

INVESTMENT CONSULTING SERVICES AGREEMENT

THIS INVESTMENT CONSULTING SERVICES AGREEMENT (“Agreement”), is made by and between [INSERT NAME OF CONSULTANT] (“Investment Consultant”) and the PARK EMPLOYEES’ AND RETIREMENT BOARD EMPLOYEES’ ANNUITY AND BENEFIT FUND OF CHICAGO (the “Fund”), which is a public pension fund established by the Illinois Pension Code, 40 ILCS 5/1-101, *et seq.* (“Pension Code”).

Section 1. Appointment of Investment Consultant

- A. The Fund appoints Investment Consultant for the performance of investment consultant services to be provided in accordance with the terms of this Agreement and the scope of services set forth in Exhibit A, which is attached hereto and incorporated herein by reference. Investment Consultant shall for all purposes be deemed an independent contractor, and, unless otherwise expressly authorized or provided, shall not have authority to act for or represent either the Fund or the Boards of Trustees in any way or otherwise be deemed an agent of either the Fund or the Boards of Trustees.
- B. Investment Consultant hereby accepts its appointment, acknowledges that it is a fiduciary with respect to the Fund, and agrees to provide such investment consulting services with respect to the Fund in accordance with this Agreement.
- C. Investment Consultant shall comply with this Agreement and the applicable requirements of the Illinois Pension Code, including but not limited to Articles 1 and 12.

Section 2. Fees

- A. As compensation for the services provided under this Agreement, the Fund will pay Investment Consultant the fees set forth in Exhibit B, which is attached hereto and incorporated herein by reference.
- B. Neither Investment Consultant nor any of its affiliates will receive any brokerage commissions on the purchase or sale of the Fund assets or any other fees or compensation in connection with services provided hereunder.
- C. Investment Consultant shall disclose (in Exhibit D) all direct and indirect fees, commissions, discounts, and other compensation, including reimbursement for expenses, that may be paid to or on behalf of Investment Consultant in connection with the services provided to the Fund. Investment Consultant agrees to update such disclosures promptly after a modification of such payments or additional payments are made.
- D. The payment of a placement fee or contingency fee is prohibited. Investment Consultant represents and warrants that no placement fee, finder’s fee, commission, referral fee, third party marketing fee, or consideration of any kind has been paid to any individual or entity, other than a bona fide employee working solely for Investment Consultant, resulting from or related to the selection or retention of Investment Consultant by the Fund. Investment

Consultant acknowledges that Section 1-145 of the Illinois Pension Code prohibits a person or entity from retaining a person or entity to attempt to influence the outcome of an investment decision of or the procurement of investment advice or services of the Fund for compensation, contingent in whole or in part upon the decision or procurement.

- E. Investment Consultant represents that no other client, obtained prior to or subsequent to the Fund, will be charged a lower fee for providing substantially the same services to be rendered to the Fund. Investment Consultant agrees to promptly notify the Fund if it provides more favorable fees to any such other client. Investment Consultant agrees that, on the effective date of such an occurrence, the more favorable fee structure shall be applied to the Fund in lieu of the fees set forth in Exhibit B.

Section 3. Investment Policy

The Fund's Statement of Investment Policy Guidelines (hereinafter referred to as the "Investment Policy"), which is subject to change, has been provided to Investment Consultant and is attached hereto and incorporated herein by reference as Exhibit C.

Section 4. Representations, Warranties and Covenants of Investment Consultant

- A. Investment Consultant represents and warrants to the Fund that it is registered and shall remain registered as an investment adviser, as defined in the Investment Advisers Act of 1940. Investment Consultant shall promptly advise the Fund if at any time during the term of this Agreement there is a change in such status.
- B. Pursuant to Section 1-113.14 of the Pension Code, Investment Consultant acknowledges that it is a "fiduciary" with respect to Fund the within the meaning of the Illinois Pension Code, and specifically agrees to perform all of its duties and obligations under this Agreement as a fiduciary. Investment Consultant agrees to perform its duties and obligations under this Agreement with the skill, care, prudence, and diligence under the circumstances then prevailing that a prudent man would use in the conduct of an enterprise of like character with like aims. Investment Consultant further agrees that it shall discharge its duties and obligations under this Agreement solely in the interest of, and for the exclusive purpose of providing benefits for, each of the Fund's participants and beneficiaries.
- C. Investment Consultant shall not engage in any transaction involving the Fund that would constitute a prohibited transaction under Section 406 of the Employee Retirement Income Security Act of 1974, as amended, 29 U.S.C. § 1001, *et seq.* ("ERISA") or Section 1-110 of the Pension Code. Investment Consultant warrants that none of the disqualifications described in Section 411 of ERISA apply to Investment Consultant.
- D. Investment Consultant represents and warrants that all statements made and materials provided to the Fund in response to the Fund's search for an investment consultant, which resulted in the Fund and Investment Consultant entering into

this Agreement, were true and complete. Investment Consultant shall also be subject to 40 ILCS 5/1-135, which provides that any person who knowingly makes any false statement of falsifies or permits to be falsified any record of the Fund in an attempt to defraud the Fund is guilty of a Class 3 felony.

- E. Investment Consultant represents and warrants that it has provided the Fund with a copy of all documents describing Investment Consultant's conflict of interest policies and procedures. These documents are adopted and incorporated by reference herein. Investment Consultant agrees to comply with its conflict of interest policies and procedures and to provide the Fund with timely notice of any material change in such policies and procedures.
- F. Investment Consultant specifically represents that it does not have a conflict of interest involving: (a) the sale of services to investment managers that are evaluated and recommended by Investment Consultant; (b) the payment of any fee by any investment manager for their inclusion in Investment Consultant's universe of managers; and (c) the selection or recommendation of investment managers on the basis of compensation received from investment managers. Investment Consultant shall annually disclose all matters, including beneficial ownership of securities or other investments that reasonably could be expected to interfere with Investment Consultant's duty to provide unbiased and objective recommendations under this Agreement. In no event shall Investment Consultant or any of its employees invest in any investment recommended to the Fund unless they obtain, in advance, written consent from the Fund.
- G. Investment Consultant represents and warrants that it shall secure and maintain at all times during the term of this Agreement a blanket fidelity bond or bonds in the amount of \$1,000,000. If Investment Consultant maintains a blanket fidelity bond or bonds in an amount greater than \$1,000,000, Investment Consultant shall maintain such greater amount for the term of this Agreement. A certificate confirming the bonds shall be provided to the Retirement Board in December of each year.
- H. Investment Consultant represents and warrants that it shall secure and maintain at all times: fiduciary liability insurance in the minimum amount of \$1,000,000 per claim. If Investment Consultant maintains fiduciary liability insurance in an amount greater than the amount required, Investment Consultant shall maintain such greater amount for the term of this Agreement. Investment Consultant shall name the Fund as an additional insured in the policies for fiduciary liability insurance. A certificate of insurance with respect thereto shall be provided to the Fund in December of each year.
- I. Investment Consultant agrees to provide notice within seven (7) days of receipt of a notice of cancellation of the coverage set forth in Paragraphs (F) and (G) of this Section. Investment Consultant further agrees that there will be no "prior acts" exclusion in the event of any change in either the fidelity bond(s) or fiduciary liability insurance policies or the insurance company or companies providing such bond(s) or policies.

- J. Investment Consultant agrees to notify the Fund in writing within five (5) business days of any material changes in the “co-leads” or “primary consultants” for the Fund.
- K. Pursuant to Section 1-113.14(c) of the Illinois Pension Code, Investment Consultant has disclosed in writing the names and addresses of the following persons or entities (hereinafter referred to as the “Investment Consultant Disclosures”) which are attached hereto and incorporated by reference herein as Exhibit D: (i) any entity that is a parent of, or owns a controlling interest in, Investment Consultant, (ii) any entity that is a subsidiary of, or in which a controlling interest is owned by, Investment Consultant, (iii) any persons who have an ownership or distributive income share in Investment Consultant that is in excess of seven and one-half percent (7.5%), or (iv) serves as an executive officer of Investment Consultant. Investment Consultant further acknowledges that it shall promptly notify the Fund, in writing, if at any time during the term of this Agreement, the information contained in the Investment Consultant Disclosures changes.
- L. Investment Consultant has further disclosed in Investment Consultant Disclosures, the names and addresses of all of its subcontractors, including any third-party marketers, if applicable, and the expected amount of money each will receive under this Agreement. Investment Consultant further acknowledges that it shall promptly notify the Fund, in writing, if at any time during the term of this Agreement Investment Consultant adds or changes any subcontractors. The term subcontractor, as used herein, 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, and services used to track compliance with legal standards.
- M. Investment Consultant shall comply with all applicable laws of the State of Illinois and the United States of America, and any applicable governmental or regulatory authority outside of the United States. Regulatory reports required under laws applicable to Investment Consultant by any regulatory authority shall be the sole responsibility of Investment Consultant.
- N. To the fullest extent permitted under applicable law and notwithstanding any other provision of this Agreement, Investment Consultant shall indemnify and hold harmless the Board of Trustees and the Fund, including its employees and agents, for, from and against any losses, damages, costs and expenses (including but not limited to reasonable attorneys’ fees, judgments, fines, and amounts paid in settlement) incurred as a result of the acts, transactions, duties, obligations or responsibilities of Investment Consultant, the investment manager(s) selected by Investment Consultant, or any other person, agent, firm or corporation working with or for Investment Consultant. Notwithstanding the foregoing, no indemnified party hereunder shall be entitled to indemnification to the extent that any such loss was directly caused by such party’s own gross negligence or willful misconduct.

- O. Investment Consultant shall furnish to the Fund, from time to time, evidence as the Fund may reasonably request that Investment Consultant satisfies and continues to satisfy the foregoing requirements. Investment Consultant shall promptly notify the Fund if it has reason to believe that any of the foregoing representations, warranties or covenants may cease to be satisfied.

Section 5. Effective Date; Term; Termination

This Agreement shall become effective on [INSERT DATE] and shall terminate on [INSERT DATE], unless terminated by either party by delivery of thirty (30) days' prior written notice to the other. In no event shall the term of this Agreement exceed 5 years in duration. Termination of this Agreement will not affect the validity of any action previously taken by Investment Consultant under this Agreement. Upon termination, fees of Investment Consultant for services actually rendered and completed prior to termination shall be prorated to the date of termination.

Section 6. Assignment

Unless the Fund expressly consents in writing thereto, Investment Consultant's assignment, as defined in the Investment Advisers Act of 1940, of this Agreement shall automatically terminate this Agreement. If Investment Consultant is converted into, merges or consolidates with, or sells or transfers substantially all of its assets or business to another corporation, the resulting corporation or the corporation to which such sale or transfer has been made shall notify the Fund of such sale or transfer and shall become Investment Consultant hereunder only if the Fund expressly so consent in writing.

Section 7. Ethics

Investment Consultant acknowledges that the Retirement Board and the Fund are subject to the Illinois State Officials and Employees Ethics Act, 5 ILCS 430. Investment Consultant further acknowledges that the Fund has adopted an Ethics Policy, which is attached hereto and incorporated by reference as Exhibit E. Investment Consultant shall, at all times, comply with all applicable provisions of the State Officials and Employees Ethics Act and the Fund's Ethics Policy.

Section 8. Notices

- A. All notices and instructions required by this Agreement shall be deemed duly given when delivered to and received by the respective parties as follows:

To the Fund:
**Park Employees' and Retirement Board Employees'
Benefit and Annuity Fund of Chicago
Attn: Executive Director
55 E. Monroe St., Suite 2880
Chicago, IL 60603
Phone: 312-553-9265
Fax: 312-553-9114**

To Investment Consultant:
[INSERT CONTACT INFORMATION]

- B. Any such notice shall be effective: (a) if sent by certified or registered mail, return receipt requested, by United States express mail, or by courier service, then when actually received; (b) if sent by telecopier or other facsimile transmission, on the date sent, provided confirmatory notice is deposited in the United States mail, postage prepaid, on said date; or (c) if delivered by hand, then on the date so delivered. The address or addressee to receive notice for any party may be changed by such party from time to time by giving notice in the foregoing manner. Any notice required under this Agreement may be waived only in writing, signed by the person entitled to notice.

Section 9. Entire Agreement; Amendment

This Agreement as it may be amended in writing, together with the Exhibits annexed hereto, constitutes the entire agreement of the parties; is intended to be the complete and exclusive statement of the terms hereof; and, except as provided for herein, may not be modified or amended except by a writing signed by the parties hereto. If any provision of this Agreement is found to be invalid or unenforceable by a court of competent jurisdiction, the other provisions shall be considered severable and enforceable.

Section 10. Governing Law; Venue

This Agreement shall be governed by, and construed in accordance with, the laws of the State of Illinois, without regard to conflict of laws principles. References herein to provisions of law shall be deemed to include a reference to any amendments thereof and any successor provisions thereto. Venue for any litigation relating to this Agreement, including any tort claims arising out of or related to this Agreement, is agreed to be the Circuit Court of Cook County, Illinois, or the U.S. District Court for the Northern District of Illinois, Eastern Division.

Section 11. Counterparts

This Agreement may be executed in any number of separate counterparts, each of which shall be deemed an original, but the several counterparts shall together constitute but one and the same agreement of the parties hereto.

Section 12. Disclosure of Information

Investment Consultant shall regard as confidential all information regarding the operations and investments of the Fund and shall not disclose such information except as required by law, regulation or in the course of a regulatory examination, or by order of a court of competent jurisdiction. Notwithstanding this, the Fund agrees that Investment Consultant may from time to time, as it deems necessary in its discretion, disclose to third parties that the Fund are Investment Consultant's clients, but Investment Consultant agrees that such disclosure shall be limited to supplying the name of the Fund only, and not the nature or extent of its investments or any other information concerning the Fund. Investment Consultant acknowledges that the Fund is subject to the Illinois Freedom of Information Act, 5 ILCS 140/1, *et seq.* ("FOIA"). To the extent permitted by FOIA, the Fund agrees to take all reasonable steps to assist Investment Consultant

in protecting the confidentiality of such information, including taking any reasonable and legally permitted steps to preserve the confidentiality of such information from disclosure to third parties via FOIA requests.

Section 13. Additional Provisions

- A. Investment Consultant certifies to the Fund that it is not barred from being awarded a contract or subcontract because of a conviction or admission of guilt for bribery or for bribing an officer or employee of the State of Illinois or any other state in that officer's or employee's official capacity as provided in Section 50-5 of the Illinois Procurement Code, 30 ILCS 500/50-5.
- B. Investment Consultant certifies to the Fund that it is not barred from being awarded a contract because of a conviction for public contractor misconduct in the State of Illinois or any other state as provided in Section 33-7 of the Criminal Code of 1961, 720 ILCS 5/33-7.
- C. Investment Consultant certifies that it is neither an entity chartered under the Illinois Banking Act, the Savings Bank Act, the Illinois Credit Union Act, or the Illinois Savings and Loan Act of 1985 nor a person or entity licensed under the Residential Mortgage License Act of 1987, the Consumer Installment Loan Act, or the Sales Finance Agency Act.
- D. As required by 775 ILCS 5/2-105, to the extent this provision applies to Investment Consultant, Investment Consultant agrees to:
- (i) Refrain from unlawful discrimination and discrimination based on citizenship status in employment and to undertake affirmative action to assure equality of employment opportunity and eliminate the effects of past discrimination;
 - (ii) Comply with the procedures and requirements of the Illinois Department of Human Rights' regulations concerning equal employment opportunities and affirmative action;
 - (iii) Provide such information, with respect to its employees and applications for employment, and assistance as the Illinois Department of Human Rights may reasonably request; and
 - (iv) Have written sexual harassment policies that shall include, at a minimum, the following information or its reasonable equivalent:
 - the illegality of sexual harassment;
 - the definition of sexual harassment under State law;
 - a description of sexual harassment, utilizing examples;
 - Investment Consultant's internal complaint process including penalties;
 - the legal recourse, investigative and complaint process available through any Illinois Department of Human Rights; and
 - directions on how to contact the Illinois Department of Human Rights

- E. Investment Consultant shall maintain, for a minimum of seven (7) years after, all transactions involving the accounts in which the Fund's assets are invested, including but not limited to adequate books, records, and supporting documents to verify the amounts, recipients, and uses of all disbursements of funds passing in conjunction with this Agreement. Investment Consultant shall further make all such books, records, and supporting documents related to this Agreement available for review and audit as reasonably requested by the internal or external auditors of the Fund, shall cooperate fully with any audit conducted by the internal or external auditors of the Fund, and will further provide the internal or external auditors of the Fund full access to all relevant materials. Failure to maintain the books, records, and supporting documents required by this Section shall establish a presumption in favor of the Fund.

- F. Investment Consultant agrees to notify the Fund's Executive Director if it solicits or intends to solicit for employment any of the employees of the Fund during the term of this Agreement.

IN WITNESS WHEREOF, duly authorized representatives of the Fund and Investment Consultant have executed this Agreement as of the dates set forth below.

PARK EMPLOYEES' AND
 RETIREMENT BOARD EMPLOYEES',
 ANNUITY AND BENEFIT FUND
 OF CHICAGO

(INVESTMENT CONSULTANT

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

EXHIBIT A
SCOPE OF SERVICES

1. FORMULATION AND REVIEW OF INVESTMENT GOALS, OBJECTIVES, AND POLICIES

Provide ongoing advice and technical support in the establishment and refinement of portfolio asset allocation, investment goals, objectives, and policies for all aspects of the portfolio. Develop investment guidelines for the portfolio as a whole and individual investment managers and investments.

2. ASSET LIABILITY STUDY

Work in conjunction with the Fund's actuary to conduct a formal asset liability modeling study taking into account various capital market assumptions, risk tolerance, and funding scenarios appropriate for the Fund.

3. ASSET ALLOCATION AND MANAGER STRUCTURE

Provide a formal annual review of the Fund's asset allocation including a review of the allocation among the investment managers. Identify and recommend new investment opportunities, liquidation or restructuring of existing investments and allocations to existing managers. Assist the Fund with evaluation and selection for transition management engagements as needed.

4. MONITORING

Conduct ongoing due diligence on investment managers, including assessments of new products, organizational changes, fee changes, etc. Provide timely written communications regarding important developments at the investment managers and make any recommendations for changes in assignments when appropriate.

5. MANAGER SEARCHES

Assist in the selection of investment manager(s) through research, interviews, due diligence, and evaluations and to present findings to the Fund. Provide assistance with negotiation of contract terms and fees as appropriate. All investment manager searches for asset classes within the portfolio will be conducted as part of Investment Consultant's general consulting services for which no additional fees will be due.

6. REPORTS; MEETINGS

- (a) Provide monthly, quarterly, and annual reports on the investment performance of the total Fund (gross and net of fees), by asset class, and by manager. Reports should include analysis of the current market environment, the asset allocation of the current investment program, return attribution, and risk assessment.

- (b) Reports will also contain written commentary on the investment results of all portfolios and manager performance in the context of their objectives and benchmarks and be customized according to the Fund's specifications.
- (c) Investment Consultant shall attend all regularly scheduled Board of Trustees' meetings and all other meetings as requested by the Fund.

7. OTHER

Additional services shall include:

- (a) Continual enhancement of the Fund's investment operations with review of custodial operations, transition management procedures, securities lending structure and guidelines, and recommending best practices as appropriate.
- (b) Working with third party providers as directed by the Fund, including, without limitation, Fund's actuaries, auditors, counsel, and other investment related professionals. Investment Consultant shall provide unlimited phone consultation to the Fund and the Fund's third party providers.

8. ALTERNATIVES INVESTMENT PORTFOLIO

- (a) Assist in the development of goals, strategy and objectives for alternative investments. Develop and review annually policies and guidelines focusing on the structure and diversification of each portfolio. Provide an analysis of investment pacing based on cash-flow and current commitments.
- (b) Support the selection of alternative investments including searches for various vehicles, including direct partnership underwriting, meeting the Fund's established goals. Provide support in the negotiation of agreements, terms, and fees for such investments.
- (c) Provide ongoing monitoring of the Fund's investment managers and related investments within each asset class focusing on investment performance, amendments to the limited partnership agreements, and organizational issues. Prepare written communication of any important developments and any recommendations regarding amendments to partnership agreements.
- (d) Educate and present topical research regarding market conditions for each component of the alternative portfolio, opportunities, trends and other relevant subjects to Board members and to the Fund's staff. Provide access to alternatives research, published or unpublished, databases maintained and general memoranda produced by Investment Consultant.
- (e) Investment Consultant will prepare a quarterly report (or as needed) for the alternative investments which should include a review of investment manager fee calculations, particularly as it relates to the determination of carried interest and return verification; and assist in resolving any return discrepancies.

**EXHIBIT B
SCHEDULE OF FEES**

Investment Consultant has agreed to provide the Fund with consulting services as described in the Agreement and Exhibit A thereto, dated _____, 2012. For purposes of Section 3, Investment Consultant's annual fee to the Fund shall be \$_____. Investment Consultant's fees shall be billed quarterly, in arrears, and shall be payable by the Fund within thirty (30) days.

All travel, delivery costs and out-of-pocket expenses incurred by Investment Consultant in connection with fulfilling its obligations under this Agreement shall be borne entirely by Investment Consultant. All searches for all asset classes within the Fund's portfolio are included in the annual fees paid to Investment Consultant

ACKNOWLEDGED:

PARK EMPLOYEES' AND
RETIREMENT BOARD EMPLOYEES',
ANNUITY AND BENEFIT FUND
OF CHICAGO

(INVESTMENT CONSULTANT

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____