

**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. “Statement of Principle” means the statement adopted by the Board reflecting the Board’s commitment to evaluate, within the bounds of financial and fiduciary prudence, investments and Investment Services provider activities that: (a) undermine the ability of police officers participating in pension funds established under Article 3 of the Illinois Pension Code to protect and serve their communities safely; or (b) diminish public pension sustainability or retirement security.
10. “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
11. “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.
1. 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. Pursuant to Board policy, a requirement that the response to an RFP for an Investment Adviser, Transition Manager, or Investment Consultant shall include:
 - (i) A description of the process through which the Investment Adviser, Transition Manager, or Investment Consultant will, within the bounds of financial and fiduciary prudence, integrate the Statement of Principle into investment decision-making, investment analysis, portfolio construction, due diligence, and investment ownership; and
 - (ii) Disclosure of any financial support within the prior five (5) calendar years and/or formal involvement with any community, foundation, think tank, or not-for-profit organization that engages in ideologically, politically, or donor driven activities that are inconsistent with the Statement of Principle by each the following:
 - (A) The Investment Adviser, Transition Manager, or Investment Consultant;
 - (B) Any executive officer or shareholder of the Investment Adviser, Transition Manager, or Investment Consultant;
 - (C) Any parent entity or entity that owns a controlling interest in the Investment Adviser, Transition Manager, or Investment Consultant; and
 - (D) Any executive officer or shareholder of any parent entity or entity that owns a controlling interest in the Investment Adviser, Transition Manager, or Investment Consultant.

For purposes of this Subsection, 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.

The Board intends to develop a non-exhaustive list of the entities that fall under the disclosure required by this Subsection to be provided with an RFP.

- n. 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 initially by the Chief Investment Officer (or delegated to IPOPIF Investment Staff) 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 Board will be

provided with a copy of the disclosures under Section D.3.i through D.3.k and D.3.m 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 and D.3.m, 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, D.3.l, and D.3.m 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;
- h. The disclosures under Section D.3.i, D.3.l, and D.3.m, 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; and
- i. 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.

October 13, 2023 – reviewed and amended.

September 13, 2024 – amended.