end of each calendar year containing a detailed statement of the affairs of the Sub-Account, including its income and expenditures and assets and liabilities (calculated in accordance with generally accepted accounting principles); an annual statement of all sums paid to the Fund's investment consultant or its affiliates for conferences, consulting services, brokerage commissions, or for any other purpose, as well as a statement of all such sums paid within the last five (5) years; and all other reports, which are mutually agreeable to the Investment Manager that the Board or its investment consultant may reasonably request from time to time.
- C. The Investment Manager shall, on at least a monthly basis, reconcile the Sub-Account's market value, income earned, and transaction activity as reported by the Custodian with the records of the Investment Manager. The Investment Manager shall communicate the differences to the Custodian and to Fund staff in a timely manner. Resolution of differences is the responsibility of the Investment Manager and the Custodian. The Investment Manager is responsible for notifying the Board as soon as reasonably possible of unresolved discrepancies between the Investment Manager's records and those of the Custodian. The records of the Custodian shall be the authoritative source for all purposes under this Agreement.
- D. The Investment Manager shall meet periodically with the Board, Fund employees, and/or the Fund's Investment Consultant, at such times as the Fund may reasonably request,

concerning the Sub-Account. The Fund shall engage in post-performance review periodically and the Investment Manager shall meet with the Board, Fund employees, and/or the Fund's Investment Consultant as it may reasonably request to discuss performance.

**Section 8. Services to Other Clients**

- A. It is understood that the Investment Manager performs investment advisory services for various clients. The Board agrees that the Investment Manager may give advice and take action with respect to any of its other clients which may differ from the advice given to, or the timing or nature of action taken with respect to, the Sub-Account, provided that the Investment Manager allocates investment opportunities among clients on a fair and equitable basis and in accordance with applicable federal law and regulations.
- B. Nothing in this Agreement shall impose any obligation on the Investment Manager to purchase or sell, or to recommend for purchase or sale, any security which the Investment Manager, its principal affiliates, or its employees may purchase or sell for its or their own accounts or for the account of any other client.

**Section 9. Allocation of Brokerage**

- A. Subject to the terms of the Pension Code and to the Fund's Brokerage Policy (which is available on the Fund's website at <https://www.ipopif.org/governing-documents/> and which is adopted and incorporated by reference upon adoption), the Investment Manager is authorized to place orders for the execution of securities transactions for the Sub-Account with or through such brokers or dealers as the Investment Manager may select.
- B. The Investment Manager may allocate transactions to brokers or dealers for execution on markets, at such prices and at such commission rates as, in the good faith judgment of the Investment Manager, will be in the best interest of the Fund, taking into consideration in the selection of such brokers or dealers not only the available prices and rates of brokerage commissions in the industry, but also other relevant factors, including but not limited to execution capabilities. The Investment Manager agrees that no soft dollar payments will be made or received in connection with the execution of transactions on

behalf of the Fund. Securities transactions may not be executed through the facilities of the Investment Manager or its affiliates unless expressly authorized by the Board. The Board agrees that the Investment Manager may aggregate sales and purchase orders of securities held in the Sub-Account with similar orders being made simultaneously for other portfolios managed by the Investment Manager if, in the Investment Manager's reasonable judgment, such aggregation shall result in an overall economic benefit to the Sub-Account, taking into consideration the advantageous selling or purchase price, brokerage commission and other expenses, and trading requirements. In accounting for such an aggregated order, price and commission shall be averaged on a per-bond, share or other applicable unit basis daily. The Board acknowledges that the Investment Manager's determination of such economic benefit to the Sub-Account is based on an evaluation that the Sub-Account is benefited by relatively better purchase or sales prices, lower commission or other transaction expenses and beneficial timing of transactions, or a combination of these and other like or unlike factors.

**Section 10. Log of Brokerage Transactions**

The Investment Manager shall maintain and make available to the Board a log of all transactions placed through all securities brokerage firms, which reflects the name of the firm, a description of each transaction including the amount and securities involved, the date and time of each transaction, and the amount of fees and commissions paid.

**Section 11. Proxy Voting**

Unless instructed otherwise by the Board, the Investment Manager shall exercise the fiduciary responsibility for voting all proxies, if any, which are solicited in connection with the Sub-Account. Subject to the Investment Manager's oversight, the Investment Manager is authorized to delegate the research, voting and record keeping of proxies to a third-party designee ("Designee") provided that the Designee acknowledges in writing its fiduciary status to the Fund and abides by the applicable terms of this Agreement. If the Board so authorizes, the Investment Manager shall also be responsible for making all elections in connection with any mergers, acquisitions, tender offers, bankruptcy

proceedings, or other similar occurrences, which may affect the Sub-Account, but it is not authorized to or responsible for initiating or responding to any legal proceedings on behalf of the Sub-Account, including, but not limited to, filing or responding to any class action claims related to a holding in the account. The Investment Manager shall instruct the Custodian or Designee to forward to the Investment Manager all communications received by the Custodian or Designee including proxy statements and proxy ballots duly executed by the Custodian or Designee. The Investment Manager agrees to provide the Board with an annual statement of the Investment Manager's proxy voting policies and a summary of how the Fund's proxies were cast. The summary shall include the following information: the company in which the Fund had the right to cast proxies, the meeting date for the vote, the shareholder of record date, the number of shares voted, an issue identification number (if any), the recommendation(s) of the board of directors, and how the Fund's proxies were cast. The Investment Manager and the Custodian or Designee shall reconcile the proxies solicited with the Fund's holdings as of the record date.

**Section 12. Fees**

The Investment Manager's compensation shall be determined in accordance with the Fee Schedule, which is attached hereto and incorporated by reference herein as Exhibit C.

**Section 13. Valuation**

When applicable, in computing the market values of all common and preferred stocks in the Sub-Account, each such security listed on any national securities exchange shall be valued as of the close of the market on the valuation date. Listed stocks not traded on such date and all unlisted stocks regularly traded in the over-the-counter market shall be valued at the last closing price furnished to the Investment Manager by the National Association of Securities Dealers, Inc., the National Quotation Bureau Inc., or any similar organization. Corporate and government bonds shall be valued in such manner as determined in good faith by the Investment Manager to reflect their fair market values. Such valuation may incorporate models prepared by bond valuing services, last sale prices for listed securities, and over-the-counter bid prices. Any other securities shall be

valued in such manner as determined in good faith by the Investment Manager to reflect their fair market values. Should any dispute arise regarding the valuation of a security or bond, the Custodian shall determine the valuation and its valuation will control, but the Investment Manager may advise the Custodian if it believes that the valuation is incorrectly sourced or used.

**Section 14. Authority**

The Board shall furnish to the Investment Manager certified copies of appointments or designations setting forth the names, titles, and authorities of the individuals who are authorized to act on behalf of the Fund with respect to the Sub-Account and this Agreement, and the Investment Manager shall be entitled to rely upon such information until the Investment Manager receives written notice of a change.

**Section 15. Effective Date; Term; Termination**

This Agreement shall become effective on the date signed by the Investment Manager and shall continue in full force and effect for one (1) year, and year to year thereafter, unless terminated prior to such date in accordance with this Section. This Agreement may be terminated by the Board effective immediately upon the Investment Manager's receipt of written notice of termination, and by the Investment Manager upon ninety (90) days' advance written notice to the Board; provided, however, the Board, through the Fund's Chief Investment Officer, may verbally direct the Investment Manager, at any time without prior written notice, to cease its investment management activities with respect to the Sub-Account, which direction shall be confirmed, in writing, as soon as practicable. Upon termination, fees of the Investment Manager shall be prorated to the date of termination as specified in the notice of termination. Sections 4, 7, 22, 24, and 26 of this Agreement shall survive termination and shall remain in full force and effect.

**Section 16. Delegation of Responsibilities**

The Investment Manager, in its sole discretion, may, upon written disclosure in accordance with this Agreement, retain an affiliate of the Investment Manager to provide administrative services for the Investment Manager in carrying out its obligations under



the terms of this Agreement. Any fees payable to such affiliate shall be paid entirely by the Investment Manager. Such affiliate shall be bound by the terms of this Agreement.

**Section 17. Assignment**

Unless the Board expressly consents in writing thereto, the Investment Manager's assignment, as defined in the Investment Advisors Act of 1940, of this Agreement shall automatically terminate this Agreement. If the Investment Manager 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 such sale or transfer and shall become the Investment Manager hereunder only if the Board expressly so consents in writing.

**Section 18. Disclosure of Fees Paid**

- A. The Investment Manager certifies and represents that it has disclosed in Exhibit B 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 Manager in connection with the Fund's Assets being managed by the Investment Manager. The Investment Manager 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 Manager represents and warrants that no placement fee, finder's fee, commission, referral fee, third party marketing fee, or consideration of any kind has been paid to any individual or entity, other than a bona fide employee working solely for the Investment Manager, resulting from or related to the selection or retention of the Investment Manager by the Fund. The Investment Manager acknowledges that Section 1-145 of the 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.

- C. Investment Manager shall disclose any compensation or economic opportunity paid to the Investment Consultant within the last 24 months. "Compensation" means any money, thing of value, or economic benefit conferred on, or received by, the Investment Consultant in return for services rendered, or to be rendered, by himself, herself, or another. "Economic opportunity" means any purchase, sale, lease, contract, option, or other transaction or arrangement involving property or services wherein the Investment Consultant may gain an economic benefit.

**Section 19. Ethics Act and Ethics Policy**

The Investment Manager acknowledges that the Board and the Fund are subject to 40 ILCS 5/1-125, which prohibits gifts to Board members and Fund employees. The Investment Manager further acknowledges that it has received a copy of the Fund's Ethics Policy, which is available on the Fund's website at <https://www.ipopif.org/governing-documents/> and is adopted and incorporated by reference. The Investment Manager shall comply with 40 ILCS 5/1-125 and the Ethics Policy at all times. The Investment Manager shall promptly notify the Fund in the event that it believes it has violated either 40 ILC 5/1-125 or the Ethics Policy. This Agreement shall be voidable by the Fund if the Investment Manager violates a material provision of the Ethics Policy.

**Section 20. 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/Fund:

Illinois Police Officers' Pension Investment Fund  
Attn:  
Address:  
Phone:  
Email: investments@ipopif.org

To the Investment Manager:

[Manager]  
Attn:  
Address:  
Phone:

Email:

- 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 email, then notice shall be deemed received upon the sender's receipt of an acknowledgment from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgment); 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 party entitled to notice.

**Section 21. Entire Agreement; Amendment; No Waiver.**

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. No party hereto waives any right under this Agreement by failure or delay in its exercise. A single or partial exercise of any right does not preclude the later exercise of such right or any other right.

**Section 22. 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 claims arising out of or related to this Agreement, is agreed to be the Circuit Court for the Tenth Judicial Circuit, Peoria, Illinois, or the U.S. District Court for the Central District of Illinois. The Investment Manager submits to the jurisdiction of each

such court and waives any claim or defense of inconvenient forum in respect of any such action or proceeding. The rights and remedies in this Agreement are cumulative and not exclusive of any rights or remedies available pursuant to applicable law.

**Section 23. 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. Transmission by electronic mail, facsimile or other form of electronic transmission of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of such counterpart.

**Section 24. Disclosure of Information and Certification of Internal Controls**

- A. The Investment Manager 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 Manager may from time to time, as it deems necessary in its discretion, disclose to third parties that the Fund is one of the Investment Manager's clients, but the Investment Manager 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 Investment Manager, its senior officials and employees, and any related party shall not in any way use the Confidential Information to the detriment of the Fund or for their own direct or indirect benefit.
- B. The Investment Manager agrees that the Fund is subject to the Illinois Freedom of Information Act (5 ILCS 140) (as amended from time to time, "IL FOIA") and that the Fund is required to disclose to the public certain "public records" (as defined in IL FOIA) unless the disclosure of such public records meets any of the enumerated exemptions set forth in Section 7 of IL FOIA. The Investment Manager further agrees that the Fund is subject to the Illinois Open Meetings Act (5 ILCS 120) (as amended from time to time, "IL OMA") and that the meetings of the Board are required to be open to the public, unless

permitted to be closed pursuant to Section 2 of IL OMA. The Fund acknowledges that the Investment Manager considers certain information related to its investment databases, investment research, and investment processes to be proprietary, privileged or confidential and trade secrets the disclosure of which would cause competitive harm to the Investment Manager. The Investment Manager shall mark each page of each document that contains such information. To the extent permitted by FOIA, the Fund agrees to take reasonable steps to assist the Investment Manager in protecting the confidentiality of such information. Notwithstanding the foregoing, the Investment Manager agrees and acknowledges that the Investor may disclose under the IL OMA and IL FOIA information that the Investment Manager deems as proprietary, privileged or confidential and trade secrets and that any disclosure in compliance with the IL OMA and IL FOIA by the Investor shall not constitute a breach of this Agreement.

- C. The Investment Manager will at all times maintain a business contingency plan and a disaster recovery plan and will take commercially reasonable measures to maintain and periodically test such plans. The investment Manager shall implement such plans following the occurrence of an event which results in an interruption or suspension of the services provided by the Investment Manager.
- D. The Investment Manager will retain a firm of independent auditors to perform an annual review of certain internal controls and procedures employed by the Investment Manager and issue a standard System and Organization Controls Type 1 and Type 2 reports based on such review. The Investment Manager will provide a copy of the reports to the Fund.

Specifically, Investment Manager shall ensure that its information technology systems meet or exceed industry best practices related to cyber-security, including but not limited to the U.S. Department of Labor's Cybersecurity Program Best Practices and the requirements of the State of Illinois Cybersecurity Strategy and the NIST Cybersecurity Framework. In addition, the Investment Manager shall maintain commercially reasonable information security systems and controls, which include

administrative, technical, and physical safeguards that are designed to: (i) maintain the security and confidentiality of the Fund's data; (ii) protect against any anticipated threats or hazards to the security or integrity of the Fund's data, including appropriate measures designed to meet legal and regulatory requirements applying to the Investment Manager; and (iii) protect against unauthorized access to or use of the Fund's Assets or data.

The Investment Manager shall at all times employ a current version of one of the leading commercially available virus/malware detection software programs to test the hardware and software applications used by it for the presence of any computer code designed to disrupt, disable, harm, or otherwise impede operation or to compromise the Fund's Assets.

- E. If an incident compromises the security, confidentiality, or integrity of the Fund's Assets or IPOPIF data, Investment Manager shall notify the Fund in writing of such breach as soon as practicable, but no later than one Business Day after Investment Manager becomes aware of it. Such notice shall summarize in reasonable detail the nature of the information or data that may have been exposed. Investment Manager shall at its own expense immediately contain and remedy any such beach and prevent any further breach, including, but not limited to taking any and all action necessary to comply with applicable privacy rights, laws, regulations, and standards.

**Section 25. Additional Certifications**

- A. The Investment Manager certifies to the Fund that it is not barred from being awarded a contract or subcontract by 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. The Investment Manager certifies that it is not an entity chartered under: (i) the Illinois Banking Act, as amended (205 ILCS 5/1 et seq.); (ii) the Illinois Savings Bank Act, as amended (205 ILCS 205/1 et seq.); (iii) the Illinois Credit Union Act, as amended (205 ILCS 305/1 et seq.); or (iv) the Illinois Savings and Loan Act of 1985, as amended (205

ILCS 105/1 et seq.) nor is it a person or entity licensed under (v) the Illinois Residential Mortgage License Act of 1987, as amended (205 ILCS 635/1 et seq.); (vi) the Illinois Consumer Installment Loan Act, as amended (205 ILCS 607 et seq.); or (vii) the Illinois Sales Finance Agency Act, as amended (205 ILCS 606/1 et seq.). If the Investment Manager shall become an entity chartered under or licensed under any of the foregoing provisions, such entity shall provide prompt written notice to the Fund and, thereafter, shall comply with the requirements applicable to it set forth in 40 ILCS 5/1-110.10.

C. Investment Manager hereby agrees and represents that it is an equal opportunity employer. All employment decisions and personnel actions of the Investment Manager are administered without regard to race, color, religion, creed, national origin, ancestry, sex, age (40 and above), qualified mental or physical disability, sexual orientation, genetic carrier status, any veteran status, any military service, any application for any military service, or any other category or class protected by federal, state or local laws. All employment decisions and personnel actions, such as hiring, promotion, compensation, benefits, and termination, are and will continue to be administered in accordance with, and to further the principle of, equal employment opportunity. Investment Manager recognizes that the Fund's sexual harassment policy applies to employees of Investment Manager. Investment Manager shall maintain its own written sexual harassment policies that shall include, at a minimum, the following information or its reasonable equivalent:

- (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 Investment Manager's internal complaint process including penalties;
- (v) the legal recourse, investigative and complaint process available through the EEOC and the Illinois Department of Human Rights; and
- (vi) directions on how to contact the EEOC and the Illinois Department of Human Rights.

**Section 26. Record Retention and Audits.**

- A. Investment Manager will furnish to IPOPIF and its authorized representatives, on reasonable notice (which in no event need ever be more than five (5) Business Days) and during ordinary business hours, full access to these records maintained by investment Manager with respect to this Agreement. Investment Manager will retain any and all records in its possession with respect to this Agreement for a minimum period of seven (7) calendar years, or any longer period required by law, from the date the records were created. Investment Manager will retain any and all documents and records in its possession, which demonstrate performance under this Agreement for a minimum period of seven (7) calendar years, or any longer period required by law, from the date of termination or completion of this Agreement.
  
- B. The Investment Manager shall 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, by the Illinois Department of Insurance, and by the Illinois Auditor General, shall cooperate fully with any audit conducted by the internal or external auditors of the Fund, by the Illinois Department of Insurance, and by the Illinois Auditor General, and will further provide the internal or external auditors of the Fund, of the Illinois Department of Insurance, and of 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 for the recovery of any funds for which adequate books, records, and supporting documentation are not available to support their purported disbursement.

(This space intentionally left blank. Signature page follows.)



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

Illinois Police Officers' Pension Investment Fund

[Investment Manager]

By: \_\_\_\_\_

By: \_\_\_\_\_

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

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

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

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

## **EXHIBIT A INVESTMENT GUIDELINES**

### **Strategy**

1. The Sub-Account's investment strategy is to invest the assets in the [Name of Strategy] in a carefully selected diversified portfolio of [type of securities]
2. The performance objective is to outperform the [name of benchmark index] by [amount] percent (\_\_%) on a net of fee basis over a market cycle.
3. Security selection, portfolio quality and the timing of purchases and sales are delegated to the Investment Manager.

### **Authorized Securities**

4. Any [type of] securities of any public company that trades on any U.S. exchange including over the counter markets.
5. Exchange traded funds ("ETF") [or other commingled vehicles (either listed or unlisted) in order to gain market exposure].
6. American Depository Receipts or Shares (ADRs or ADSs) are allowed.
7. Private placements including what are sometimes referred to as Rule 144A securities issued by public companies.
8. Units in the Fund's designated short-term investment fund.

### **Investment Restrictions**

9. Foreign market and foreign exchange transactions are prohibited.
10. Cash and equivalents shall not exceed 5% of the account value.
11. No security or company exposure shall exceed ten percent (10%) of the total market value of all assets in the Sub-Account.
12. No security or company exposure held across all accounts at the Investment Manager shall exceed 5% of the market float.
13. The following transactions are prohibited: purchase of non-negotiable securities, short sales, buying or selling on margin, puts, calls, straddles, options, "letter" or restricted stock, private equity, swaps, commodities, and futures.
14. Transactions between the Sub-Account and the Investment Manager or an affiliate of the Investment Manager acting as "principal" are prohibited.

### **Brokerage Guidelines**

15. The Investment Manager acknowledges and agrees that the Fund is committed to providing opportunities for minority-owned, women-owned, and persons with disabilities owned brokerage firms and shall comply with the applicable terms of the Fund's Brokerage Policy.

**EXHIBIT B  
DISCLOSURES**

**1. Required by Section 1-113.14(c)(3) and (12) of the Pension Code.**

Full disclosure of direct and indirect fees, commissions, penalties, and other compensation, including reimbursement for expenses, that may be paid by or on behalf of the Investment Manager in connection with the provision of services to the Fund.

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**2. Required by Section 1-113.14(c)(5) of the Pension Code.**

A. The name and address of the Investment Manager:

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B. The name and addresses of any entity that is a parent of, or owns a controlling interest in, directly or indirectly, the Investment Manager:

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C. The name and addresses of any entity that is a subsidiary of, or in which a controlling interest controlling interest is owned by, directly or indirectly, the Investment Manager:

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D. The name and addresses of any persons who have an ownership or distributive income share in the Investment Manager that is in excess of 7.5%:

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E. The name and addresses of any persons who serve as an executive officer of the Investment Manager:

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**3. Required by Section 1-113.14(c)(6) of the Pension Code.**

Disclose the names and addresses of all subcontractors and the rate of compensation of each subcontractor. For purposes of this Section, “subcontractor” does not include non-investment related professionals or professionals offering services that are not directly related to investment decisions with respect to assets, such as legal counsel, audit, tax reporting, accounting, actuary, custodian, broker-dealer, proxy-voting services and services used to track compliance with legal standards.

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**4. Required by Section 1-145 of the Pension Code.**

Candidate acknowledges and agrees that, pursuant to Section 1-145 of the Illinois Pension Code, no person or entity shall retain a person or entity to attempt to influence the outcome of an investment decision of or the procurement of investment advice or services of a retirement system, pension fund, or investment board of this Code for compensation, contingent in whole or in part upon the decision or procurement.

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**5. Required by Section 113.21 of the Pension Code.**

Pursuant to Section 1-113.21 of the Pension Code, disclose the number of its investment and senior staff and the percentage of that staff who are a minority person, a woman, a “qualified serviced-disabled veteran”, or a person with a disability; the number of contracts for investment, consulting, professional, and artistic services which the Investment Manager has with a business other than a Minority-Owned Business, Women-Owned Business, Qualified Serviced-Disabled Veteran-Owned Small Business, Qualified Veteran-Owned Small Business, or Business Owned by Person with a Disability, if more than 50% of the services performed pursuant to that contract are performed by a minority person, a woman, a veteran, or a person with a disability. “Minority-Owned Business, Women-Owned Business, or Business Owned by Person with a Disability” means as those terms are defined in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act, 30 ILCS 575/2, as amended. “Qualified Serviced-Disabled Veteran-Owned Small Business means as defined in 30 ILCS 500/45-57. “Qualified Veteran-Owned Small Business” means as defined in 30 ILCS 500/45-57. The terms “professional service” and “artistic service” have the same meanings as those terms have in 30 ILCS 500/1-15.60.

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**6. [FOR FUND-OF-FUNDS ONLY] Required by Section 1-113.15 of the Pension Code.**

For fund-of-fund Investment Managers: (a) a description of any fees, commissions, penalties, and other compensation payable, if any, directly by the retirement system, pension fund, or investment board (which shall not include any fees, commissions, penalties, and other compensation payable from the assets of the fund-of-funds or separate account); (b) a description (or method of calculation) of the fees and expenses payable by the IPOPIF to the Investment Manager and the timing of the payment of the fees or expenses; and (c) a description (or method of calculation) of any carried interest or other performance based interests, fees, or payments allocable by the IPOPIF to the Investment Manager or an affiliate of the Investment Manager and the priority of distributions with respect to such interest.

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**7. Required by IPOPIF's Procurement Policy for Investment Services.**

Investment Manager shall disclose any compensation or economic opportunity paid to the Investment Consultant within the last 24 months. "Compensation" means any money, thing of value, or economic benefit conferred on, or received by, the Investment Consultant in return for services rendered, or to be rendered, by himself, herself, or another. "Economic opportunity" means any purchase, sale, lease, contract, option, or other transaction or arrangement involving property or services wherein the Investment Consultant may gain an economic benefit.

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**8. Required by IPOPIF's Procurement Policy for Investment Services.**

Disclose all political contributions to support candidates for office in Illinois by the candidate firm, its officers, directors, and employees. Investment Manager hereby certifies 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 Election Code, 10 ILCS 5/1-1 et seq., as amended, and Section 206 of the Investment Advisors Act of 1940 and SEC Rule 206(4)-5 (16 CFR 275.206(4)-5), as amended.

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**9. Required by IPOPIF.**

Disclose and provide the details of any actions, proceedings, or investigations threatened or pending before any tribunal, arbitrator, court or governmental authority, including without limitation, the SEC, FINRA, any state securities regulatory authority or any other regulatory authority having jurisdiction over the company or its affiliates, against or relating to the company, its affiliates, or the officers or directors of the company or its affiliates claiming or alleging: (i) fraud; (ii) violation of any federal or state securities law, rule, or regulation, or (iii) breach of fiduciary duties.

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**EXHIBIT C  
FEE SCHEDULE**

[INSERT FEE SCHEDULE FROM INVESTMENT MANAGER]

- A. The Investment Manager's fees shall be payable quarterly in arrears, and pro-rated for any partial month, at a rate determined by month-end value of the assets as reported by the Custodian in the Sub-Account on the last business day of each month in the quarter. The fees paid to the Investment Manager shall be the sole cost charged to the Fund for the Investment Manager's services.
- B. Neither the Investment Manager 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.
- C. The Investment Manager represents that no other current client having the same investment objective (other than sub-advisory clients and clients with fees based on performance) obtained prior to or subsequent to the Fund's engagement will be charged a lower fee for managing substantially the same amount of assets in substantially the same manner (determined by reference to assets measured at the end of each calendar quarter). The Investment Manager agrees to promptly notify the Board if it provides more favorable fees to any such other client. Should such lower fees be provided to another client, the Investment Manager agrees that, on the effective date of such an occurrence, the more favorable fee structure shall be applied to this Fund in lieu of this Fee Schedule and the Fund shall be reimbursed for the fees paid, plus interest at the actuarial assumed rate of return adopted by the Board then in effect.
- D. This Fee Schedule shall provide a description (or method of calculation) of any carried interest or other performance based interests, fees, or payments allocable by the Fund to the Investment Manager or an affiliate of the Investment Manager and the priority of distributions with respect to such interest.