

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

**REQUEST FOR PROPOSAL FOR INVESTMENT CONSULTANT  
MAY 1, 2012**

**SECTION 1  
OVERVIEW**

A. Introduction

The Retirement Board (“Board”) of the Park Employees’ and Retirement Board Employees’ Annuity and Benefit Fund of Chicago (the “Fund”) is soliciting proposals from firms to provide certain investment consultant services (“Investment Consultant Candidates”). The purpose of this Request for Proposal (“RFP”) is to solicit proposals and gain adequate information from which the Board may evaluate such services. The Fund is a public pension fund with total assets under management of \$406,361,938 as of December 31, 2011.

B. Proposals

Investment Consultant Candidates should submit eight (8) paper copies and one (1) electronic copy of the proposal. Investment Consultant Candidates are responsible for the timely receipt of their proposal. Late proposals may be considered at the Board’s discretion. Proposals must be received by the Fund **on or before 5:00 p.m. June 15, 2012**, to:

Park Employees’ Annuity and Benefit Fund of Chicago  
c/o Dean Niedoşpial, Executive Director  
55 E Monroe Street, Suite 2720  
Chicago, IL 60603  
dean@chicagoparkpension.org

C. Minimum Requirements

1. Investment Consultant Candidate must have proven experience in providing investment consulting services to large public and multi-employer defined benefit pension plans.
2. Investment Consultant Candidate must acknowledge its duties as a fiduciary under the Illinois Pension Code, 40 ILCS 5/1-101, *et seq.*
3. Investment Consultant Candidate must be a registered investment adviser under the Investment Advisers Act of 1940, 15 U.S.C. § 80b-1, *et seq.*

D. Term

The term of the contract shall be up to five years, as determined by the Board. Illinois Public Act 96-006 limits the duration of a contract for investment consulting services to five years. No contract to provide investment consulting services may be renewed or

extended. At the end of the contract term, however, the consultant is eligible to compete for a new contract as part of a competitive proposal process.

E. Ethics

Investment Consultant Candidates must agree to comply with the Fund's Code of Ethics at all times, a copy of which is attached hereto as Exhibit A and incorporated herein by reference.

F. Timeline for Award of Contract

While there is no fixed date for the award of a contract, it is anticipated that the selection of a consultant will be completed by September 2012, and following notification of the selected firm, it is expected that successful contract negotiations will be completed by October 2012.

G. Disclosure and Use of Submitted proposals

All documents submitted in response to this RFP shall be considered public records and shall be made available for inspection and copying as provided by the Illinois Freedom of Information Act, 5 ILCS 140/1, *et seq.*, provided that the Fund will not disclose publically any information contained in any of the responses until the presentation of the finalists at a Board meeting. If, in response to this RFP, trade secrets or commercial or financial information are furnished under a claim that they are proprietary or confidential and that disclosure of the trade secrets or commercial or financial information would cause competitive harm to the person or business, such claim must be clearly made and such information must be clearly identified. Such a claim is not definitive and the Fund has the right and obligation to determine initially whether such information is exempt from disclosure under the Illinois Freedom of Information Act.

All proposals become the property of the Fund and will not be returned to the Investment Consultant Candidate. The Fund reserves the right to retain all proposals submitted and to use any ideas in a proposal, regardless of whether the Investment Consultant Candidate is ultimately selected as the Fund's Investment Consultant. Submission of a proposal indicates acceptance of the conditions contained in this RFP.

H. Investment Consultant Agreement

The Fund's standard Investment Consultant Agreement is attached hereto as Exhibit B and incorporated herein by reference. Amendments to the standard Investment Consultant Agreement are disfavored. Any objections to the standard Investment Consultant Agreement shall be detailed in the response to the RFP.

I. Current Investment Policy, Investment Managers and Assets Under Management

A copy of the Fund's Investment Policy, dated April 2011, is attached hereto as Exhibit C and incorporated herein by reference. The Fund's Investment Policy is subject to change. A listing, as of December 31, 2011, of the Fund's current investment managers in the asset allocation categories for which the Investment Consultant will be responsible, and the assets under management with each investment manager, is attached hereto as Exhibit D and incorporated herein by reference.

J. Evaluation Factors

Responses will be evaluated by the Board based on the evaluation factors set forth in Section D.4 of the Fund's Procurement Policy for Investment Consultants, which is attached hereto as Exhibit E and incorporated herein by reference. The relative importance of the evaluation factors will be determined by the Board.

**SECTION 2  
SCOPE OF SERVICES**

A. Work Statement

This is a search for an Investment Consultant to provide investment consultant services. The primary role of the Investment Consultant is to provide objective, independent advice and counsel that will enable the Board to make well-informed and well-educated decisions regarding the investment of the Fund's assets, as well as to invest the Fund's assets pursuant to the asset allocations determined by the Board and in accordance with the Fund's Investment Policy.

B. Scope of Services

1. Formulation and Review of Investment Goals, Policies and Objectives.
2. Asset/Liability and Asset Allocation Studies.
3. General Consulting Services – provide general consulting services as requested by the Board, including but not limited to investment manager and custodial search and selection, due diligence for public and private market managers, and market research and education.
4. Performance Measurement & Monitoring – monitoring and evaluating the performance of the investment manager(s).
5. Fund Diversification – assist the Board in the development of an investment manager structure that provides adequate diversification with respect to the number and types of investment managers.
6. Attendance at Board Meetings and Trustee Education Events – the Board holds monthly Board meetings and Trustee Education Events at various times throughout the year and the Investment Consultant will be expected to attend all of these events and meetings.
7. Reports – provide monthly, quarterly and annual reports to the Board. All returns on investments shall be reported as net of all fees, commissions, and any other disclosed compensation.
8. Other – review custodial operations, transition management procedures, securities lending structure and guidelines. Recommend best practices regarding these professional services, as appropriate. Work with the Fund's third party providers and other investment related professionals.

**SECTION 3**  
**INFORMATION REQUIRED FROM ALL CANDIDATES**

A. Professional Qualifications

1. Provide your firm's contact information.
2. Provide a history of the firm, including when the firm was established and when consulting services were first provided.
3. Please disclose and describe in detail any entity that is a parent of, or owns a controlling interest in your firm; any entity that is a subsidiary of or in which a controlling interest is owned by Investment Consultant Candidate; any person who has an ownership or distributive income share in Investment Consultant Candidate that is in excess of 7.5%; and any person who serves as an executive officer of Investment Consultant Candidate. Also, disclose and describe whether any of the foregoing provide any other pension fund services such as investment management, actuarial work, etc.?
4. What is the number of full time employees in your firm? Provide a breakdown by classification (consultant, managerial, clerical, etc.) for both your national and local operation. How many senior professionals have left or joined your company in the last three years? Do you have a succession plan for key employees?
5. Describe the firm's approach to account servicing, including:
  - a. The maximum number of account relationships assigned to a consultant;
  - b. 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;
  - c. 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
  - d. Brief biographical information for the primary consultant and any other individuals expected to be assigned to the Fund's account, including number of years in the most recent position.
6. Describe the firm's experience advising large defined benefit plans with respect to the Asset Allocation Categories, investment manager selection and oversight, and related Investment Services experience, as those terms are defined in the Fund's Procurement Policy for Investment Consultants.
7. Disclose formal or informal business relationships with investment managers or other service providers.

8. Please indicate whether your firm has been involved in any litigation or regulatory proceeding within the last ten years arising out of the firm's performance as an investment consultant. If there is any such complaint or litigation, please explain fully.

B. Investment Consulting Client Information

1. The total number of, the market value of the Investment Consultant Candidate's client accounts, and the revenues derived from the firm's investment consulting clients as of the prior year-end;
2. A breakdown of the firm's gross revenue, including the percentage of the firm's gross revenue that is derived from the investment consulting division or group;
3. Any other businesses in which the firm is involved;
4. References from at least 3 public fund investment consulting clients;
5. The history of the firm's relationship with its 10 largest investment consulting clients; and
6. The number and size of client relationships gained and lost in each of the last five calendar years and year-to-date.

C. Investment Policy/Asset Allocation Guidelines

1. Provide an outline of the principal steps you follow when developing an asset allocation structure and investment policy. Does your investment policy and asset allocation analysis fully integrate liabilities with assets? How does your firm interface with the Fund's actuary?
2. Provide an outline of the issues and items that would be covered in a typical investment policy statement.
3. Describe, in detail, your approach to the development of asset allocation guidelines, including application of major variables (e.g., risk tolerance, emerging liabilities, etc.).

D. Investment Manager Selection

1. Describe in detail the process and criteria you follow in the selection and recommendation of investment managers for specific asset allocation categories. Do you have a pre-approved list of managers?
2. Describe how the firm coordinates AIMRF performance standards.
3. A description of the database(s) used to track and evaluate investment managers and emerging investment managers, including: the number of investment managers and emerging investment managers 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 managers to access the database;

4. Detail whether you monitor your success in selecting investment managers and describe how you measure the level of success of existing investment managers.
5. A specific description of the firm's policy for increasing access by and outreach to emerging investment managers.

E. Performance Evaluation

1. Describe your performance evaluation system and the philosophy behind it, including whether such system is purchased or proprietary.
2. Describe the indices, universes, and composites used to evaluate investment managers performance within a specific Asset Allocation Category, as well as a fund's overall investment performance;
3. A description of the peer group and performance benchmarks used; and
4. A description of the process for determining when to recommend termination of an Investment Adviser.
5. Detail the role that your firm would like to take in manager presentations to the Board.

F. Investments

1. Describe your investment philosophy, including your frequency of reporting investment performance to clients (e.g. monthly, quarterly) and portfolio evaluation.
2. Describe your recommended asset allocation and estimated annual rate of return for one, three, five and ten years.
3. Describe your research methods and resources (external and internal).

G. Insurance

1. Provide a listing of applicable insurance coverage maintained with relevant coverage limits.
2. Provide the name of your primary insurance carrier and their related AM Best rating.

H. Fees

1. Detail the initial and ongoing Investment Consultant fees for the Fund. Disclose the method for charging and measuring fees, including direct and indirect fees, commissions, penalties, and other compensation, including reimbursement for expenses, that may be paid by or on behalf of Investment Consultant in connection with providing Investment Services to the Fund.

2. The stated fee schedule must include all charges associated with your service and must reflect your costs in their entirety, including but not limited to the cost of attending monthly Board meetings.
3. Contingent and placement fees are prohibited under the Illinois Pension Code.
4. Please provide the names and addresses of all subcontractors and the expected amount of money each will receive under the contract.

I. Policies

Please provide copies of your firm's ethics or conflict of interest policy and proxy voting policy, if applicable.