

**POLICEMEN'S ANNUITY AND BENEFIT
FUND OF CHICAGO**

(PABF)

Request for Proposals



Securities Litigation Counsel

MAY 2017

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Policemen's Annuity and Benefit Fund of Chicago (PABF)
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I. RFP Summary Statement

- a. The Policemen's Annuity and Benefit Fund of Chicago (PABF or the Fund) is soliciting proposals to provide securities litigation monitoring and evaluation services for PABF. Such services would be related to issues arising from PABF's interests in matters of securities litigation, whether under the PSLRA or otherwise (including potential actions involving securities purchased on foreign stock exchanges located outside the United States, as well as independent securities actions based on state law fraud claims). The firms selected in response to this RFP will constitute PABF's list of "approved counsel" in securities litigation actions. While PABF will not be precluded from using counsel not on the approved list, PABF anticipates dealing exclusively with the firms selected through this RFP process. PABF reserves the right to contract for all, any part or none of the services requested. A firm submitting a proposal is referred to as "responder".

The PABF Board of Trustees has not adopted an official securities litigation policy. However, in general, PABF expects that its Securities Litigation Counsel will identify potential claims and bring them to the attention of PABF staff. In general, where a potential loss is less than \$1 million, further action will ordinarily be limited to monitoring to ensure that class member claims are filed if and when there is a right to do so, unless there are extenuating circumstances that warrant further consideration by Staff and the Board of Trustees.

All cases brought to the PABF staff will be evaluated by the Fund's Executive Director, Fiduciary legal counsel, the Chief Investment Officer and the Investment Committee Chairman. If this group believes the case warrants further consideration, such matter will be brought to the Fund's Board of Trustees for further consideration.

II. Background Information

- a. The Policemen's Annuity and Benefit Fund of Chicago (the Fund) is a defined benefit public employee retirement system governed by Chapter 40 Article 5 of the Illinois Compiled Statutes Sections 1 and 5. The Board of Trustees of the Fund is an eight member board, with four Mayoral Appointees and four Elected Representatives. The elected Trustees are represented by one officer from the rank of Patrolman or rank equivalent thereto, one Sergeant representative, one representative from the rank of Lieutenant or rank superior thereto, and one representative from the annuitants. The members of the Fund are active and retired police officers of the City of Chicago and their widows and children. The Fund is comprised of approximately 12,000 active members and 14,000 annuitants and beneficiaries. The Fund's staff administers

retirement, surviving spouse, disability and death benefit provisions found in the Illinois statutes and was established in 1922.

- b. The Fund utilizes external investment managers and is currently diversified across multiple asset classes. More information regarding the Fund can be found by reviewing the Illinois Pension Code (40 ILCS 5/ Article 5) and the Fund’s website at: www.chipabf.org. The Fund’s website also includes the most recent Comprehensive Annual Financial Report, which is as of December 31, 2015, which includes more information about the investments of the Fund.

III. RFP Timeline

The following schedule may be changed if necessary. Any changes made will be posted on the Fund’s website. To the extent that changes are made after the final responses are due, affected responders will be notified by email. In no event will the dates listed below be changed to earlier dates.

1. Date of Issue	May 17, 2017
2. Deadline to Submit Written Questions	June 5, 2017
3. Q&A Document Posted	June 8, 2017
4. Final Responses Due	June 16, 2017 4pm CST
5. Potential Interviews	TBD
6. Finalist Notified By	TBD

IV. RFP Procedures

The Fund will post notice of this RFP on its website. It is the public policy of the State of Illinois to encourage the Fund’s Board of Trustees (the “Board”) to increase the racial, ethnic, and gender diversity of its fiduciaries to the greatest extent feasible within the bounds of financial and fiduciary prudence. Neither this RFP nor any response to this RFP should be construed as a legal offer.

All interested Respondents must submit their responses in accordance with the proposal submission instructions below. The Fund reserves the right to reject any or all proposals submitted. All material submitted in response to the RFP will become the property of the Fund. The Fund is not responsible for any costs incurred by the Respondents in responding to this RFP.

If it becomes necessary to revise any part of the RFP, or if additional information is necessary for a clarification of provisions within this RFP, prior to the due date for proposals, a supplement will be posted on the Fund’s website. If a supplement is necessary, the Fund may extend the due date to accommodate any additional requirements. **Respondents to this RFP are responsible for monitoring the Fund’s website for information pertaining to the RFP while the RFP is outstanding.**

Respondents are advised that proposal materials are subject to the Illinois Freedom of Information Act (5 ILCS 140). After completion of the RFP, selection by the Fund and successful negotiation of a contract, if any, proposals submitted may be viewed and copied by any member of the public, including news agencies and competitors. Respondents claiming a statutory exception from the Illinois Freedom of Information Act for information within the Respondents' proposals must identify relevant language as confidential or trade secret, and identify in the email transmission of the proposal whether confidential information is included. Further, each page of any confidential documentation must be labeled as such. The Respondents must also specify which statutory exemption applies for each piece of confidential information. The Freedom of Information Act can be found at the Illinois General Assembly's website (<http://www.ilga.gov/>). The Fund reserves the right to make determinations of confidentiality. If the Fund disagrees with a Respondent's confidential designation, it may either reject the proposal or discuss its interpretation of the exemptions with the Respondent. If agreement can be reached, the proposal will be considered. If agreement cannot be reached, the Fund will remove the proposal from consideration.

The Fund's staff shall open the responses and review each for content, quality and compliance with the RFP's requirements. The Fund's staff reserves the right to, but is under no obligation to, meet with representatives of each Respondent to obtain an independent assessment of the Respondent's capabilities. Following the comprehensive review process, the Fund's staff shall summarize the responses and prepare a recommendation to the Fund's Board. The finalists may be asked to appear before the Board to present the Respondent's qualifications. The Board shall accept or modify the recommendation and make the final selection.

The Fund shall conduct the RFP process in accordance with applicable provisions of the Fund's Ethics Policy, and the Fund's Procurement Policy. Prior to the June 16, 2017, submission deadline, all ex parte communications between the Fund's staff and interested parties, including Respondents, or other non-interested parties, shall be prohibited. Furthermore, any communication related to this RFP between a Respondent and any member of the Board is prohibited until a contract is entered into and the RFP process is terminated ("Quiet Period"). Notwithstanding the prior sentence, the Fund's staff may communicate with a particular Respondent for the sole purpose of gaining clarification regarding information provided in response to this RFP.

V. RFP Submission

The Fund's staff shall oversee the RFP process. If a Firm is interested in submitting a proposal, it must submit by June 16, 2017, 4:00pm CST 1 (one) electronic copy of the complete proposal to Regina Tuczak at rtuczak@chipabf.org AND 1 (one) hard copy of the complete proposal to the following address:

Regina Tuczak
Executive Director
Policemen's Annuity and Benefit Fund of Chicago
221 N. LaSalle Street, Suite 1626

Chicago, IL 60601

Procedural and substantive questions concerning the RFP must be submitted in writing via e-mail to the Search Contact by June 5, 2017, by 4:00 PM CST. Responses to questions properly submitted will be consolidated in a single Q & A document and posted on the Fund's website on or about June 8, 2017. The Fund is not obligated to answer all questions received. The Q & A document will not identify the source of the query.

PLEASE NOTE: Respondents WILL NOT receive individualized responses from the Search Contact, in response to questions submitted. Respondents must review the Q & A document posted on the Fund's website to receive answers to questions submitted.

If the Fund's staff has questions regarding how to interpret a Respondent's proposal, the Fund's staff is authorized, but not obligated, to request additional information from that Respondent.

Any proposal that is either incomplete or received after the June 16, 2017, due date and time will not be considered.

Any firm responding to this RFP must submit its proposal via e-mail in one electronic document. A specific outline must be followed in order to facilitate the Fund's review and evaluation of the responses received. A response to this RFP must include the following sections in the order listed:

1. Transmittal Letter. A transmittal letter must be submitted on the Respondent's official business letterhead. The letter must identify all documents provided in response to the RFP, and must be signed by an individual authorized to bind the Respondent contractually. An unsigned proposal shall be rejected. The letter must also contain the following:
 - Statement that the proposal is being made without fraud or collusion; that the Respondent has not offered/received any finder's fees, inducements or any other form of remuneration, monetary or non-monetary, to/from any individual or entity relating to the RFP, the Respondent's proposal or the Fund's selection.
 - Statement that discloses any current business relationship or any current negotiations for prospective business with the Fund, any member of the Board of Trustees, the Fund's Executive Director, or the Fund's Investment Officer.
 - Statement that the Respondent meets the minimum qualifications as specified in Section VI of this RFP document.
2. Expressed Understanding of the Services Required
3. Required RFP Response Information

4. Required Fee Arrangement Information

VI. Scope of Services

a. General.

The Fund anticipates that the selected Respondents will provide the following services:

- Monitor potential and pending class action securities litigation (including potential actions involving securities purchased on foreign stock exchanges located outside the United States, as well as independent securities actions based on state law fraud claims);
- Assist the Fund's staff in analyzing the Fund's interest therein, based upon the Fund's holdings and exposure during the relevant periods;
- Suggest legal action for the Fund, as appropriate, such as remaining in the plaintiff class or opting out, intervening in litigation for a limited purpose, or seeking lead plaintiff status;
- With the approval of the Fund, if appropriate under the circumstances, initiate and manage legal action on behalf of the Fund.

b. Specific.

The selected Respondents should be able to:

- Interface with the Fund's custodian's electronic transaction and securities holdings data to obtain and analyze the Fund's domestic and international holdings records as necessary to determine class action eligibility;
- Timely identify potential and all pending securities fraud class actions and shareholder derivative actions in which the Fund may be a class member, based on securities holdings;
- Identify potential and all pending securities fraud class actions in which the Fund should consider seeking lead plaintiff status, consider intervention for a limited purpose or consider opting out and provide a recommendation on each;
- Identify any conflicts of interest that may arise if the Respondent is selected to serve as legal counsel for a particular action;
- Make a preliminary calculation of the Fund's investment losses on a LIFO and FIFO basis, noting the methodology and transaction data used and the appropriate measure of losses in the action;

- Provide a brief but comprehensive description of the allegations of each case or recommended potential case in which the Fund might seek lead plaintiff status, opt out, or intervene for a limited purpose;
- Provide legal representation in all stages of securities litigation for the Fund as a lead plaintiff of a class, in opt out independent actions, or as an intervener;
- Provide written quarterly, and as otherwise appropriate, reports regarding the status of securities fraud class actions in which the Respondent provides representation;
- Provide such other legal services as may be requested by the Fund from time to time.

Favorable consideration will be given to Respondent that can and will:

- Provide guidance and assistance with respect to notifications received by the Fund's custodian on US and non-US litigation actions, regardless of the Fund's loss in such matters.
- Monitor securities litigation and settlement claims filed by the Fund's custodian, to insure the Fund's full recovery.

Services shall be provided to the Fund on a confidential basis. The firm selected shall refrain from using or disclosing any information regarding the Fund unless the Fund specifically consents to a particular use or release of information.

VII. Required RFP Response Information

a. Respondent's Team (Specific Individuals Responsible for Performance of Contract).

1. Identify and provide a detailed description of the team that would provide services identified in Section VI above, including the following information:

a. The identity of the individuals; the areas of law in which each specializes; the number of years of experience in such areas; the extent to which each has analyzed laws and provided advice on issues relevant to the purpose of this RFP, the courts in which each is admitted to practice, the year of admission, and any disciplinary actions or criminal indictments brought against each and the disposition of such actions or indictments.

b. The planned division of responsibilities among the members of the team, including an approximate percentage of the time each individual is expected to devote to performing services for the Fund if the Respondent is selected to represent the Fund in a specific securities litigation matter (the total of percentages shall equal 100%).

2. Provide a detailed description of the experience and participation in the field of securities litigation by each identified member of the team since the enactment of the PSLRA, including any provision of services to other institutional investors similar in nature to that described in Section VI, above. In particular, please discuss:
 - a. Experience in securities class action litigation, derivative actions, individual federal, multidistrict and state securities actions.
 - b. Experience involving non-U.S. parties and/or securities issued and traded on non-U.S. exchanges.
3. Please provide the names and contact information for three public pension fund clients of the Respondent that have utilized specified members of the team for work similar to that covered by this RFP who may be contacted as references.

b. Respondent's Firm

1. Provide a brief history of the firm, including the location of the firm's headquarters and any branch offices, and discuss the general ownership structure, including whether the firm is a minority owner firm. Indicate all entities that have an ownership stake and whether there have been any changes in the ownership structure of the firm in the past three years. Respondent will reflect the diversity of their firm by completing Exhibit C.
2. Provide a detailed description of the Respondent's current employees' experience and participation in the field of securities litigation, since enactment of the PSLRA, to the extent not provided, above, identifying each employee. This description should include current employees' experience with respect to potential actions involving securities purchased on foreign stock exchanges located outside the United States, as well as independent securities actions based on state law fraud claims.
3. Describe the Respondent's technological capabilities for interaction with the Fund's custodian to assess the Fund's holdings for the purpose of assessing claims and calculating potential damages.
 - a) Provide a brief description of areas of the law related to the purpose of this RFP in which the Respondent has an expertise, including, but not limited to, bankruptcy law, tax law, corporate or partnership law (including corporate accounting issues), contract law, common law fraud law, and insurance law (especially with respect to policies relevant to securities litigation and experience negotiating with insurers). In particular, discuss the Respondent's capacity to staff and handle complex securities actions, including complex discovery, actions in the context of a bankruptcy proceeding, and actions involving foreign companies or securities.
4. List the approximate number of institutional investors for whom the Respondent has served as securities litigation counsel during the last five years. Describe the range of responsibilities and services provided.

5. Please list any disciplinary actions brought against members of the Respondent or criminal indictments brought against the Respondent or members of the Respondent's firm not discussed previously in response to Section VII (A), above, and the disposition of such actions or indictments.

6. Delineate the coverage amounts and terms of the Respondent's malpractice insurance and indicate whether any malpractice claims have been filed against the Respondent and the disposition of those claims (including amounts paid, if any).

7. Describe how the firm identifies and manages conflicts of interest.

VIII. Fee Arrangements

The Fund expects that, in litigation pursuant to this RFP, legal fees, costs and expenses will be paid on a contingent fee basis upon application and award by the Court from the proceeds of any recovery; that all legal fees, costs and expenses incurred under this contract will be obtained from the proceeds of any recovery; and that the Fund will have no responsibility for fees, costs and expenses in excess of any recovery or if a recovery is not obtained.

The Fund believes that one of the most important roles institutional investors can play in securities class action litigation is to maximize the recovery for the plaintiff class by utilizing fee arrangements which align the interest of litigation counsel and the class more effectively than traditional contingency fee arrangements. Toward that end, Respondents are asked to provide, in addition to a proposed contract, a detailed description of the following:

The Respondent's willingness to accept: a) a multi-tiered, multi-variable fee schedule in which litigation counsel's compensation will vary depending upon the size of the total recovery, as well as such variables as the point in the case where settlement negotiations are completed or a final judgment is obtained; or b) other non-traditional contingency fee arrangements which achieve the objectives stated above.

The approximate number of engagements over the last five years in which the Respondent has agreed to a fee arrangement similar to that noted in the previous paragraph.

The Respondent's willingness to not make any application to a court for attorneys' fees, costs or expenses in an amount in excess of that approved in writing by the Fund.

The Respondent's fee (including attorneys' fees and costs) awarded for securities class action cases since the enactment of the PSLRA, indicating the case name and stage of the proceedings at which the case was concluded; the client(s); the date of the award; the dollar amount of the total award (delineating attorneys' fees and costs separately); the total amount of the award as a percentage of the judgment; and the total amount of the award as a percentage of assets recovered for the class.

IX. Rights Reserved

This RFP does not obligate the Fund to complete the RFP process. The Fund reserves the right, without prejudice, to reject any or all proposals submitted.

The Fund reserves the right to award all, part, or none of this contract if deemed appropriate and desirable by the Fund. The Fund also reserves the right to remove one or more of the services from consideration for this contract, should the evaluation show that it is in the Fund's best interest to do so. The Fund also may, at its discretion, issue a separate contract for any service or groups of services included in this RFP. The Fund may negotiate additional provisions to the contract awarded under this RFP.

The Fund reserves the right to waive or permit cure of nonmaterial variances in a proposal provided, however, such waiver will be based on the Fund's best interest. Nonmaterial variances include, but are not limited to, the following: minor informalities that do not affect responsiveness; variances that are merely a matter of form or format; variances that do not change the relative standing of other bidders; variances that do not prejudice other bidders; variances that do not change the meaning or scope of the RFP; or variances that do not reflect a material change in the services. **Failure to meet the minimum requirements or provide the required information shall not be considered a nonmaterial variation that the Fund can waive or permit cure.** In the event the Fund waives or permits cure of nonmaterial variances, such a waiver or cure will not modify the RFP requirements or excuse the Respondent from full compliance with RFP specifications or other RFP requirements if the Respondent is awarded a contract. The determination of whether a particular matter constitutes a material or nonmaterial variation from the RFP is within the sole discretion of the Fund.

The Fund reserves the right to amend any segment of the RFP prior to the announcement of selected Respondents. In case of such amendment, all qualified Respondents will be afforded the opportunity to revise their proposals to accommodate the RFP amendment.

There is no express or implied obligation for the Fund to reimburse for any expenses incurred in preparing proposals or other actions taken in response to this request.

All materials submitted in response to this RFP will become property of the Fund. Materials received will be considered public information and will be open to public inspection in accordance with the State of Illinois Freedom of Information Act (FOIA).