

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

POLICY NUMBER: PP-2020-11
SUBJECT: PURCHASING AND PROFESSIONAL SERVICES
CONTRACTING POLICY
EFFECTIVE DATE: November 13, 2020
AMENDED: November 10, 2022

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A. INTRODUCTION

1. This Policy establishes guidelines by which the Illinois Police Officers' Pension Investment Fund (IPOPIF or Fund) will purchase Goods and Professional Services other than the procurement of Investment Services under the Procurement of Investment Services Policy.
2. As applicable, the Executive Director shall maintain detailed purchasing procedures and forms consistent with this Policy.

B. OBJECTIVES

1. The objectives of this Policy are to ensure that:

- a. The acquisition of Goods and Professional Services are made solely in the best interests of the IPOPIF and its municipal pension funds, participants, and beneficiaries.
- b. The process of screening and selecting providers is diligent, fair, and transparent.
- c. Quality Goods and Professional Services are obtained at reasonable cost.
- d. All Professional Services are performed by qualified individuals or firms who are delegated the authority, responsibility, and accountability for those services, using sound and ethical business and professional practices.
- e. All purchases and contracts must have available funds in the current fiscal year approved budget to fund the current year expense or cost. The Board of Trustees will approve amendments to the current fiscal year budget to fund newly approved purchases or Professional Service provider contracts to ensure compliance with this Policy.

C. DEFINITIONS

1. Goods. A good or product is a physical or tangible commodity item that is necessary to conduct the operations or administration of the IPOPIF.
2. Professional Services. Services, which due to their nature or complexity, require a high degree of professional skill.
3. Request for Bids. A request for bids will be used when IPOPIF is seeking a supplier of Goods where cost will serve as the primary basis for vendor selection.
4. RFP/Request for Proposal. A request for proposal will be used when the IPOPIF seeks to evaluate several different types of Professional Services and there is more than one potential supplier of the Goods or Professional Services. In the RFP process, specified evaluation criteria, in addition to cost, will be considered when selecting a provider.
5. RFI/Request for Information. A request for information will be used when the IPOPIF is gathering information from various vendors as a way to determine appropriate bidders and/or details about Goods or Professional Services for an RFP. An RFI is not a procurement process and would not lead to the execution of a contract unless followed by an appropriate procurement process as described in this Policy.

6. Professional Service providers. Professional Service providers include individuals and/or firms that provide a skill or service necessary for the administrative or investment operations of IPOPIF that is either not provided by IPOPIF staff or that will supplement the IPOPIF staff. Professional Service providers do not include Investment Services.
7. Sole Source Purchase. A sole source purchase is when there is only one economically feasible source that provides the Goods or Professional Services. This may occur when the Goods or Professional Services are specialized or unique in character.

D. ROLES AND RESPONSIBILITIES

1. The role of the Board of Trustees is to:
 - a. Establish appropriate policies to ensure selection decisions are prudent and sound.
 - b. Monitor compliance with such policies, and
 - c. Approve contracts for which the Board is responsible under this Policy.
2. The role of the Contracts Committee is to:
 - a. Prior to execution, review a proposed Professional Services agreement or agreement for the purchase of Goods and services that require Board approval with the Executive Director and, if applicable, with the Chief Investment Officer to ensure the contracts contain the appropriate and necessary terms and conditions.
 - b. Review and advise on the contract templates to be approved by the IPOPIF Board and used by IPOPIF.
3. The role of the Executive Director is to:
 - a. Approve the purchase of Goods and Professional Services for which the Executive Director is responsible under this Policy.
 - b. Execute the contracts that the Board of Trustees are responsible for under this Policy.
 - c. Keep the Board of Trustees apprised of all material and relevant contract actions as necessary for the Board to carry out its oversight function.

- d. Ensure that budget authority exists within the budget category item from which a contract will be paid.
 - e. Assemble, manage, and distribute contract solicitations and other contract acquisition efforts for Goods and services covered by this Policy.
 - f. Conduct due diligence for potential contracts and providers.
4. The role of Legal Counsel is to:
- a. Areas of responsibility:
 - i. General Legal Counsel will be responsible for contracts specific to the IPOPIF's administrative operations.
 - ii. Fiduciary Legal Counsel will be responsible for contracts specific to the IPOPIF's investment operations and other areas that do not fall within the General Legal Counsel's responsibility.
 - b. Review contracts before execution for compliance with legal requirements and to provide assessment of any legal risk.
 - c. Assist the Executive Director and, as applicable, the Chief Investment Officer in preparing Request for Bids, RFPs, and RFIs.
 - d. Assist the Executive Director and, as applicable, the Chief Investment Officer in negotiation of contractual terms and conditions upon request.
 - e. Assist in the development of necessary and preferred terms and conditions and contract templates.
5. The role of the Chief Investment Officer is to:
- a. Ensure compliance with this Policy for all contracts relating to Professional Services that are covered by the Investment Policy Statement and other investment policies, other than Investment Services, within the scope of this Policy.
 - b. Assemble, manage, and distribute contract solicitations and other contract acquisition efforts for Goods and services not covered in this Policy and that are covered by the Investment Policy Statement and other investment policies, including, but not limited to:
 - i. Investment Services.
 - ii. Securities litigation.

- iii. Securities lending.
- c. Conduct due diligence for potential contracts and service providers covered by the Investment Policy Statement and other investment policies not subject to this Policy.
- d. Execute the contracts that the Board of Trustees are responsible for under the provisions of the Investment Policy Statement and other investment policies not subject to this Policy.

E. GUIDELINES

1. In accordance with its fiduciary duty, the general role of the Board of Trustees in the purchase process is to establish appropriate purchasing policies and satisfy itself that the recommendations and accompanying analysis have been prepared with the requisite level of skill, diligence, and care on behalf of the Fund.
2. In purchase of Goods and selection of Professional Service providers requiring IPOPIF approval, the Executive Director or, as appropriate, the Chief Investment Officer will provide sound research and analysis concerning potential providers and to make recommendations to the IPOPIF Board of Trustees.
 - a. The Executive Director or Chief Investment Officer shall also seek advice and counsel from the Board of Trustees, as required.
 - b. Contracts or similar arrangements clearly defining the terms of engagement and the expectations of the Fund will be established for all Goods acquired and all Professional Service providers engaged by the Fund.
3. Purchasing and contracting thresholds:
 - a. Purchases of routine Goods and services of \$5,000 or less shall be approved by the Executive Director and may be made without a contract after the receipt and review of informal quotes. Routine Goods and services are those expenses that have been budgeted on an annual basis, including, but not limited to, office supplies, postage, office equipment, computers and devices, professional subscriptions, printing, phone, internet, software licenses.

- b. Purchases of non-routine Goods and services, and Goods and Professional Services in excess of \$5,000 but no more than \$20,000, shall be approved by the Executive Director and shall require a contract after the receipt of three written quotes.
 - i. Except that purchases of Professional Services from contracted service providers specified in the Appointment of External Service Providers section of the Board of Trustees Policy (Section B-5) require Board approval, including:
 - 1. Accounting services.
 - 2. Actuarial services.
 - 3. Administrative services.
 - 4. Audit firms and services.
 - 5. Banking services.
 - 6. Human resources.
 - 7. Information technology.
 - 8. Insurance provider(s).
 - 9. Investment consultant(s)
 - 10. Investment custodian.
 - 11. Investment managers.
 - 12. Legal services.
 - 13. Other Professional Services, as may be determined by the Board.
 - c. Purchases of Goods and services in excess of \$20,000 require that a Request for Bid or an RFP and shall require a contract.
 - d. The RFP process may be utilized for Professional Services in amounts less than \$20,000, although a contract is required when an RFP has been used.
 - e. Subdivision of purchases to avoid the thresholds are not permitted.
4. Sole source purchases.
- a. A sole source approach may be permitted under the following circumstances:
 - i. A sole source purchase is when there is only one supplier that provides the product or service.

- ii. A competitive search and selection process will not likely yield a viable alternative to a known service provider. This may occur when the product or services are specialized or unique in character.
 - b. A sole source purchase shall be accompanied by a written justification for the sole source purchase that there exists only one feasible source for the good or service.
 - c. A sole source purchase of \$20,000 or more requires the approval of the Board of Trustees.
- 5. Emergency purchases.
 - a. An emergency purchase may be justified when:
 - i. there exists a threat to public health or public safety,
 - 1. immediate expenditure is necessary to protect against further loss or damage to property,
 - 2. to prevent or minimize serious disruption in critical IPOPIF services that affect health or safety,
 - 3. to ensure the integrity of IPOPIF records.
 - b. A written justification for the emergency purchase must be made.
 - i. Emergency purchases of \$20,000 or more requires the ratification of the Board of Trustees at the next scheduled meeting.
- 6. Length of Contracts:
 - a. In no event, shall any Professional Service contract exceed a five-year consecutive period. It is the Board's policy that Professional Services contracts shall be terminable at the Board's discretion without penalty.
- 7. Performance Reviews:
 - a. All Professional Service providers retained by the Fund shall be subject to periodic review to ensure that each provider complies with the terms of engagement and continues to meet the needs of the Fund.
 - b. The performance of every contracted Professional Service provider will be reviewed at least every three years.
 - c. The performance review will include performance opinions from various staff and Board members as deemed appropriate.

- d. The performance review will be presented to the Contract Committee for necessary action and recommendations to the Board of Trustees, if any.
8. Approval and Execution:
- a. Upon completion of negotiations, the Executive Director, or the Chief Investment Officer where appropriate, shall inform the Board of Trustees that the contract has been executed.
 - b. Any contract with a Professional Service provider must be executed by the Executive Director or the Chief Investment Officer where appropriate.

F. REQUESTS FOR PROPOSAL

1. Guidelines for the use of Requests for Proposals:
- a. The RFP process requires the evaluation of the technical requirements specified and price competition between vendors and service providers.
 - b. When an RFP is issued, the Fund shall ensure that all candidates are provided with identical information and service or product requirements.
 - c. All Fund RFPs shall clearly state that contracts will not necessarily be awarded to the lowest bidder and shall specify the evaluation criteria to be used in the vendor selection.
 - d. The vendor that best meets IPOPIF's needs, with consideration for price, qualification and other relevant factors set forth in the RFP, will be selected.
 - e. All RFP proposals will be subject to the Illinois Freedom of Information Act (5 ILCS 140/) "FOIA".
2. Issuance Process for the RFP:
- a. The Board of Trustees shall decide that a Professional Service is required to meet the needs of IPOPIF.
 - b. The Board of Trustees shall approve the search through the RFP process, unless an RFP is not required by this Policy.
 - c. The Board of Trustees shall approve the Request for Proposal and the release of the RFP.
 - d. Each request for proposals shall set forth a description and scope of the services to be provided or the product being purchased, the material or technical

contractual terms and conditions, proposal requirements and limitations, and the criteria for evaluating proposals.

- e. A timeline schedule for the issuance and processing of the request for proposal shall be included within each RFP. The period for receiving proposals shall be open for at least fifteen (15) business days.
 - f. All RFP's will include contact information for the primary IPOPIF staff member responsible for the RFP process.
 - g. All RFPs shall be posted on the IPOPIF website, as well as distributed to entities that the IPOPIF identifies as likely to be interested.
3. Additional information regarding the Request for Proposal:
- a. Potential respondents will be allowed to submit questions regarding the RFP and the IPOPIF will respond with answers to these questions. Respondents will not be identified, and all known potential respondents will be provided with the questions/answers.
 - b. If information is disclosed to any respondent, it shall be provided to all known potential respondents.
4. Screening Criteria for the RFP:
- a. The Board of Trustees shall develop sound and rigorous screening criteria to ensure that all candidates are accorded a fair, objective, and thorough review to determine the responsiveness of the respondent. Screening criteria may include, but are not limited to:
 - i. Company experience and track record.
 - ii. Caliber of people assigned to work with and provide service to IPOPIF.
 - iii. Client references.
 - iv. Costs or fees.
 - v. Sound business and ethical practices.
 - vi. Liability coverage.
 - vii. IPOPIF satisfaction with past service, in the case of incumbent providers.
 - viii. Other factors that may be used in the selection process include:

1. Goods or Professional Services provided by a vendor with an Illinois base of operations.
 2. Status as a minority-owned businesses, women-owned businesses, and businesses owned by a person with a disability, as those terms are defined in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act.
 3. Status as a “qualified serviced-disabled veteran-owned small business” or a “qualified veteran-owned small business” as defined in 30 ILCS 500/45-57.
5. Evaluation of the Request for Proposal:
- a. The Board of Trustees shall develop an evaluation process to be used to solicit, review, and select service providers.
 - b. The Board of Trustees, or Committee given the appropriate authority, shall review and evaluate the responses from the interested firms. The field of respondents may be narrowed to a smaller list of the most highly qualified firms.
 - c. At this point, the Board of Trustees may conduct further research into the firms on the smaller list of the most highly qualified firms, that may include:
 - i. Interviews with the selected firm(s).
 - ii. Checks of the references provided by the selected firm(s).
 - iii. Due diligence checks and visits to the selected firm(s).
 - d. After the further research, the Board of Trustees shall discuss and make a final decision with respect to the engagement of the service provider.

G. BLACK-OUT PERIODS

1. A Black-Out Period establishes guidelines for Board of Trustee members and IPOPIF staff when communicating with financially interested parties during the process leading to an award of any contract with IPOPIF.
2. The following guidelines will apply during the process leading to an award of any contract by IPOPIF:

- a. The black-out period will commence upon the release/publication of a Request for Proposal for a contract with IPOPIF and will end when the contract is signed.
 - i. The Executive Director will ensure that for every solicitation, the initiation, continuation and conclusion of the black-out period is (i) communicated to Board members and IPOPIF staff, (ii) publicly communicated, and (iii) published on the IPOPIF website.
 - ii. Except as provided below, during the black-out period, Board of Trustee members and IPOPIF staff shall not knowingly communicate with any party financially interested in any prospective contract with IPOPIF regarding the contract and the services to be provided under the contract of the selection process.
- b. During the black-out period if any Board of Trustee member or staff member is contacted by a party financially interested in a prospective contract with IPOPIF, the individual contacted shall refer the party to the Executive Director or Chief Investment Officer identified as the contact person(s) in the RFP.
- c. The black-out period does not prevent a Board of Trustee member from an approved due diligence or conference attendance; however, discussions related to the pending solicitation shall be avoided during these activities.
- d. The black-out period does not apply to communications that are:
 - i. Part of the process expressly described in the RFP.
 - ii. Part of a noticed Board of Trustee or Committee meeting.
 - iii. Related to services currently provided by the respondent under an existing contract with IPOPIF.
 - iv. Incidental, exclusively social, and that do not involve IPOPIF or its business.
 - v. Within the scope of the Board of Trustee member or staff member's private business or public office wholly unrelated to IPOPIF and that do not involve IPOPIF or its business.
- e. The provisions of this Policy will be communicated to candidates in the RFP document and candidates.

- f. Any respondent who knowingly violates this Policy will be disqualified from the search process.
3. Black-out periods end when:
 - a. The IPOPIF signs and executes the contractual agreement with a successful respondent bidder; or when,
 - b. The black-out period is otherwise ended by the IPOPIF.
4. Nothing in this section is intended to prevent necessary staff members from engaging in needed communications with service providers or potential service providers.

H. POLICY REVIEW

1. The Policy is subject to change in the exercise of the Board's judgement.
2. The Board of Trustees will review this Policy and procedure 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 this Policy, the Board will review the Policy as appropriate.
4. This Policy was adopted by the Board on November 13, 2020.
5. This Policy was amended by the Board of Trustees on November 10, 2022