

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

POLICY NUMBER: PP-2021-07
SUBJECT: PROCUREMENT OF INVESTMENT SERVICES
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A. Purpose

The Board of Trustees (“Board”) of the Illinois Police Officers’ Pension Investment Fund (“IPOPIF”) establishes the following Procurement Policy (“Policy”) so that all decisions to procure Investment Services will be made with respect for the principles of competitive selection, full disclosure, objective evaluation, and proper documentation.

B. Definitions

1. “Emerging Investment Adviser” or “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.
2. “Investment Adviser” or “Investment Manager,” as defined in Section 1-101.4 of the Illinois Pension Code, means any entity that:
 - a. is a fiduciary appointed by the Board;
 - b. has the power to manage, acquire, or dispose of any of the IPOPIF’s assets;

- c. has acknowledged in writing that it is a fiduciary with respect to the IPOPIF;
and
 - d. 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;
 - (iv) an insurance company authorized to transact business in Illinois;
3. “IPOPIF Database” means an industry database of institutional quality registered investment management or transition management firms utilized by the IPOPIF as described in Section D.4 of this Policy.
4. “Investment Consultant” means any entity retained by the Board to make recommendations in developing an investment policy, to assist with finding appropriate Investment Advisers or other investment related professionals, or to monitor the Board’s investments. Investment Consultant 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, services used to track compliance with legal standards, and investment fund of funds where the Board has no direct contractual relationship with the Investment Adviser(s) or partnerships. Other than a Trustee or an employee of the IPOPIF, no entity may act as an Investment Consultant unless that person is registered as an investment adviser or a bank under the federal Investment Advisers Act of 1940 (15 U.S.C. 80b-1, et seq.)
5. “Investment Services” means services provided by an Investment Adviser, Transition Manager, or an Investment Consultant.
6. 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.
7. “MWDBE Investment Adviser” or “MWDBE Investment Manager” means a qualified Investment Adviser that manages an investment portfolio and is a MWDBE.

8. “SDVOSB” means a “qualified serviced-disabled veteran-owned small business” as defined in 30 ILCS 500/45-57.
9. “Transition Manager” means an entity engaged to liquidate or restructure certain portfolios and is: (a) a broker-dealer registered with the Securities & Exchange Commission under the Securities Exchange Act of 1934, as amended (“Exchange Act”); (b) a bank or limited purpose national banking association as defined in the National Bank Act, as amended; or (c) a registered investment adviser under the Investment Advisers Act of 1940 (“Advisers Act”), as amended; or (d) an investment advisor registered with the State of Illinois under the Illinois Securities Act of 1953, as amended (“1953 Act”); and
10. “VOSB” means a “qualified veteran-owned small business” as defined in 30 ILCS 500/45-57.

C. Application of Competitive Selection Procedures.

Pursuant to Section 1-113.14 of the Illinois Pension Code, this Policy applies to the procurement of Investment Services, except:

1. Sole source procurements, meaning there is only one fiscally feasible source for the Investment Services.
2. Emergency procurements, including when: (a) there exists a threat to public health or public safety; (b) immediate expenditure is necessary for repairs to IPOPIF property in order to protect against further loss of or damage to IPOPIF property; (c) to prevent or minimize serious disruption in critical IPOPIF services, including, but not limited to, services that affect health and safety; or (d) to ensure the integrity of IPOPIF records. Emergency procurements of \$20,000 or more requires ratification by the Board at the next scheduled meeting.
3. At the discretion of the Board, contracts for Investment Services that are for a non-renewable term of one year or less and have a value of less than \$20,000.
4. At the discretion of the Board, contracts for follow-on funds with the same fund sponsor through closed-end funds.

All exceptions granted shall be published on the IPOPIF web site and shall include the name of the person authorizing the procurement and a brief explanation of the reason for the exception.

D. Competitive Selection Procedures.

All procurements of Investment Services under this Policy shall be awarded by the following competitive selection procedure.

1. Uniform Documents. As required by Section 113.14(f) of the Illinois Pension Code, uniform documents shall be used for the solicitation, evaluation, and retention of Investment Services and shall be posted on the IPOPIF website.
2. Public Notice. The Board shall approve when there shall be a search for Investment Services and the parameters of the search based on a recommendation from investment staff or Investment Consultant. Notice of the need for Investment Services shall be published in a Request for Proposals (“RFP”). The RFP shall be published on the IPOPIF website and, if appropriate, in a relevant trade journal, publication, or website at least 30 days prior to the deadline to respond. The RFP shall remain on the IPOPIF’s website until the deadline for responses to the RFP.
3. Request for Proposals (“RFP”). Every procurement for Investment Services shall use an RFP, which shall contain, among other things, all of the following:
 - a. A requirement that the response shall contain the candidate’s contact information.
 - b. A date by which a response shall be returned.
 - c. The evaluation factors designated in Section D.5 or D.6 of this Policy, as applicable.
 - d. A copy of the IPOPIF’s current Investment Policy, with notice that such Policy is subject to change, as required by Section 113.14(c)(2) of the Illinois Pension Code.
 - e. A copy of the “quiet period” guidelines designated in Section D.9 of this Policy.
 - f. A copy of the IPOPIF Ethics Policy and the requirement that the candidate must agree to comply with the IPOPIF Ethics Policy at all times.
 - g. A requirement for 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.

- h. The IPOPIF template Investment Management Agreement (if applicable), Side Letter (if applicable), or Investment Consultant Agreement (if applicable), which shall be attached to the RFP and which shall include, among other things, the requirements set forth in Section 1-113.14(c) of the Illinois Pension Code. The RFP shall note that amendments to the IPOPIF's template Investment Services agreements are disfavored. Any objections to the IPOPIF's template Investment Services agreements shall be detailed in the response to the RFP, not after a selection has been made.
- i. A requirement that the response to the RFP shall contain the following disclosures required under the Illinois Pension Code:
 - (i) 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 Consultant, Transition Manager, or Investment Adviser in connection with the provision of Investment Services to the IPOPIF;
 - (ii) Pursuant to Section 113.14(c)(5) of the Illinois Pension Code, the names and addresses of: the Investment Consultant, Transition Manager, or Investment Adviser; any entity that is a parent of, or owns a controlling interest in, the Investment Consultant, Transition Manager, or Investment Adviser; any entity that is a subsidiary of, or in which a controlling interest is owned by, the Investment Consultant, Transition Manager, or Investment Adviser; any persons who have an ownership or distributive income share in the Investment Consultant, Transition Manager, or Investment Adviser that is in excess of 7.5%; or serves as an executive officer of the Investment Consultant, Transition Manager, or Investment Adviser. 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;

- (iii) A statement that contingent and placement fees are prohibited by Section 1-145 of the Illinois Pension Code;
- (iv) 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;
- (v) Pursuant to Section 113.21 of the Illinois Pension Code, a disclosure of the number of the Investment Consultant's, Transition Manager's or Investment Adviser'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 Consultant, Transition Manager, or Investment Adviser has with a MWDBE, SDVOSB, or VOSB; the number of contracts for investment, consulting, professional, and artistic services which the Investment Consultant, Transition Manager, or Investment Adviser 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
- (vi) In addition, 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 Adviser 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 Adviser or an

affiliate of the Investment Adviser and the priority of distributions with respect to such interest.

- j. Pursuant to Section 113.23 of the Illinois Pension Code, A requirement that in connection with an RFP for an Investment Adviser or Transition Manager, the Investment Consultant shall disclose for the prior 24 months any compensation or economic opportunity received in the last 24 months from an Investment Adviser or Transition Manager that is recommended for selection by the Investment Consultant. "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.
- k. Pursuant to Section 113.22 of the Illinois Pension Code, a requirement that the response to an RFP for an Investment Consultant the candidate shall disclose for the prior calendar year:
 - (i) The total number of searches for investment services;
 - (ii) The total number of searches for investment services that included MWDBE;
 - (iii) The total number of searches for investment services in which the candidate recommended for selection a MWDBE;
 - (iv) The total number of searches for investment services that resulted in the selection of a MWDBE; and
 - (v) The total dollar amount of investment made with a MWDBE that was selected after a search for investment services performed by the candidate.
- l. Pursuant to Section 20(e) of the Illinois Sustainable Investing Act, 30 ILCS 238/1, *et seq.*, a requirement that the response to an RFP for an Investment Adviser shall include a description of any process through which the Investment Adviser prudently integrates the following sustainability factors into their investment decision-making, investment analysis, portfolio construction, due diligence, and investment ownership in order to maximize

anticipated risk-adjusted financial returns, identify projected risk, and execute the Investment Adviser's fiduciary duties:

- (i) Corporate governance and leadership factors, such as the independence of boards and auditors, the expertise and competence of corporate boards and executives, systemic risk management practices, executive compensation structures, transparency and reporting, leadership diversity, regulatory and legal compliance, shareholder rights, and ethical conduct.
 - (ii) Environmental factors that may have an adverse or positive financial impact on investment performance, such as greenhouse gas emissions, air quality, energy management, water and wastewater management, waste and hazardous materials management, and ecological impacts.
 - (iii) Social capital factors that impact relationships with key outside parties, such as customers, local communities, the public, and the government, which may impact investment performance. Social capital factors include human rights, customer welfare, customer privacy, data security, access and affordability, selling practices, and product labeling, community reinvestment, and community relations.
 - (iv) Human capital factors that recognize that the workforce is an important asset to delivering long-term value, including factors such as labor practices, responsible contractor and responsible bidder policies, employee health and safety, employee engagement, diversity and inclusion, and incentives and compensation.
 - (v) Business model and innovation factors that reflect an ability to plan and forecast opportunities and risks, and whether a company can create long-term shareholder value, including factors such as supply chain management, materials sourcing and efficiency, business model resilience, product design and life cycle management, and physical impacts of climate change.
- m. All documents created as part of an RFP, including the responses by prospective Investment Consultants, 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.

4. IPOPIF Database. The IPOPIF may utilize a third-party industry database of institutional-quality registered investment advisers to serve as the primary pool from which the IPOPIF will identify and evaluate candidates in a search for Investment Advisers, as follows:
 - a. It is essential that all interested Investment Advisers 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 Investment Advisers or SDVOSB or VOSB Investment Advisers from participating in the IPOPIF Database.
 - b. The IPOPIF shall publish on its website the details of the IPOPIF Database and shall encourage all interested Investment Advisers to access and submit their information into the IPOPIF Database, regardless of whether there is a current RFP, and will make reasonable efforts to ensure that Emerging or MWDBE Investment Advisers and SDVOSB or VOSB Investment Advisers are aware of and have access to the IPOPIF Database.
 - c. The RFP will clearly specify that the IPOPIF Database is being utilized and that all Investment Adviser candidates are required to submit their information into the IPOPIF Database.
 - d. The IPOPIF may use the IPOPIF Database to conduct an initial evaluation to both (i) determine whether candidates meet certain initial evaluation criteria for the search and (ii) identify the highest caliber candidates. The initial evaluation criteria will include, but is not limited to, the factors set forth in Section D.6.a-d. Candidates who do not meet the initial evaluation criteria will not be requested to submit additional information as part of the RFP. Candidates who the IPOPIF Staff, in consultation with the Investment Consultant, identify as the highest caliber candidates will be requested to submit additional information; provided, however, that nothing will prevent candidates who meet the minimum criteria from submitting additional information. The RFP will clearly specify the initial evaluation criteria.
 - e. All Emerging or MWDBE Investment Advisers or SDVOSB or VOSB Investment Advisers that meet the initial evaluation criteria in the RFP will be requested to submit additional information as part of the RFP.
5. Evaluation of Investment Consultant Responses. Responses from Investment Consultant candidates will be evaluated by the Board and Chief Investment Officer based on the following evaluation factors. The relative importance of the evaluation factors will vary based on the parameters of the search. The Board

will determine, based on the evaluation factors, the top-qualified Investment Consultants. The Chief Investment Officer will provide the Board with a copy of the disclosures under Section D.3.i through D.3.k of this Policy prior to consideration of the finalists. The Board will select in the exercise of its discretion, based on the evaluation factors, an Investment Consultant from the list of top-qualified Investment Consultants. The evaluation factors are as follows:

- a. The candidate firm's financial and investment consulting client information, including:
 - (i) The total number, assets under management, and revenues derived from the candidate firm's investment consulting clients as of the prior year-end and such other time periods deemed relevant;
 - (ii) The percentage of the candidate firm's gross revenue that is contributed by the investment consulting department;
 - (iii) Any other businesses in which the candidate firm is involved;
 - (iv) References from at least 3 public fund investment consulting clients;
 - (v) The history of the candidate firm's relationship with its 10 largest investment consulting clients; and
 - (vi) The number and size of client relationships gained and lost in each of the last three calendar years and year-to-date.
- b. History of the candidate firm, including when it was established and when Investment Services were first provided under the current structure.
- c. The candidate firm's experience advising large defined benefit plans, Investment Adviser selection and oversight, and related Investment Services experience.
- d. The qualifications and depth of the candidate firm's professional staff and adequacy of its client servicing capabilities, including:
 - (i) The approach to account servicing;
 - (ii) The maximum number of account relationships assigned to a consultant;

- (iii) The identity of the primary consultant on the account and whether a specific person is designated to handle matters when the primary consultant is not available;
 - (iv) Brief biographical information for the primary consultant and any other individuals expected to be assigned to the IPOPIF account, including number of years in the most recent position.
 - (v) An organizational chart indicating the number of employees, including the average employee tenure, education, EEO data, etc., in each reporting unit for the firm's consulting area; and
- e. The candidate firm's litigation history within the last 10 years relating to Investment Services rendered.
- f. The candidate firm's approach to managing and reducing cybersecurity risk and protecting networks and data, including complying with the U.S. Department of Labor's Cybersecurity Program Best Practices, the State of Illinois Cybersecurity Strategy, the National Institute of Standards and Technology Cybersecurity Framework, and industry best practices.
- g. The disclosures under Section D.3.i through D.3.k, history of regulatory actions regarding the candidate firm's practices, record of integrity and business ethics, and the strength of the candidate firm's internal ethics and conflicts of interest policies.
- h. The candidate firm's process for the search and selection of Investment Advisers and Emerging and MWDBE Investment Advisers, including:
 - (i) A description of the database(s) used to track and evaluate Investment Advisers, Emerging Investment Advisers, MWDBE Investment Advisers, SDVOSB Investment Advisers, and VOSB Investment Advisers, including: the number of Investment Advisers and Emerging or MWDBE Investment Advisers in the database; whether a fee must be paid to be included in the database, and, if so, how much; whether the database is proprietary; whether the requirements for access are uniformly applied; and the ability of Investment Advisers, Emerging or MWDBE Investment Advisers, and SDVOSB or VOSB Investment Advisers to access the database;

- (ii) A specific description of the candidate firm’s policy for increasing access by and outreach to Emerging and MWDBE Investment Advisers and SDVOSB or VOSB Investment Advisers;
 - (iii) The process used to identify Investment Advisers for specific asset allocations; and
 - (iv) Considerations and practices with respect to the CFA Institute Global Investment Performance Standards (GIPS®)
 - i. The candidate firm’s process of monitoring and evaluating the performance of Investment Advisers, including:
 - (i) The indices and composites used to evaluate Investment Advisers’ performance within a specific asset allocation;
 - (ii) A description of the process to establish appropriate peer group and performance benchmarks; and
 - (iii) A description of the process for determining when to recommend termination of an Investment Adviser.
 - j. The candidate firm’s value-added services to its clients, including: investment policy development; asset and liability modeling; performance evaluation; custodian search and evaluation; and fee negotiations.
 - k. The candidate firm’s performance measurement systems environment.
 - l. Pursuant to Sections 1-113.6 and 1-113.17 of the Illinois Pension Code, decision-useful sustainability factors will be considered within the bounds of financial and fiduciary prudence, including but not limited to (i) corporate governance and leadership factors; (ii) environmental factors; (iii) social capital factors; (iv) human capital factors; and (v) business model and innovation factors, as provided for under the Illinois Sustainable Investing Act, 30 ILCS 238/1, *et seq.* and detailed in the IPOPIF Investment Policy.
 - m. The reasonableness of the proposed fees, including the proposed retainer and fees for each service performed.
6. Evaluation of Investment Adviser and Transition Manager Responses. Responses will be evaluated initially by the Chief Investment Officer (or delegated to IPOPIF Investment Staff) 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 (or delegated IPOPIF Investment Staff) and the Investment Consultant will determine, based on the evaluation factors, the top-qualified Investment Advisers or Transition Managers and will disclose the non-finalists. The Board will be provided with a copy of the disclosures under Section D.3.i and D.3.j of this Policy prior to consideration of the finalists. The Board will select, in the exercise of its discretion based on the evaluation factors, an Investment Adviser or Transition Manager from the list of top-qualified Investment Advisers or Transition Managers. The evaluation factors are:

- a. 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, 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;
- b. 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, trading ability;
- c. Performance, including: long-term performance, risk factors and, consistency of performance, each of these relative to benchmarks and peers;
- d. The IPOPIF's overall Investment Policy and allocations among existing Investment Advisers, including, but not limited to, the diversification of Investment Advisers in terms of style, investment philosophy, and the complementary relationship between Investment Advisers in the context of the Investment Policy;
- e. Reasonableness of the fees, including availability of 'most-favored nation' fee clauses;
- f. Portfolio management and client services, including: client servicing, accounting, and reporting;
- g. Pursuant to Sections 1-113.6 and 1-113.17 of the Illinois Pension Code, decision-useful sustainability factors will be considered within the bounds of financial and fiduciary prudence, including but not limited to (i) corporate governance and leadership factors; (ii) environmental factors; (iii)

social capital factors; (iv) human capital factors; and (v) business model and innovation factors, as provided for under the Illinois Sustainable Investing Act, 30 ILCS 238/1, *et seq.* and detailed in the IPOPIF Investment Policy; and

- h. The candidate firm’s approach to managing and reducing cybersecurity risk and protecting networks and data, including complying with the U.S. Department of Labor’s Cybersecurity Program Best Practices, the State of Illinois Cybersecurity Strategy, the National Institute of Standards and Technology Cybersecurity Framework, and industry best practices.

7. Emerging and MWDBE Investment Advisers

- a. Certification. Emerging or MWDBE Investment Advisers shall provide documentation establishing their status as an MWDBE. 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 other information, including another state’s or a city’s certification.
- b. Principle. The IPOPIF will not use any criteria to exclude an otherwise qualified Emerging or MWDBE Investment Adviser, 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 Advisers that can be awarded allocations or, if the Investment Adviser is participating in a “fund of funds”, to be graduated into a separate account portfolio when openings occur, or a need is identified.
- c. Selection Process. If an Emerging or MWDBE Investment Adviser meets the criteria in the RFP, then that Emerging or MWDBE Investment Adviser shall receive an invitation by the Board to present as a finalist. If there are multiple Emerging or MWDBE Investment Advisers that meet the criteria, then the Chief Investment Officer may choose the most qualified firm or firms to present to the Board.

8. SDVOSB and VOSB.

- a. Certification. SDVOSB and VOSB Investment Advisers shall provide documentation establishing their status as an SDVOSB or VOSB. 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 other information, including another state's or a city's certification.

- b. **Principle.** The IPOPIF will not use any criteria to exclude an otherwise qualified SDVOSB and VOSB Investment Adviser, 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 SDVOSB and VOSB Investment Advisers that can be awarded allocations or, if the Investment Adviser is participating in a "fund of funds", to be graduated into a separate account portfolio when openings occur, or a need is identified.
 - c. **Selection Process.** If an SDVOSB and VOSB meets the criteria in the RFP, then that SDVOSB and VOSB Investment Adviser shall receive an invitation by the Board to present as a finalist. If there are multiple SDVOSB and VOSB Investment Advisers that meet the criteria, then the Chief Investment Officer may choose the most qualified firm or firms to present to the Board.
9. **Quiet Period.** There shall be a quiet period to ensure that the process of selecting an Investment Consultant, Transition Manager, or Investment Adviser is efficient and fair.
- a. The quiet period shall commence with the posting of the RFP and end when the parties have executed an Investment Services agreement.
 - b. Initiation, continuation, and conclusion of the quiet period shall be directly communicated to the Board and posted on the IPOPIF website.
 - c. During the quiet period, no Board member or Staff member or fiduciary or service provider involved in the search shall accept meals, travel, lodging, entertainment, or any other good or service of value from any candidate.
 - d. All authority related to the search process shall be exercised solely by the Board as a whole, and not by individual Board members.
 - e. If any Board member or IPOPIF Staff member is contacted by a candidate during the quiet period about a matter relating to the pending selection, the Board member or IPOPIF Staff member shall refer the candidate to the Chief Investment Officer. While the quiet period does not prevent Board approved meetings or communications by Staff with an incumbent Investment Consultant, Transition Manager, or Investment Adviser that is

also a candidate, discussion related to the pending selection shall be avoided during those activities.

- f. A candidate may be disqualified from a search process for a willful violation of this Policy.

10. Discussions

- a. Notwithstanding the quiet period provided for in Section D.9 of this Policy, the Board through any designated Board member, the Executive Director, the Chief Investment Officer (or delegated Investment Staff), or Fiduciary Legal Counsel may conduct discussions with candidates to:
 - (i) Determine in greater detail a candidate's qualifications; and
 - (ii) Negotiate the various terms of the Investment Services agreement, including fees.
- b. 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.

11. Award of Contract

- a. The Board shall determine the candidate(s) to be retained. Pursuant to Section 22B-117 of the Illinois Pension Code, the selection of an Investment Consultant shall require a vote of at least six Trustees.
- b. The Chief Investment Officer and Fiduciary Legal Counsel, in consultation with the Executive Director, shall negotiate the final terms of the Investment Services agreement. The Chief Investment Officer and Fiduciary Legal Counsel, in consultation with the Executive Director, may, in the interest of efficiency and as appropriate, negotiate with other candidates that were finalists, while negotiating with the chosen candidate.
- c. Nothing in this Section shall prohibit the Board from making a selection that represents, in the Board's discretion, the best value based on qualifications, fees, and other relevant factors established in the responses being considered.
- d. Pursuant to Section 113.14(d) of the Illinois Pension Code, the Board shall not enter into a contract with an Investment Consultant that exceeds 5 years

in duration. No contract with an Investment Consultant may be renewed or extended, although at the end of the term of a contract a current Investment Consultant is eligible to compete for a new contract, subject to the terms of this Policy.

12. Notice of Contract. Pursuant to Section 113.14(f) and 1-113.15(b) of the Illinois Pension Code, the Board's decision(s) shall be public information and shall be posted on the IPOPIF website. Such notice shall include the name of the successful Investment Consultant, Transition Manager, or Investment Adviser, the basis for determining the total fees to be paid, and a disclosure approved by the Chief Investment Officer describing the factors that contributed to the selection of the Investment Consultant, Transition Manager, or Investment Adviser.

E. Roles and Responsibilities.

1. The role of the Board is to:
 - a. Establish this Policy to ensure that the competitive selection procedures are prudent and sound.
 - b. Monitor compliance with this Policy.
 - c. The Board shall determine the candidate(s) to be retained to provide Investment Services under this Policy.
2. The role of the Contracts Committee is to:
 - a. Develop and maintain template Investment Services agreements.
 - b. Review and approve any proposed material changes from the template Investment Services agreements.
3. The role of the Executive Director is to:
 - a. Consult with the Chief Investment Officer and Fiduciary Legal Counsel as needed in preparing RFPs under this Policy.
 - b. Consult with the Chief Investment Officer and Fiduciary Legal Counsel as needed in negotiating Investment Services agreements.
 - c. Execute Investment Services agreements, as needed.
 - d. Keep the Board and the Contract Committee informed as necessary for the Board and the Contract Committee to perform their responsibilities.

4. The role of the Chief Investment Officer is to:
 - a. Ensure compliance with this Policy for all Investment Services agreements.
 - b. Prepare RFPs pursuant to this Policy.
 - c. Together with the Investment Consultant, conduct due diligence for potential providers of Investment Services.
 - d. Together with Fiduciary Legal Counsel, negotiate Investment Services agreements.
 - e. Execute Investment Services agreements, as required.
 - f. Keep the Board and the Contract Committee informed as necessary for the Board and the Contract Committee to perform their responsibilities.

5. The role of Fiduciary Legal Counsel is to:
 - a. Assist the Board in ensuring that the competitive selection procedures in this Policy are prudent and sound.
 - b. Assist the Contract Committee in developing and maintaining template Investment Services agreements.
 - c. Assist the Chief Investment Officer as needed in preparing RFPs.
 - d. Review Investment Services agreements before execution for compliance with legal requirements and to provide assessment of any legal risk.
 - e. Together with the Chief Investment Officer, negotiate Investment Services agreements.

F. Policy Review.

1. This Policy is subject to change in the exercise of the Board's judgment.
2. The Board will review this policy at least every two (2) years to ensure that it remains relevant and appropriate and consistent with state and federal laws and regulations.
3. In the event of legislative changes to the pertinent sections addressed in the Policy, the Board will review the Policy as appropriate.

4. This Policy was originally adopted by the Board on June 25, 2021. The dates of subsequent review and amendments shall be recorded below.
5. This Policy was amended and approved by the Board of Trustees on October 13, 2023.

Side Letter Provisions for Commingled Products

If a Candidate is proposing a commingled product, then the Candidate must accept, or redline any proposed amendments to, each of the following side letter provisions. These side letter provisions are not exhaustive and IPOPIF will include additional provisions in the final side letter.

This letter agreement (“Letter Agreement”) is being entered into between and among [insert name of investment fund], and its affiliates (“Fund”), [insert name of the Fund’s manager or general partner], the Fund’s manager, and its affiliates (“Manager”), [insert the name of the Fund’s investment adviser], the Fund’s investment adviser, and its affiliates (“Investment Adviser”), and the Illinois Police Officers’ Pension Investment Fund (“Investor”), in connection with the Investor’s investment in the Fund. Reference is made to the Fund’s [insert name of the agreement that establishes the Fund] dated as of [insert date] (“Fund Agreement”), the agreement between the Fund and the Investment Adviser dated as of [insert date] (“Management Agreement”), the agreement pursuant to which Investor subscribed or ownership in the Fund (“Subscription Agreement”), and the Fund’s [insert name of PPM] dated [insert date], as supplemented and amended (“PPM”) (collectively, “Fund Documents”). Capitalized terms used and not otherwise defined herein have the meaning ascribed to them in the Fund Agreement.

1. Most Favored Nations Provision.

(a) The Fund, the Manager, and the Investment Adviser each represent and warrant that they have not entered into any side letter prior to the date hereof with any investor that has made a Commitment to the Fund in an amount equal to or lesser than the Investor’s Commitment that provides economic rights or benefits more favorable to such investor than those granted to the Investor. The Fund, the Manager, and the Investment Adviser each agree that if they enter into a side letter with an existing or future investor for a Commitment equal to or less than the Investor’s investment that provides economic rights or benefits more favorable to such other investor than those rights granted to the Investor, then the Investor shall receive such rights and benefits as if incorporated herein, as of the effective date of the side letter.

(b) The Fund, the Manager, and the Investment Adviser each agree that, for purposes of determining the amount of the Investor’s Commitment under Paragraph (a), above, the Investor’s Commitment shall be aggregated with the Commitments invested by (i) other investors who are Illinois public pension funds or retirement systems under the Illinois Pension Code, 40 ILCS 5/1-101, *et seq.*, as amended (“Pension Code”) and (ii) other investors who receive a more favorable right or benefit as a result of being managed or advised by the same investment advisor, consultant, or similar entity as Investor, which is currently Verus Advisory, Inc. Moreover, if before or after the date of this Letter Agreement, Investor has made or makes a commitment to other [insert name of Manager] investment funds, then the Investor’s Commitment shall be aggregated with its Commitment to the other [insert name of GP] investment funds for purposes of determining the amount of the Investor’s Commitment under Paragraph (a), above.

(c) For the avoidance of doubt, each of the Fund, the Manager, and the Investment Adviser confirm that the term “side letter” in Paragraph (a), above, shall be interpreted to include any and all agreements entered into between any current or future Alternative Investment Vehicle, Feeder Vehicle, Parallel Fund, co-investment vehicle, or other vehicle and any limited partners, members, or other equity holders thereof in connection with the admission of such limited partners, members, or other equity holders.

2. Fiduciary Acknowledgment. The Fund, the Manager, and the Investment Adviser acknowledge and agree that the Investor is a pension fund established by and subject to the Pension Code. The Manager and the Investment Adviser acknowledge and agree that they each are a “fiduciary” pursuant to Section 1-101.2 of the Pension Code and that they shall discharge their duties as such pursuant to the Pension Code, including but not limited to Section 1-109 of the Pension Code. The Manager and the Investment Adviser each further agree that they will not engage in any transaction involving the Fund that would constitute a “prohibited transaction” under Section 1-110 of the Pension Code.

3. Freedom of Information Act.

(a) Each of the Fund, the Manager, and the Investment Adviser agrees and acknowledges that the Investor is subject to the laws of the State of Illinois including, without limitation, the Illinois Open Meetings Act, 5 ILCS 120/1, et seq. (“IL OMA”) and the Illinois Freedom of Information Act, 5 ILCS 140/1 et seq. (“IL FOIA”), as amended from time to time (collectively, “IL Acts”). Pursuant to IL OMA, the meetings of the Investor’s Board of Trustees are required to be open to the public, unless permitted to be closed pursuant to Section 2 of IL OMA. Pursuant to IL FOIA, upon request, the Investor is required to disclose to the public certain “public records” (as defined in the IL FOIA), unless the disclosure of such public records meets any of the enumerated exemptions set forth in Section 7 of the IL FOIA. Per the IL FOIA and the Illinois Attorney General’s guidance, aggregate financial performance information of the Fund is not exempted from disclosure. Each of the Fund, the Manager, and the Investment Adviser agrees and acknowledges that the Investor may be required under the IL Acts to disclose information otherwise deemed confidential under the Fund Documents and that any disclosure in compliance with the IL Acts of such otherwise confidential information by the Investor shall not constitute a breach of, or event of default under, this Letter Agreement or the Fund Documents and shall not prejudice the Investor’s rights under this Letter Agreement or the Fund Documents in any manner.

(b) For purposes of clarification, and without limiting the information that the Investor may be required to disclose under the IL Acts and based on guidance by the Illinois Attorney General from time to time, each of the Fund, the Manager, and the Investment Adviser agrees and acknowledges that the Investor may disclose the following information about the Investor’s investment in the Fund: (i) the name and address of the Fund; (ii) the identity of the Manager and the Investment Adviser, (iii) the date of the commitment and the total amount committed to the Fund, (iv) the type of fund, (v) the vintage year of the Fund, (vi) the aggregate contribution amount paid by the Investor, (vii) the aggregate distribution amount received by the Investor, (viii) the aggregate market value of the Investor’s investment in the Fund, (ix) the aggregate management fees and other fees paid

by the Investor, and (x) the identity of privately held companies within the investment portfolio. The Manager and the Investment Adviser hereby consent in advance to the disclosure of the foregoing information by the Investor with respect to the Fund.

(c) For the avoidance of doubt, neither the Fund, the Manager, nor the Investment Adviser shall make any claim against the Investor, seek to remove the Investor from the Fund, or seek to exclude the Investor from a portfolio investment, if the Investor, in good faith, makes available to the public any report, notice or other information the Investor receives from the Fund, the Manager, and the Investment Adviser or that it otherwise receives in connection with this Letter Agreement or the Investor's investment in the Fund that the Investor reasonably believes is required to be disclosed by IL FOIA.

4. Broker-Dealers. If applicable, the Manager and the Investment Adviser each represents, warrants, and agrees that the selection of broker-dealers to execute securities transaction for the Fund and its determination of the commissions to be paid on such transactions shall be made in accordance with the best execution standards exercised 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. The Manager and the Investment Adviser each further represents, warrants, and agrees that no soft dollar payments will be made or received in connection with the execution of transactions on behalf of the Fund. The Manager and the Investment Adviser each understands the importance to the Investor of the use of firms that are: Minority, Women or Disabled Owned Businesses, as such terms are defined in the Illinois Business Enterprise for Minorities, Women, and Persons with Disabilities Act (30 ILCS 575/1 *et seq.*) ("MWDBE"). Subject to best execution, the Manager and the Investment Adviser each shall use its best efforts to utilize MWDBE broker dealers. Further, the Manager and the Investment Adviser shall maintain, and make available to the Investor, on a quarterly basis, a log of all commissions paid by the Fund on a broker by broker basis, which shall reflect the name of the firm to which commissions are paid and whether the firm is MWDBE.

5. Internal Controls and Cyber Security.

(a) The Manager and the Investment Adviser 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 Manager and the Investment Adviser shall implement such plans following the occurrence of an event which results in an interruption or suspension of the services provided by the Manager and the Investment Adviser.

(b) The Manager and the Investment Adviser will retain a firm of independent auditors to perform an annual review of certain internal controls and procedures and issue a standard System and Organization Controls Type 1 and Type 2 reports based on such review. The Manager and the Investment Adviser will provide a copy of the reports to the Investor.

(c) The Manager and the Investment Adviser 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 Manager and the Investment Adviser 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 Investor's data; (ii) protect against any anticipated threats or hazards to the security or integrity of the Investor's data, including appropriate measures designed to meet legal and regulatory requirements applying to the Manager and the Investment Adviser; and (iii) protect against unauthorized access to or use of the Investor's data.

(d) The Manager and the Investment Adviser 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 Investor's data.

(e) If an incident compromises the security, confidentiality, or integrity of the Investor's data, the Manager and the Investment Adviser shall notify the Investor in writing of such breach as soon as practicable, but no later than one business day after the Manager and the Investment Adviser becomes aware of it. Such notice shall summarize in reasonable detail the nature of the information or data that may have been exposed. The Manager and the Investment Adviser, as applicable, shall at its own expense immediately contain and remedy any such breach 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.

6. Indemnification.

(a) Notwithstanding any other provision of the Fund Documents, the Manager and the Investment Adviser each shall be liable for their own, and their respective owners, members, managers, shareholders, partners, directors, officers, employees, agents, advisors, assigns, representatives and affiliates, breach of fiduciary duty, negligent acts, negligent omissions, bad faith, false representations or warranties, fraud, unauthorized acts, defaults and other breaches of trust, or violations of this Letter Agreement, the Fund Documents, or any applicable law or regulation in the performance of the duties or responsibilities under this Letter Agreement or the Fund Documents ("Indemnified Acts"). To the fullest extent permitted by applicable law, the Manager and the Investment Adviser each shall indemnify and hold the Investor and its Board of Trustees and employees harmless against all claims, liabilities and expenses (including reasonable attorneys' fees, taxes and penalties) that may arise as a result of any Indemnified Acts.

(b) The Manager and the Investment Adviser, and all and persons indemnified under the Fund Documents, each waive any exculpatory or similar provisions and any rights to indemnification that they may have under the Fund Documents to the extent that such provisions would not be enforceable under the Pension Code. For the avoidance of doubt, the Manager and the Investment Adviser each agree that any provision of the Fund

Documents that limits the fiduciary obligations under the Pension Code, the Fund Agreement, or this Letter Agreement shall not be applicable.

(c) For the avoidance of doubt, the Fund, the Manager, and the Investment Adviser each acknowledge and agree that Investor is not assuming any indemnification obligation or any other obligation of the Fund, the Manager, and the Investment Adviser under the Fund Documents. Further, notwithstanding any provision in the Fund Documents, Investor shall not be liable for nor obligated to pay any amount greater than the amount of its Commitment and shall have no obligation to contribute, invest, or otherwise remit more than the amount of its Commitment. In addition, Investor shall have no liability in its capacity as a former investor for the debts of the Fund or any of its losses, liabilities or expenses.

(d) For the avoidance of doubt, no indemnification or advancement for expenses will be allowed for internal disputes among the Manager and its employees and affiliates (other than the Fund) or the Investment Adviser and its employees and affiliates (other than the Fund) other than in connection with actions brought by a third party.

7. Consent to Jurisdiction, Waiver of Mandatory Arbitration.

(a) This Letter Agreement shall be governed by its terms and by the laws of the State of Illinois, excluding the conflict of laws provisions thereof.

(b) Each of the Fund, the Manager, and the Investment Adviser agree that should any dispute or controversy arise among the Investor, on the one hand, and the Fund, the Manager, and the Investment Adviser, on the other hand, arising out of or relating to the Investor's investment in the Partnership or this Letter Agreement, each of the Fund, the Manager, and the Investment Adviser consents to the exercise of personal jurisdiction of the state and federal courts located in the State of Illinois, waives any argument that venue in any such forum is not convenient, and agrees that any litigation initiated shall be in the Circuit Court for the Tenth Judicial Circuit, Peoria, Illinois or the U.S. District Court for the Central District of Illinois. Investor, the Fund, the Manager, and the Investment Adviser each irrevocably submit to the jurisdiction of each such court and waive any claim or defense of inconvenient forum in respect of any such action or proceeding.

(c) Each of the Fund, the Manager, and the Investment Adviser acknowledge and agree, notwithstanding any provision in the Fund Documents to the contrary, that the Investor is not waiving (and specifically reserves) its right to seek remedies in court, including the right to a jury trial, and that neither the Fund, the Manager, nor the Investment Adviser shall require Investor to participate in, or be subject to, arbitration.