



Request for Proposal

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REQUEST FOR PROPOSAL

SECTION I: GENERAL INFORMATION

1. Introduction:

The State Universities Retirement System (“SURS” or the “System”) is requesting proposals from qualified firms interested in providing _____ management services. All forms/required documents needed for submitting a Request for Proposal (“RFP”) are available on the SURS website at www.surs.org.

2. Background:

Created in 1941, SURS exists as a body politic and corporate created under Article 15 of the Illinois Pension Code. SURS is governed by a board of trustees in accordance with Illinois Law. The SURS Board of Trustees currently consists of six (6) elected and five (5) appointed members, including the chair of the Illinois Board of Higher Education, who also serves as the chair of the SURS Board of Trustees. The SURS Board of Trustees delegates their authority to the Executive Director and nearly 130 full-time staff in administering the provisions of Articles 1, 15 and 20 of the Illinois Pension Code (40 ILCS 5).

Administrative functions performed by SURS Staff include processing retirement, survivor, disability and death benefits for more than 230,000 members who have current or previous employment with 61 higher education entities in Illinois.

Located in Champaign, Illinois SURS offices are roughly 130 miles south of Chicago, 125 miles west of Indianapolis, and 85 miles east of Springfield. Additional information regarding SURS can be obtained at www.surs.org

Defined Benefit Plan Investment Program

As of _____, the Defined Benefit plan trust totaled _____ with a strategic target asset allocation as follows:

	<u>Target</u>
U.S. Equity	*
Non-U.S. Equity	*
Global Equity	*
Core Fixed Income	*
Emerging Markets Debt	*
TIPS	*
Private Equity	*
Real Estate	*
REITs	*
Hedge Funds	*
Opportunity Fund (currently Infrastructure)	*
Commodities	*

SURS Staffing

The SURS investment team currently consists of seven members. These include:

- Chief Investment Officer
- Deputy Chief Investment Officer
- Three Senior Investment Officers individually responsible for Equities (including Private Equity and Hedged Strategies), Fixed Income (including Core Fixed Income, Emerging Markets Debt, and TIPS), and Real Assets (including Real Estate, REITs, Infrastructure, and Commodities)
- Two Investment Officers
- One Investment Analyst

Broader System resources are also utilized, including accounting and internal/external legal counsel. Additionally, Northern Trust serves as the System's master custodian for the defined benefit plan, providing various management and administrative services.

SECTION II: REQUEST FOR PROPOSAL OBJECTIVE

1. Purpose of Request for Proposal

SURS is requesting information from qualified firms to provide _____ management services. The overall goal of the fund will be to exceed the return of the specified benchmark, net of fees, plus an Active Manager Premium over a full business cycle (3-5 year period).

Qualified Women, Minority, or Disabled Owned Businesses are exempt from certain qualifying factors. Please refer to Section III for additional minimum qualifications information for all responding firms.

The purpose of the allocation is to reduce total plan risk and diversify the portfolio. It is anticipated that one or more investment managers will be hired to manage approximately _____. SURS will consider the following in making its decision:

- Level of detail provided in the RFP response
- Firm organization, structure, and personnel
- Internal operations, compliance, and internal controls
- Assets under management, fund size, and client base
- Investment philosophy and process
- Fund strategy and diversification
- Historical performance/risk factors
- Fee structure

2. Issuing Officer, Contacts and Lobbying

SURS is issuing this RFP. The Issuing Officers identified below are the sole points of contact regarding this RFP. Contact with any other employee of SURS, members of the Board of Trustees, or state officials is not permitted with respect to this RFP. The prohibition includes, but is not limited to, any lobbying efforts directed at state legislators or any state officer or employee who might reasonably be considered to have influence over the process and final outcome.

The Issuing Officers for this RFP are:

SURS
invest@surs.org

Consultant

Additional information regarding Submission of responses to this RFP is set forth in Section IV below under the heading “Submission of Proposal and Selection Process”

SECTION III: SCOPE, QUALIFICATIONS AND INFORMATION REQUESTED

1. Minimum Qualifications

Failure to satisfy each of the minimum qualifications will result in the immediate rejection of the proposal. The responder must address each of the qualifications substantiating how the responder satisfies each of the minimum qualifications. The responses must contain sufficient information as prescribed to assure SURS of its accuracy. Failure to provide complete information will result in rejection of the proposal. The Proposer must certify in writing on the Minimum Qualifications Certification (Appendix A) that it meets all of the minimum qualifications and must be signed by an individual who is authorized to bind the Proposer contractually.

1. The responding firm is SEC-registered or exempt from registration with the nature of the exemption provided.
2. The responding firm must agree to serve as a “fiduciary” to the Fund within the meaning of Illinois legislation and to act in accordance with all requirements and standards of conduct applicable to fiduciaries.
3. The responding firm 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 at the time responder submits a response to the RFP. Responder’s audited financial statements will be made available for review.
4. The responding firm will comply with all legislation regarding investment restrictions, applicable State fiduciary, ethics, and diversity laws, including any additional disclosure requirements.
5. The responding firm’s fund must be a(n) _____ vehicle and _____ for new commitments into _____.
6. One or more principals of the responding firm have _____ years or more experience managing _____ assets. Qualified Women, Minority, or Disabled Owned Businesses are exempt.
7. The responding firm has at least _____ of AUM in _____, as of _____. Qualified Women, Minority, or Disabled Owned Businesses are exempt.
8. The responding firm has been in operation as an investment management organization for at least five years, as of _____. Qualified Women, Minority, or Disabled Owned Businesses are exempt.
9. The responding firm must be willing to enter into a most favored nation clause certifying that the fees, costs, or pricing charged to SURS do not exceed the fees, costs, or pricing charged by the responder to any of its clients for the same or similar level of services.

SURS retains the sole right to decide whether any responder is qualified to bid, including determining whether any responder’s qualifications are sufficiently comparable to satisfy all of the above minimum qualifications.

2. Legislative Considerations

Effective January 1, 2016, **Sections 5/1-110.6, 5/1-110.15, 5/1-110.16 of the Illinois Pension Code (40 ILCS 5/1)** generally requires SURS to divest from direct holdings in “restricted companies” consisting of:

1. Certain companies that boycott Israel by engaging in actions that are politically motivated and are intended to penalize, inflict economic harm on, or otherwise limit commercial relations with the State of Israel or companies based in the State of Israel or in territories controlled by the State of Israel;
2. Certain companies that have business operations that involve contracts with or provision of supplies or services to the Government of Iran, companies which the Government of Iran has any direct or indirect equity share, consortiums or projects commissioned by the Government of Iran, or companies involved in consortiums or projects commissioned by the Government of Iran; and
3. The government of Sudan and any of its agencies, companies under control of Sudan, companies established or organized in Sudan, companies identified or prosecuted by the Office of Foreign Assets in the U.S. Treasury Department as sponsoring terrorist activities in Sudan, or any publicly traded company whose principal place of business is in or conducts business in Sudan.
4. Certain companies that are considered “expatriated entities,” meaning a foreign incorporated entity which is treated as an inverted domestic corporation under subsection (b) of Section 835 of the Homeland Security Act of 2002, 6 U.S.C. 395(b), or any subsidiary of such an entity.

Index funds, mutual funds (or funds in which the System owns shares or interests together with other investors), and private market funds (which include private equity funds, private equity funds of funds, venture capital funds, hedge funds, hedge fund of funds, real estate funds, or other investment vehicles that are not publicly traded) are not subject to the divestment provisions. However, the Illinois Investment Policy Board will request that a private market fund manager consider removing restricted companies from the fund or create a similar actively managed fund having indirect holdings devoid of the companies. If such a fund is created, SURS is required to replace all applicable investments with investments in the similar fund in an expedited timeframe consistent with prudent investing standards.

The **Illinois Governmental Ethics Act**, 40 ILCS 420, provides guidelines for ethical practices concerning state and local pension plans. Respondent providers should be familiar with the provisions of this Act. The Act also encourages the Board to increase the racial, ethnic, and gender diversity of its fiduciaries, to the greatest extent feasible within the bounds of financial and fiduciary prudence. In furtherance of this Act, SURS will use its best efforts to increase the racial, ethnic, and gender diversity of its vendors/investment managers.

Sections of the **Illinois Procurement Code**¹ concerning prohibitions of political contributions for vendors, 30 ILCS 500/50-37, may or may not apply to SURS investment managers or other service providers. However, each investment manager or service provider should be familiar with the provisions of this section and comply with this section if the investment manager or service provider deems it appropriate.

Provisions of Illinois law (40 ILCS 5/1-109.1) encourage certain public retirement funds and investments boards to increase:

- The utilization of emerging investment managers (with goals for specific asset classes for emerging managers that are minority-owned businesses, female-owned business, and businesses owned by a person with a disability);
- The racial, ethnic and gender diversity of its fiduciaries, including its consultants and senior staff;
- The utilization of business owned by minorities, females, and persons with disabilities for all contracts and services;
- The utilization of minority broker-dealers; and

¹ Note: Although SURS is not subject to the Illinois Procurement Code generally (30 ILCS 500/1-15.100), each responder should comply with any applicable sections of the Illinois Procurement Code.

- The utilization of minority investment funds

Public Act 99-0462 establishes the following aspirational goals for certain public retirement systems, pension funds, and investment boards, beginning January 1, 2006:

- The utilization of emerging investment managers for not less than 20 percent of the total funds under management;
- That not less than 20 percent of investment advisors are minorities, females, and persons with disabilities; and
- The utilization of businesses owned by minorities, females, and persons with disabilities for not less than 20 percent of contracts awarded for information technology services, accounting services, insurance brokers, architectural and engineering services, and legal services.

For these reasons, the SURS Board of Trustees encourages individuals who are minorities, females, and persons with a disability, as well as firms owned by minorities, females, and persons with a disability to respond to this RFP.

3. Diversity Profile

Effective January 1, 2015 Section 1-113.21 of the Illinois Pension Code prohibits certain public retirement systems, pension funds, and investment boards from awarding a contract, oral or written, for investment services, consulting services, or commitment to a private market fund, unless the investment advisor, consultant or private market fund first discloses:

- The number and percentage of its investment and senior staff who are: i) a minority person, ii) a female, and iii) a person with a disability;
- The number of contracts, oral or written, for investment services, consulting services, and professional and artistic services that the investment advisor, consultant, or private market fund has with i) a minority-owned business, ii) a female-owned business, or iii) a business owned by a person with a disability and;
- The number of contracts, oral or written, for investment services, consulting services, and professional and artistic services the investment advisor, consultant, or private market fund has with a business other than: i) a minority-owned business, ii) a female-owned business, or iii) a business owned by a person with a disability, if more than 50 percent of services performed pursuant to the contract are performed by i) a minority person, ii) a female, and iii) a person with a disability.

Each responder must disclose this information in Appendix B. **Failure to completely fill out this information may result in disqualification from consideration. If the information is not available, then please indicate "0" in the required fields. DO NOT LEAVE ANY FIELDS BLANK AND DO NOT ADD A QUALIFYING EXPLANATION TO YOUR NUMERIC RESPONSE.**

Enumerated below are the specific items requested from respondent firms.

1. **Letter of Transmittal:** A letter of transmittal must be submitted on the responder's official letterhead. The letter must identify all documents provided collectively as a response to the RFP, and must be signed by an individual authorized to bind the responder contractually. An unsigned proposal will be rejected. The letter must also contain the following:

- Statement that the proposal is being made without fraud or collusion; that the responder has not offered or received any finder's fees, inducements or any other form of remuneration, monetary or non-monetary, from any individual or entity relating to the RFP;

- Statement that discloses any current business relationship or any current negotiations for prospective business with the Board or any SURS Board Members or SURS Staff; and
- Statement that the proposing firm has been in compliance with SURS Quiet Period Policy and Ex-Parte Communications Policy

2. **Minimum Qualification Certification:** The responder must complete the certification in Appendix A and provide all supporting documentation.

3. **Diversity Disclosures** (per Illinois Pension Code Section 1-113.21): The responder must complete the required disclosures regarding staff and vendor diversity in the form provided in Appendix B.

4. **eVestment Alliance Database Submission:** (Data as of _____): Populating the eVestment Alliance database with your firm and product information is essential to the completion of the RFP process. If the database is not fully populated, your firm’s response will be considered incomplete and could be grounds for discontinuing consideration of your firm’s product for this search. The database is provided by eVestment Alliance, which can be located on the web at: www.eVestmentalliance.com.

The eVestment Alliance database gathers firm and product data including but not limited to:

Assets under management:

- Qualitative description of firm and product
- Investment professionals gained and lost, work experience and education
- Product holdings and characteristics
- Performance for vehicles recommended
- Composite description AIMR disclosures

Please be sure to leave no fields blank. Respond as 0, none, or N/A only when necessary. You will not be contacted to fill in missing fields. Use additional comment fields provided to make qualifying notes as applicable. If your firm does not already utilize the eVestment Alliance database, you can register at: <https://app.evestment.com/next/Registration.aspx>. There is no charge for supplying data to eVestment Alliance. **After you have provided the information to eVestment Alliance, please print off a copy of the information you have provided and return with your response to the RFP.**

SECTION IV: PROPOSAL QUESTIONS AND FEE PROPOSALS

A. Proposal Questions

1. Organization and History

1. Provide the name, title, address, e-mail address, and telephone number of the individual responsible for responding to this request.
2. Describe the ownership structure. Describe the percentage owned by employees and its distribution. What percentage does the majority owner hold? Please provide the name, relationship and percentage ownership of:
 - a. Each parent organization
 - b. Other affiliated organizations

3. Describe the material developments in your organization (changes in ownership, personnel, business, etc.) over the past three years in detail. Are there any changes anticipated in the coming year?
4. Describe the objectives of your firm with respect to future growth, commenting on new products or services over the next three to five years.
 - a. Detail any pending agreements to merge or sell your company or any of its units, or if your firm has any pending agreements to acquire another company offering similar services.
 - b. Explain how your firm will manage its growth plans, including acquiring additional resources and capacity limitations.
 - c. Describe any anticipated changes in the firm's basic ownership structure or any other significant changes in the organization.
 - d. Please detail plans for personnel growth and succession planning for this period of time as well.
5. Provide an organizational chart diagramming the relationships between the professional staff as well as the parent-subsiary, affiliate, or joint venture entities.
6. Describe the levels (U.S. dollar amounts) of coverage for SEC-required (17g-1) fidelity bonds, errors and omissions coverage and any other fiduciary coverage which your firm carries. List the insurance carriers supplying the coverage.
7. Please indicate whether the firm is certified as a Minority, Women, or Disabled Business Enterprise (MWDBE) as defined by the [Illinois Business Enterprise for Minorities, Females, and Persons with Disabilities Act](#). If so, please provide a copy of the firm's certification.
8. Based on your firm's legal structure, asset management and trading activities please provide a summary of which regulatory bodies you are required to be registered with, including the SEC, CFTC and National Futures Association.
9. When was your firm's last external audit? Identify the firm that conducted the audit. Please discuss any material findings. Has the firm changed auditors in the past three years? If so, explain.
10. Has your firm been the subject of an audit, censure (fine), inquiry or administrative action by the SEC, IRS, CFTC, DOL or other regulatory agencies in the past 7 years? If so, explain findings and provide a copy, as well as evidence of any changes in procedures implemented as a result of such audit.
11. Discuss your organization's compensation and incentive program. How are professionals evaluated and rewarded? What incentives are provided to attract and retain superior individuals? If equity ownership is possible, on what basis is it determined and distributed? How is the departure of a shareholder treated?
12. Provide information regarding the expiration date of current employment contracts with key personnel. Please include discussion of long term incentives, options or performance clauses.
13. Please provide details on the financial condition of the firm (i.e., most recent annual report filed with the SEC).

2. Staffing-Investment Professionals

1. What other duties do the portfolio managers/research analysts have? Do the analysts provide inputs used in any other strategy? If so, please explain.
2. Describe your firm's backup procedures in the event a key investment professional assigned to this account/product should leave the firm.
3. Who will serve as the client service officer for the account? How often will the person be available for client meetings? Please provide their contact information.
4. Please provide a list of key investment professionals who have joined or departed over the past five years.
5. Please provide biographies for all of the key investment professionals that contribute to the proposed product, including month & year of hire, prior work experience, education and certifications.
6. Provide any other information about your staff that you consider material including reassignments of responsibility, committee changes, prospective additions, etc.

3. Clients/Assets

1. Please provide a list of all products managed by your firm, including their assigned benchmark.
2. Please provide assets under management information (AUM) and number of clients as of the following dates: _____, _____, _____, _____, and _____.
 - a. Firm-wide
 - b. Total strategy assets
 - c. Include a break-out by vehicle (separate account, commingled fund, mutual fund)
3. If possible, provide the names of clients who are invested in the proposed products. Include inception date and market value of each account. Please identify any clients that are large public plan sponsor investment programs.
4. Does the firm have a policy limiting assets under management for the proposed strategies? If so, what is the level at which your firm would close the strategy to new business? What do you think is this product's capacity?
5. For any commingled fund vehicles proposed please list the following vendor relationships:
 - a. Custodian
 - b. Auditors
 - c. Administrator
 - d. Legal Counsel
6. Are your commingled fund vehicles lending or non-lending funds?
7. Please provide information on the type of reporting provided to clients, including timing of reports and details included. Provide a sample reporting package.

4. Product Investment Strategy

1. Please provide a list of the strategies being submitted and their corresponding name in the eInvestment database.
2. Please describe the portfolio construction process for the products under consideration.
3. Discuss the risk-control and monitoring systems utilized by your firm to measure and manage the portfolio risk of the proposed products.
4. Do the proposed strategies utilize leverage in any way? If so, please describe.
5. Have you made or are you planning any modifications to your overall investment philosophy or process? If so, describe the process used to identify and effect the change. Evaluate the relative success or failure of the change.
6. What do you believe to be the best benchmark for the product under consideration? Why?
7. What is the anticipated tracking error for the product under consideration?

4. Legal, Regulatory, and Internal Controls and Compliance

1. What compliance system does your firm employ? How is compliance implemented in your firm's operations?
2. Provide a detailed summary of your firm's internal control structure. Who serves as your firm's compliance officer? Does the firm conduct periodic risk assessment?
3. Have you ever violated a client guideline in the proposed strategy? If so, please describe the violation and the resolution.
4. Please provide a copy of your firm's Personal Trading policy and procedures document.
5. SURS encourages its investment managers to utilize the services of brokerage firms owned by minorities, women, and persons with a disability (MFDB). Further, it is SURS expectation that the investment managers meet certain minimum levels of MFDB broker participation (___% for active U.S. equity managers). Please comment as to your ability to execute and monitor usage of MFDB brokerage firms by the underlying managers. What do you believe is a realistic minimum level that you would be likely to achieve?
6. Does your firm have a written code of conduct or a set of standards for professional behavior? How is employee compliance monitored? Please describe findings of the most recent compliance review. Include a copy of your firm's Code of Ethics.
7. Does your firm have a diversity or inclusion policy? If so, please provide.
8. Over the past five years, has your firm or any of its affiliates or parent, or any officer, principal, or primary contacts been involved in any litigation relating to fiduciary duties, securities or tax law violation investigations or proceedings, other legal proceedings between an officer or principal and the firm, or in any government investigations. If so, provide a detailed explanation and indicate the current status.

9. Describe in detail any conflicts of interest your firm may have in the management of this accounts. How are conflicts of interests identified, managed, disclosed or prevented? Include any other pertinent activities, actions, or relationships not specifically outlined in this question.
10. Please provide an electronic copy of your organization's SEC Form ADV (Parts I and II) as an attachment to your response.
11. Does the firm accept soft dollars as payment for services? If so, please explain why.
12. Does your firm have a business continuation and disaster recovery plan? Please describe the key features of the plan.
13. Has your firm adopted the Principles for Responsible Investment (PRI)? If so, when? If not, has there been any discussion regarding the Principles? If so, what were the key issues or concerns surrounding the PRI? Has your firm adopted a similar set of principles or best business practices?
14. List the professional organizations of which your firm is a member.
15. Please provide any political and/or charitable organization contributions over the last five years. Please disclose the dollar amount for any contributions over \$5,000.00.

5. Fees

1. Please provide a proposed fee schedule for the strategies under consideration, including any breakpoints.
 - a. Are these fees negotiable?
2. Please provide an overview of all other fees and expenses that would be incurred by SURS if it was to invest in the proposed product.

Once a manager has been selected, negotiations of the fee structure may become necessary in order to account for the size of funding, the increments of funding, and any clarification. In no case will the negotiations result in a fee that is higher than the fee contained in the proposal.

Contract Negotiating and Awarding

Although fees are a material element in selection, cost, however, is only one of several factors used to evaluate proposals. The successful bidder agrees that any resulting contract awarded under this RFP is subject to successful contract negotiations. If SURS and the successful bidder cannot reach an agreement on contract terms, a contract may not be awarded to said bidder.

Services provided by the successful bidder must be performed in compliance with all applicable federal and state laws. The successful bidder agrees that any contract awarded under this RFP shall be enforced, governed and construed in all respects in accordance with the laws of the State of Illinois to the extent such laws are not pre-empted by the laws of the United States of America. The successful bidder agrees that, if required by law, it will bring any suit, action, claim or proceeding in, and will submit to (and consents and waives any objection to) the jurisdiction of the Illinois Court of Claims in connection with any claim asserted against SURS arising out of, or in connection with, any Agreement awarded under this RFP. If a filing in the Illinois Court of Claims is not required by law, the successful bidder agrees to submit to (and consents and waives any objection to) the jurisdiction of each of the Sixth Judicial Circuit of Illinois, Champaign County, Urbana, Illinois and the United States District Court for the Central District of Illinois in Urbana, Illinois in respect of any suit, action, claim or proceeding brought by SURS arising out of, or in connection with, this Agreement. The successful bidder agrees that SURS does not waive sovereign immunity by entering into an Agreement awarded under this RFP.

SECTION V: SUBMISSION OF PROPOSAL AND SELECTION PROCESS

1. Schedule

SURS reserves the right to alter the following schedule if necessary. If the schedule changes a SURS representative will notify the affected responders via e-mail. In no event will the dates listed below be changed to earlier dates.

<u>Schedule</u>	<u>Dates</u>
Quiet Period Begins	_____
RFP Issued	_____
Deadline for Responder Questions	_____
Response to Questions	_____
RFP Responses due 4:30 p.m. CT	_____
Evaluations	_____
Candidate Interviews	_____
Selection	_____

2. Submission Process

Deadline:

To be considered for selection, proposals must be received via e-mail in Adobe Acrobat format by the SURS representatives at invest@surs.org and Consultant representative at _____ no later than _____. *Please reference the "RFP Response - Name of Responder" in your communications. An e-mail confirmation will be sent confirming receipt of the proposal.*

Withdrawal and Modifications:

A proposal may be withdrawn any time prior to the deadline by written notification signed by the individual applicant or authorized agent of the firm and received by the SURS representatives at invest@surs.org no later than the deadline of _____. *Please reference the “RFP Response - Name of Responder” in your communications.* An e-mail confirmation will be sent confirming withdrawal of the proposal. The proposal may be resubmitted with any modifications **no later than** the submission deadline. Modifications offered in any other manner will not be considered.

Questions:

In order to clarify any issues in this Request for Proposal, SURS will respond only to questions that are presented in writing via e-mail to: the SURS representatives at invest@surs.org. All questions should be submitted to SURS by _____. *Please reference the “RFP Response - Name of Responder” in your communications.* These questions will be consolidated into a single Q&A document and responded to by SURS on, or about, _____. The Q&A document will be posted on the SURS web site at www.surs.org/rfp without indicating the source of the query.

SECTION VI: ILLINOIS FREEDOM OF INFORMATION ACT DISCLOSURE, COMMUNICATIONS AND EVALUATION PROCESS

Freedom of Information Act Disclosure:

All materials submitted in response to the RFP become property of SURS. Proposals remain confidential during the selection process. However, upon completion of the selection process, all responses, including that of the individual or firm selected, will be a matter of public information and will be open to public inspection in accordance with the State of Illinois Freedom of Information Act (FOIA) 5 ILCS 140/1 et. seq.

If, in response to this RFP, trade secrets or commercial or financial information are furnished under a claim that they are proprietary, privileged or confidential and that disclosure of the trade secrets or commercial or financial information would cause competitive harm to the person or business responding to this RFP, such claim must be clearly made and such information must be clearly identified. (5 ILCS 140/7 and 7.5) **Responses to this RFP with every page marked as proprietary, privileged or confidential will not satisfy this requirement.** Bidders are required to make a good faith attempt to properly identify only those portions of the response that are truly furnished under a claim that they are proprietary, privileged or confidential and that disclosure of the trade secrets or commercial or financial information would cause competitive harm to the person or business responding to this RFP.

Redacted Version of RFP Response: In the event Responder believes certain materials in the submitted response are exempt from public disclosure, Responders are asked to provide a redacted version of the response it believes will be suitable for release under the Illinois Freedom of Information Act (5 ILCS 140/7 and 7.5)

However, any claim of privilege from disclosure is not definitive. SURS has the right and legal obligation to determine whether such information is exempt from disclosure under the Illinois Freedom of Information Act and no information will be considered or determined by SURS to be proprietary, privileged or confidential unless it is identified and separated as indicated herein. (5 ILCS 140/7 and 7.5)

Ordinary Course of Business Communications Allowed:

Other than existing normal business matters, respondents, potential respondents, or their representatives should not contact anyone at SURS (including SURS staff, members of the SURS advisory committees and members of the SURS Board) other than the investment team member assigned to the RFP as listed above. In addition, respondents must not discuss this RFP with any employee of SURS' custodian, managers, legal counsel, or other advisors or persons/entities having contracts or other affiliations with SURS.

SURS Quiet Period Policy:

Please note the following Quiet Period Policy establishing guidelines by which the SURS Board of Trustees and SURS Staff will communicate with prospective service providers during a search process.

The Quiet Period for this RFP began on _____.

1. The quiet period shall commence upon Committee action (or Board action if the selection is not initiated through a Committee) to authorize a search for a service provider and end once a selection has been made by the Board and accepted by the service provider;
2. Initiation, continuation and conclusion of the quiet period shall be publicly communicated via the SURS website (www.SURS.org/rfp) to prevent inadvertent violations;
3. All Board members, and SURS staff not directly involved in the search process, shall refrain from communicating with potential service providers regarding any product or service related to the search offered by the provider throughout the quiet period and shall refrain from accepting meals, travel, hotel, or other value from the providers;
4. Throughout the quiet period, if any Board member or SURS staff member is contacted by a potential service provider, the Board member or SURS staff member shall refer the provider to the SURS staff member directly involved in the search process;
5. All authority related to the search process shall be exercised solely by the relevant Committee or Board as a whole, and not by individual Board Members;
6. All information related to the search process shall be communicated by SURS staff to the relevant Committee or Board as a whole, and not to individual Board Members;
7. The quiet period does not prevent Board approved due diligence, client conference attendance, or communications with an existing service provider that happens to be a provider in the ordinary course of services provided by such service provider; however, discussions related to the pending selection shall be avoided during those activities;
8. The provisions of this policy will apply to potential service providers throughout the quiet period and shall be communicated to providers in conjunction with any competitive proposal process; and
9. A potential service provider may be disqualified from a search process for a violation of this policy.

Ex-Parte Communications:

The State Officials and Employees Ethics Act (5 ILCS 430) provides that all “ex parte communications” concerning investment, rulemaking or quasi-adjudicatory matters pending before a state agency must be documented and some must be reported. An “ex parte communication” is any written or oral communication by any person that imparts or requests material information or makes a material argument regarding potential action concerning an investment, a rulemaking process, or a quasi-adjudicatory matter. An “ex parte communication” does not include statements publicly made in a public forum or communications among employees of the state agency.

An “ex parte communication” from an “interested party” or his or her official representative or attorney to an employee or the agency must be memorialized and made a part of the record. An “interested party” is a person or entity whose rights, privileges, or interests are the subject of or are directly affected by an investment, regulatory or quasi-judiciary matter.

An “ex parte communication” other than that described above must be reported by the SURS staff member or Board Trustee immediately to the agency’s Ethics Officer. The communication must be memorialized and made a part of the record. The communication must be filed with the Executive Ethics Commission, accompanied by a memorandum from the Ethics Officer.

Rights Reserved:

SURS reserves the right to amend any segment of the RFP prior to the announcement of a contractor. In such an event, all respondents will be afforded the opportunity to revise their proposals to accommodate the RFP amendment.

SURS reserves the right to remove any or all of the services from consideration for this contract. At its discretion, SURS may issue a separate contract for any service or groups of services included in this RFP. SURS may negotiate additional provisions to the contract awarded pursuant to this RFP.

SURS may request additional information from any or all bidders to assist in the evaluation of proposals, and SURS reserves the right to conduct background investigations of selected individuals or firms prior to awarding a contract under this RFP.

SURS does not bear any obligation to complete the RFP process or to select any individual(s) or firm(s). SURS also reserves the right without prejudice to reject any or all proposals submitted. SURS will **NOT** reimburse any expenses incurred in responding to this RFP.

Proposal Evaluation:

All proposals received by deadline will be reviewed to determine whether they meet the requirements of this RFP. The primary factors that will be considered include, but will not necessarily be limited to:

1. The responder’s experience in providing private institutional _____ management services to public retirement systems, pension funds, or investment boards for other large institutional investors and/or asset owners;
2. The responder’s ability to provide the requested/required services shown in this RFP;
3. The quality, conciseness, clarity, and completeness of the responder’s proposal and accompanying documents.
4. The responder’s competitiveness in proposed fees.
5. The stability and general experience of the responder as measured by the stability of the financial condition of the firm and experience in providing active management to institutional clients.
6. The key personnel to be assigned to this account, including key professionals, applicable portfolio managers, back-up and other staff assistance, and education and experience of all such key personnel.
7. The expertise of the responder including but not limited to: (a) Similar work performed for other clients; (b) Assets under management; and (c) Investment experience broadly defined and experience as a manager of private institutional open-end core-plus real estate funds.
8. The quality of the client references provided.
9. The performance history of the responder.

10. The responder's consistent process implementation as measured by return consistency, portfolio construction methodology, and the implementation of risk controls.

Terms and Conditions:

Following a review of submitted materials, selected individuals or firms must be prepared to make a presentation to the SURS Board of Trustees at a date and location to be determined by SURS. SURS will **NOT** provide reimbursement for any costs incurred by the individuals or firms associated with this presentation. Prior to the award of a contract pursuant to this RFP, selected individuals or firms must provide all requested documentation.

SECTION VII: DEFINITIONS AND APPENDICES

Definitions Under Illinois Law:

Link to Illinois Compiled Statutes: www.ilga.gov

Link to Section 1-113.21 Illinois Pension Code: <http://www.ilga.gov/legislation/publicacts/98/PDF/098-1022.pdf>

“**Contract**” means all types of [State] agreements, regardless of what they may be called, for the procurement, use, or disposal of supplies, services, professional or artistic services, or construction or for leases of real property where the [State] is the lessee, or capital improvements, and including renewals, master contracts, contracts for financing through use of installment or lease-purchase arrangements, renegotiated contracts, amendments to contracts, and change orders.

“**Investment adviser**”, “investment advisor”, or “investment manager” means, with respect to a pension fund or retirement system established under Illinois Code if the person:

- (1) is a fiduciary appointed by the board of trustees of the pension fund or retirement system in accordance with Section 1-109.1;
- (2) has the power to manage, acquire, or dispose of any asset of the retirement system or pension fund;
- (3) has acknowledged in writing that he or she is a fiduciary with respect to the pension fund or retirement system; and
- (4) is at least one of the following: (i) registered as an investment adviser under the federal Investment Advisers Act of 1940 (15 U.S.C. 80b-1, et seq.); (ii) registered as an 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 this State.

“**Minority person**” means a person who is a citizen or lawful permanent resident of the United States and who is a member of a minority.

“**Minority owned business**” means a business which is at least 51% owned by one or more minority persons, or in the case of a corporation, at least 51% of the stock in which is owned by one or more minority persons; and the management and daily business operations of which are controlled by one or more of the minority individuals who own it.

“**Female owned business**” means a business which is at least 51% owned by one or more females, or, in the case of a corporation, at least 51% of the stock in which is owned by one or more females; and the management and daily business operations of which are controlled by one or more of the females who own it.

“**Business owned by a person with a disability**” means a business that is at least 51% owned by one or more persons with a disability and the management and daily business operations of which are controlled by one or more of the persons with disabilities who own it. A not-for-profit agency for persons with disabilities that is exempt from taxation under Section 501 of the Internal Revenue Code of 1986 is also considered a “business owned by a person with a disability”.

“**Compensation**” means any money, thing of value, or economic benefit conferred on, or received by, a 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 a consultant may gain an economic benefit.

APPENDIX A

MINIMUM QUALIFICATION REQUIREMENTS AND CERTIFICATION

Responder must satisfy each of the following minimum qualifications for this RFP, in order to be given further consideration by the Board of Trustees. Failure to satisfy each of the requirements will result in the immediate rejection of the proposal. Failure to provide complete information will result in the rejection of the proposal. Please circle “YES” or “NO” where indicated. If evidence is requested, please provide complete documentation.

- 10. Responding firm must be SEC-registered or exempt from registration with the nature of the exemption provided. **If so registered, please submit Form ADV (Parts I and II).** (Yes/No): _____
- 11. Responding firm must agree to serve as a “fiduciary” to the Fund within the meaning of Illinois legislation and to act in accordance with all requirements and standards of conduct applicable to fiduciaries. (Yes/No): _____
- 12. Responder 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 at the time Responder submits a response to the RFP. Responder’s audited financial statements will be made available for review. (Yes/No): _____
- 13. Responder will comply with all legislation regarding investment restrictions, applicable State fiduciary, ethics, and diversity laws, including any additional disclosure requirements. (Yes/No): _____
- 14. Responder must have completed the eVestment Database for the products submitted for consideration. (Yes/No): _____
- 15. Responder must have an existing platform to offer SURS a separate account structure for the products submitted for consideration. (Yes/No): _____
- 16. Responder or one or more principals of the firm have three years or more experience managing equity portfolios. (Yes/No): _____
- 17. Responding firms must have been in operation as an investment management organization for at least one year, as of _____. (Yes/No): _____

IF RESPONDER PROVIDED A “NO” RESPONSE TO ANY OF THE MINIMUM QUALIFICATION REQUIREMENTS ABOVE, RESPONDER SHOULD NOT SUBMIT A PROPOSAL TO SURS.

PLEASE CERTIFY THE RESPONDER’S SATISFACTION OF THE MINIMUM QUALIFICATIONS BY PROVIDING THE RESPONDER’S AUTHORIZED SIGNATURE BELOW.

Authorized Signer Name: _____
Title: _____
Responding Firm: _____
Signature: _____
Date: _____

APPENDIX B

Disclosures Pursuant to Illinois Pension Code Section 1-113.21

Beginning January 1, 2015, Section 1-113.21 of the Illinois Pension Code requires the following disclosures from an investment advisor, consultant or private market fund prior to the awarding of a contract with such entity:

Name of Firm:

1. The number of its senior staff and the percentage of its senior staff who are (i) a minority person (ii) a female, and (iii) a person with a disability;

(If none, state "none")

Staff Classification	Number of Investment and Senior Staff Who Are	% Percentage of Investment and Senior Staff Who Are
Minority		
Female		
Person with a Disability		

2. The **number of contracts**, oral or written, for investment services, consulting services and professional and artistic services that the investment advisor, consultant, or private market fund has with (i) a minority owned business, (ii) a female owned business, or (iii) a business owned by a person with a disability; and

Statutory compliance requires numeric responses. Additional written information can be used to supplement your numeric response.

Contracts	Number Contracts
Minority	
Female	
Person with a Disability	

3. The **number of contracts**, oral or written, for investment services, consulting services, and professional and artistic services the investment advisor, consultant, or private market fund has with a business other than (i) a minority owned business, (ii) a female owned business or (iii) a business owned by a person with a disability, if more than 50% of services performed pursuant to the contract are performed by (i) a minority person, (ii) a female, and (iii) a person with a disability.

Statutory compliance requires numeric responses. Additional written information can be used to supplement your numeric response.

Contract	Number Contracts
Minority	
Female	
Person with a Disability	

Supplemental Diversity Information (Optional):

If desired, please include additional information on your firm’s diversity efforts to supplement the information provided above. This may include initiatives such as internal training and development programs, as well as recruitment and outreach efforts, etc. Please feel free to attach or include any policies or documentation to support these diversity efforts.

INVESTMENT ADVISOR / CONSULTANT/ PRIVATE MARKET FUND:
Company Name:
Signature:
Printed Name
Title:
Dated: