



Illinois Police Officers' Pension Investment Fund

REQUEST FOR PROPOSALS **Private Markets Consultant**

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Introduction

The Illinois Police Officers’ Pension Investment Fund (“IPOPIF” or “the Fund”) is soliciting proposals for a private markets (“PM”) investment consultant to provide advisory consulting services across all four private markets verticals: private equity, private credit, real estate, and infrastructure. The Fund is conducting the Request for Proposal (“RFP”) process in accordance with applicable provisions of the Illinois Pension Code, the Fund’s Investment Policy Statement, the Fund’s Procurement of Investment Services Policy, and the Fund’s Ethics Policy, all of which are subject to change. All policies are available on the Fund’s website at: <https://www.ipopif.org/governing-documents/policies/>. Candidates shall comply with the Fund’s Procurement of Investment Services Policy and the Fund’s Ethics Policy at all times. The Fund has minimal exposure to PM investment and is searching for a consultant with broad capabilities to assist with the implementation of IPOPIF PM investments.

About IPOPIF

Pursuant to the Illinois Pension Code (40 ILCS 5/1 and 5/22B), IPOPIF is a public pension investment fund responsible for consolidating, managing, and investing the pension investment assets of 357 separate Illinois Pension Code Article 3 Funds. IPOPIF is governed by a nine-member Board of Trustees (the “Board”). The Fund began asset consolidation in March of 2022, and has subsequently transitioned assets from 333 Article 3 funds with a value of \$8.6 billion. As of June 30, 2024, the IPOPIF total fund was valued at \$10.5 billion. A final aggregating asset transfer scheduled for 10/1/24 is expected to add an estimated \$1.3 billion to the Fund. IPOPIF’s Asset allocation is summarized below with PM allocations highlighted in blue:

IPOPIF Asset Allocation	Interim Target Allocation	Long Term Target Allocation
Growth	58%	65%
US Large	23%	23%
US Small	5%	5%
International Developed	19%	19%
International Developed Small	5%	5%
Emerging Markets	6%	6%
Private Equity	0%	7%
Income	16%	14%
High Yield Corporate Credit	7%	3%
Emerging Market Debt	6%	3%
Bank Loans	3%	3%
Private Credit	0%	5%
Real Assets	6%	8%
REITs	4%	0%
Real Estate	2%	5%
Infrastructure	0%	3%
Risk Mitigation	20%	13%
Cash	1%	1%
Short-Term Gov't/Credit	10%	3%
US Treasury	3%	3%
US TIPS	3%	3%
Core Fixed Income	3%	3%
Total Investment Pool	100%	100%

Investment Staff and General Consultant

IPOPIF Investment Staff leads the investment process with advice from General Consultant, Verus Advisory, Inc. Investment Staff consists of the Chief Investment Officer, the Deputy CIO, and two experienced Investment Officers. The Deputy CIO is leading the implementation of PM investments.

IPOPIF Investment Implementation Background

The initial investment structure was 98% passive. Legacy investments in the Principal US Property Account, representing approximately 2% of total value, were absorbed into the IPOPIF investment pool. In early 2024, International small cap was transitioned to three active managers, and two bank loan managers were added. The Fund is currently conducting active manager searches in Emerging Market Debt and Emerging Market Equity ex China.

In July of 2024, IPOPIF initiated a search for private credit investment management services to build a diversified private credit platform. Board selection is targeted for December. Verus is assisting with this search, but the PM consultant will be expected to monitor this platform and assist with further development of the private credit allocation.

Preliminary Approach to Private Markets

Broadly speaking across all Private Markets, IPOPIF expects to adopt a core-satellite approach anchored by discretionary investment managers using a separately managed account (SMA) or similar approach, supplemented by direct investments to promote diversification, reduce fees, and/or capitalize on focused opportunities. IPOPIF seeks to minimize the fee load, but the primary objective is maximizing risk adjusted returns net of fees. Given the lack of prior PM exposure for our participant pension plans and the rapid growth of the PM investment universe, IPOPIF is sensitive to the proposed pacing of capital deployment into private markets.

Scope of Services

1. The consultant must serve as a fiduciary to IPOPIF, providing independent opinions to the IPOPIF Board of Trustees.
2. Effective collaboration with IPOPIF staff will be critical to the long-term success of the PM program.
3. Creation of Strategic Plans for all four PM verticals. Setting appropriate long term asset allocation targets and implementation plans to achieve those targets. This includes the appropriate advisement on all fund structures (closed funds, open-ended funds, Fund of Funds, Fund of Ones, etc.)
4. Assistance within investment manager searches including investment due diligence, operational due diligence, legal review of key terms/structure, and assistance with negotiating contracts.
5. Provide monthly, quarterly, and annual reports on the investment performance of the PM investment managers. Reports should include analysis of the current PM environment, return attribution, and risk assessment. Provide ongoing monitoring and oversight of PM investment managers in regard to organizational stability and compliance with laws, regulations, investment policies, and mandates, and other relevant matters, and report quarterly.
6. In addition to the Strategic Plans the consultant must assist with appropriate pacing analysis with how the PM build will be affecting cash flows at the total plan level, including all possible sensitivities across market based and other stress scenarios.
7. The consultant must have a deep and broad database covering all PM verticals and IPOPIF staff should have direct access to this information.
8. Provide quarterly investment performance reporting and program analysis, including success and issues of concern.

9. Attendance at quarterly IPOPIF Board of Trustees’ meetings in person in Peoria, IL, which could be more frequent upon request. Provide PM education to the Board and Staff, as requested.

IPOPIF Private Markets Consultant Preferences

- Broad reach into all PM verticals with discernable domain expertise.
- Experience in structuring mandates with leading PM platforms.
- Accessible proprietary portfolio management software/database which staff can access remotely. A history of consistently funding these resources.
- Assets under advisement of \$50 billion is preferred, but this is not a minimum requirement.
- Ability to access high demand investment platforms (deal flow).
- Deep understanding of quantifying and underwriting all risks within PM sectors and managers.

Experience working with institutional investors similar or larger in size to IPOPIF.

Search Process

The search process will be conducted in two phases as summarized below. Candidates identified as the highest caliber candidates in Phase 1 will be invited to participate in Phase 2. Phase 1 will identify the candidate universe and the highest caliber candidates that we believe are best positioned to address IPOPIF needs and preferences. Candidates identified as the highest caliber candidates during the initial phase will be invited to submit a comprehensive proposal that meets all the requirements of this RFP. However, any firm that meets the Minimum Qualifications, as detailed below, may submit a proposal.

Phase 1: Request for initial information.

Please submit a response to Exhibit 1, Request for Information, prior to the phase 1 deadline detailed below.

Phase 2: Submission of Comprehensive Proposal

Candidates identified as the highest caliber candidates during the initial phase will be invited to submit a comprehensive proposal that meets all the requirements of this RFP as detailed below. Any firm that meets the Minimum Qualifications, as detailed below, may submit a proposal.

Schedule

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

Deadline	Milestone
9/18/24	RFP posted
10/2/24	Deadline for Phase 1 – Request for initial information
10/18/24	Highest caliber candidates are invited to submit proposal
10/25/24	Deadline for written questions (by 5 pm central)
10/27/24	Final response to questions posted on IPOPIF website
11/8/24	Phase 2 – Comprehensive Proposals Due by 5 pm central
12/13/24	Board determination of Top-qualified candidates
1/XX/2025	Top-qualified candidate interviews and selection at Board meeting (date TBD)

Inquiries: All communication and questions related to this RFP will be conducted via a dedicated IPOPIF email: PMConsultantSearch2024@IPOPIF.org. Questions can be emailed any time, but no later than the question deadline outlined above. Responses to questions will be posted to the IPOPIF website periodically but no later than the final response to questions date outlined above. The general IPOPIF phone number, 309-280-6464, may be used if absolutely necessary.

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

1. The quiet period shall commence with the posting of the RFP and end when the parties have executed an investment consultant agreement.
2. Initiation, continuation, and conclusion of the quiet period shall be directly communicated to the Board and posted on the IPOPIF website.
3. During the quiet period, no Board member, or Staff member or fiduciary or service provider involved in the search shall accept meals, travel, lodging, entertainment, or any other good or service of value from any candidate.
4. All authority related to the search process shall be exercised solely by the Board as a whole, and not by individual Board members.
5. If any Board member or IPOPIF Staff member is contacted by a candidate during the quiet period about a matter relating to the pending selection, the Board member or IPOPIF Staff member shall refer the candidate to the Chief Investment Officer. While the quiet period does not prevent Board approved meetings or communications by Staff with an incumbent Investment Consultant, Transition Manager, or Investment Adviser that is also a candidate, discussion related to the pending selection shall be avoided during those activities.
6. A candidate may be disqualified from a search process for a willful violation of this Policy.

Notwithstanding the foregoing, the Board through any designated Board member, the Executive Director, the Chief Investment Officer (or delegated Investment Staff), or Fiduciary Legal Counsel may conduct discussions with candidates to determine in greater detail a candidate's qualifications; and negotiate the various terms of the investment consultant agreement, including fees. Discussions may be held before and after the responses to the RFP have been submitted. The Board, IPOPIF Staff, and Fiduciary Legal Counsel shall not disclose publicly any information contained in any responses until the presentation of the finalists.

Reference: [Procurement of Investment Services Policy](#)

Proposal Submission: Email the completed proposal, including all supporting Exhibits, to PMConsultantSearch2024@IPOPIF.org. no later than the proposal due date outlined above. IPOPIF will acknowledge receipt of proposals. You must ensure that your email is successfully transmitted and is not undeliverable due to the size of file attachments. IPOPIF will not accept late, mailed, or faxed Proposals.

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

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

1. **Cover Letter:** Candidates must provide a cover letter signed by an individual authorized to legally bind the Candidate and on official business letterhead showing the name of the Candidate, address, telephone number, name of contact person, and date. This letter may summarize what the candidate believes to be the firm's most unique attributes or competitive advantages but may be no longer than two pages. The letter must contain / attest to the following:
 - a. Confirmation that the Candidate meets each of the Minimum Qualifications, set forth below.
 - b. Confirmation that the Candidate is in compliance with Exhibit 4 – Certifications, Representations, and Acknowledgements.
 - c. Confirmation that the Candidate has provided complete Exhibit 5 – Disclosures.
 - d. Confirmation that the Candidate accepts or has redlined any and all objections or proposed amendments to Exhibit 6 (IPOPIF Investment Consultant Agreement).
 - e. The following verification statement:
I certify under penalty of perjury, that I am an individual authorized to legally bind the Candidate, that I have personally examined and am familiar with the information submitted in this disclosure and all attachments, and that the information is true, accurate, and complete. I acknowledge and agree that, under 40 ILCS 5/1-135, any person who knowingly makes any false statement or falsifies or permits to be falsified any record in an attempt to defraud the IPOPIF is guilty of a Class 3 felony.
2. **Exhibit 1 – Completed RFI.**
3. **Exhibit 2 – Completed RFP Questionnaire.**
4. **Exhibit 3 – Proposed Fee Schedule.** Note that, as required by the Minimum Qualifications, below, the proposed fee schedule must be an MFN fee schedule.
5. **Exhibit 4 – Certifications, Representations, and Acknowledgements.**
6. **Exhibit 5 – Disclosures.**
7. **Exhibit 6 – Contracting.** Respondent must review and be prepared to execute the IPOPIF Investment Consultant Agreement, which is attached as Exhibit 6. Please review the Scope of Services, which is Exhibit A to the Investment Consultant Agreement, and add any additional services that you believe are relevant and necessary to providing PM consulting services. Amendments to the IPOPIF Investment Consultant Agreement are disfavored and any and all objections or proposed amendments to the IPOPIF Investment Consultant Agreement shall be redlined in Candidate's response to the RFP.

Minimum Qualifications

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

1. Candidate is: (a) a registered investment adviser registered under the Investment Adviser's Act of 1940, (b) a registered investment adviser under the Illinois Securities Law of 1953; (c) a bank, as defined in the Investment Advisers Act of 1940; or (d) an insurance company authorized to transact business in Illinois.
2. Candidate and its proposed team have all authorizations, permits, licenses, and certifications required by federal and state laws and regulations to perform the services specified in this RFP, and in Illinois, at the time Candidate submits a response to the RFP.
3. Candidate confirms that it has provided an MFN fee schedule.
4. Candidate agrees to serve as a fiduciary as defined by the Illinois Pension Code.

5. Candidate acknowledges and agrees that IPOPIF is unable to provide its vendors with any indemnification rights and that IPOPIF requires that its vendors provide it with indemnification.
6. Candidate has provided all certifications and completed all required disclosures.
7. IPOPIF's practice is to reserve all rights to seek all remedies in court (IPOPIF does not consent to arbitration), including the right to a jury trial, and IPOPIF's further practice is that venue for any litigation shall be, and third parties shall submit to the jurisdiction of, the Circuit Court for the Tenth Judicial Circuit, Peoria, Illinois, or the U.S. District Court for the Central District of Illinois.

Evaluation Criteria

Evaluation of Investment Consultant Responses. Responses will be evaluated initially by IPOPIF Investment Staff and the Board 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 Candidates. The Chief Investment Officer will provide the Board with a copy of Exhibit 5 – Disclosures 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 Candidates. The evaluation factors are:

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

6. The Candidate's approach to managing and reducing cybersecurity risk and protecting networks and data, including complying with the U.S. Department of Labor's Cybersecurity Program Best Practices, the State of Illinois Cybersecurity Strategy, the National Institute of Standards and Technology Cybersecurity Framework, and industry best practices.
7. The Exhibit 4 – Disclosures, history of regulatory actions regarding the Candidate's practices, record of integrity and business ethics, and the strength of the candidate firm's internal ethics and conflicts of interest policies
8. The Candidate's process for the search and selection of Investment Advisers and Emerging and MWDBE Investment Advisers, including:
 - a. 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;
 - b. A specific description of the Candidate's policy for increasing access by and outreach to Emerging and MWDBE Investment Advisers and SDVOSB or VOSB Investment Advisers;
 - c. The process used to identify Investment Advisers for specific asset allocations; and
 - d. Considerations and practices with respect to the CFA Institute Global Investment Performance Standards (GIPS®).
9. The Candidate'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.
10. The Candidate's value-added services to its clients, including: investment policy development; asset and liability modeling; performance evaluation; custodian search and evaluation; and fee negotiations.
11. The Candidate's performance measurement systems environment.
12. The reasonableness of the proposed fees, including the proposed retainer and fees for each service performed.