

**REQUEST FOR PROPOSAL  
POLICEMEN’S ANNUITY AND BENEFIT FUND OF CHICAGO, ILLINOIS  
US SMID VALUE Equity**

The Retirement Board (“the Board”) of the Policemen’s Annuity and Benefit Fund of Chicago (“the Fund” or “PABF”) is requesting proposals from qualified firms interested in providing US Small/Mid Cap Value Equity services (“Proposer” or “SMID Value”) that will be benchmarked against the Russell 2500 Value index. This search is limited to traditional long only investment managers, hedge fund managers will not be considered for this mandate. The anticipated allocation will be between \$100 million and \$110 million. All responding firms must meet the highest standards of professional competence and ethics. The selected firm(s) will serve as a fiduciary in its capacity to the Fund. The Board’s investment consultant NEPC, LLC shall oversee the RFP process. All forms/required documents needed for submitting a Request for Proposal (“RFP”) are available on the PABF’s investment consultant’s (NEPC) website at [www.nepc.com](http://www.nepc.com).

Information regarding this RFP may not be available in any other form or location. Proposers are responsible for monitoring the website for periodic updates on this search.

The Fund is a pension fund of the City of Chicago established in 1887. The Board is made up of eight members. Decisions in regards to awarding mandates shall be at the sole discretion of the Board in exercising their investment authority to ensure the prudent investment of Fund assets. To learn more about the Fund you may visit our website at [www.chipabf.org](http://www.chipabf.org).

The Fund is governed by Illinois Compiled Statutes, which can be viewed at [www.illinois.gov](http://www.illinois.gov).

**SUBMISSION OF PROPOSALS**

If you are interested in being considered for this RFP, you must submit an electronic copy of the complete proposal by 3:00 CST on July 5, 2017. Responses submitted after this time and date will not be considered.

All responses should be submitted electronically to:

Search Contact

NEPC (Consultant Contact)	<a href="mailto:ChicagoPoliceRFP@nepc.com">ChicagoPoliceRFP@nepc.com</a>
Chicago Policemen's Annuity and Benefit Fund	Aoifinn Devitt <a href="mailto:adevitt@chipabf.org">adevitt@chipabf.org</a>

The subject line of your email submission should be “US Small/Mid Cap Value Equity RFP”.

You must also send one (1) bound hard copy of all your proposal materials (also by 3:00 pm CST on July 3, 2017) to:

Aoifinn Devitt  
Chief Investment Officer  
Chicago Policemen's Annuity and Benefit Fund  
221 North LaSalle Street, Suite 1626  
Chicago, Illinois 60601

**-and-**

DeAnna I. Jones  
Senior Analyst  
NEPC  
10 South Wacker Drive, Suite 1230  
Chicago, IL 60606

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An RFP submission would be deemed complete only when ALL requested information has been completed in full and submitted as instructed above. Incomplete submissions or responses not submitted as instructed will be rejected and any follow on submissions in support of an application filed earlier will not be entertained under any circumstances.

**QUIET PERIOD**

The quiet period begins when the RFP is issued and ends when the manager is selected by the Board or the process is declared to be complete. Managers will not contact Board members during the quiet period. A manager will be disqualified from the selection process for violating the quiet period. The quiet period for this RFP begins July 3, 2017.

Questions concerning the RFP must be submitted in writing via e-mail to the investment consultant's search contact by 3pm CST on July 10, 2017. Responses to properly submitted questions will be consolidated in a single Q&A document and posted on the consultant's website on or around July 18, 2017. No phone calls please.

**RFP Timeline**

The following is a list of anticipated critical dates regarding the proposal and possible contract process:

Request for Proposal Issued	July 5, 2017
Due Date to Submit Written Questions	July 10, 2017
Q&A Document Posted	July 18, 2017
Due Date for Proposal	July 31, 2017
Potential Interviews	TBD
Finalist Notified By	TBD

The timeline is subject to change and any changes to the timeline will be posted on NEPC's website.

**Terms and Conditions**

1. PABF reserves the right to reject any or all proposals or any portion thereof, that it feels is in the best interest of Fund and to negotiate with any one or more of the respondents. PABF reserves the right to cancel this procurement.
2. Please be aware that all documents created as part of this RFP, including the responses provided by your firm as the respondent, shall be retained by PABF, considered public records and made available for inspection and copying as provided in Section 3 of the Illinois Freedom of Information Act ("FOIA"), 5 ILCS 140/1, et. seq. **In addition to your proposal, you may also provide a redacted version of your proposal to be subject to any FOIA request, however only confidential information may be redacted.**
3. If selected, PABF will require the execution of a management service contract.
4. This RFP is neither a contract nor meant to serve as a contract. A respondent's preparation or submittal of a proposal or subsequent participation in presentations or contract negotiations creates no obligation on the Fund to award a contract or to pay any associated costs.
5. The Fund is not obligated to award a contract to any of the respondents to this RFP.

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**EVALUATION AND SELECTION**

Proposals will be evaluated and subsequent judgments made taking into account the following criteria:

1. **Stability and General Experience of the Firm** – as measured by the stability of the financial condition of the firm and experience in providing the services requested.
2. **Key Personnel** – Personnel to be assigned to this account, including key professionals, back-up and other staff assistance, and education and experience of all such key personnel.
3. **Expertise** – Similar work performed for other institutions.
4. **Client References** – as measured by the quality of the references provided.
5. **Process** – Consistent process implementation.
6. **Fees** – Reasonableness and competitiveness of fees.
7. **Performance** – Track record of proposed product.
8. **RFP Proposal** – Clarity and responsiveness to requirements as requested in the RFP.

**Selection Process:**

All RFPs will be reviewed and evaluated by PABF's Board of Trustees, Staff and NEPC. The Board will be responsible for the final selection of the Firm(s) hired.

**MINIMUM QUALIFICATIONS**

**Please provide a cover letter with your response in which each qualification is listed and an authorized person initials the firm's ability to meet or exceed each qualification. A failure to do so will constitute an incomplete response resulting in automatic elimination.**

To be considered for this search respondents must demonstrate that their firm/product meets the following minimum qualifications:

1. Acknowledge that the proposed firm will act as a fiduciary with respect to the Policemen's Annuity and Benefit Fund of Chicago in accordance with the Illinois Pension Code, 40 ILCS 5/1 et seq.
2. Acknowledge that the proposed firm is: (i) registered as an investment adviser under the Investment Advisers Act of 1940, as amended (15 U.S.C.80b-1 et seq.) (the "IAA"); (ii) registered as an investment adviser under the Illinois Securities Law of 1953, as amended (815 ILCS 5/1 et seq.); (iii) a bank, as defined in the IAA; or (iv) an insurance company authorized to transact business in the State of Illinois. If your firm is not a Registered Investment Advisor under the Securities Act of 1940, please explain why your firm is exempt in your cover letter.

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3. The portfolio management team for the proposed product must each possess more than 5 years investment experience and a minimum of 3 years verifiable investment experience in the specific strategy, as of March 31, 2017.
4. A 3 year GIPS compliant investment performance record as of March 31, 2017.
5. Proposed investment strategy must have at least \$250 million in assets.
6. If proposing a pooled fund/mutual fund, liquidity should be at least monthly.
7. Any Proposer qualifying as a certified minority owned business, female owned business or business owned by a person with a disability, as those terms are defined in the Business Enterprise for Minorities, Females, and Persons with Disabilities Act ("MWDDBE"), are exempt from (3), (4) and (5) above and will be evaluated for further consideration at the discretion of the Board.
8. Provide a copy of the firm's Equal Employment Opportunity Commission ("EEOC") disclosure statement and description of any initiatives or guidelines your firm has on the inclusion of women and ethnic minorities. Whether you have an EEOC disclosure statement or not, each Proposer complete the attached Exhibit A with their firm's staff diversity exposure. Please note that per the law effective January 1, 2015 [40 ILCS 5/1-113.21], the employee diversity of senior staff and investment personnel must be delineated. *(Please provide as an additional exhibit titled "Exhibit A")*.
9. As required by Illinois Legislation (SB 452), an applying firm must provide the following disclosures to be considered: (1) number of contracts for services that the applying entity has with minority owned business, female owned business, or business owned by a person with a disability; and (2) the number of contracts for service(s) that the applying entity has with other than a minority owned business, female owned business, business owned by a person with a disability, if more than 50% of the services under that contract are performed by a minority person, a female, or a person with a disability. *(Please provide as an additional exhibit titled "Exhibit B")*.
10. Be familiar with and willing to adhere to Articles 1 and 5 of the Illinois Pension Code.
11. If retained, the firm must be familiar with and willing to adhere to the Investment Transparency section of Illinois code and permit the Fund to list your firm on its website along with a brief description of any agreement for investment services.
12. Be comfortable with the FOIA (Illinois Freedom of Information Act) that the Fund adheres to, which includes the requirements from 5 ILCS 140 et seq. This includes, but is not limited to disclosure of fee schedules.
13. Confirm your ability to comply with Section 145 of Article 1 of the Illinois Pension Code (815 ILCS 5/1-145) relating to Placement Agents and Third Party Marketers. Specifically Section 145 prohibits contingent and placement fees, no third party marketers can be used for gaining a fund investment.

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**VERIFICATION (Please include in the cover letter)**

I certify under penalty of perjury, that I am a responsible official for the business entity described above as a Proposer, that I have personally examined and am familiar with the information submitted in this disclosure and all its attachments, and that the information is true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including criminal sanctions which can lead to imposition of a fine and/or imprisonment.

\_\_\_\_\_  
(Signature), (Name, Title)

\_\_\_\_\_  
(Date)

**Required Documents Checklist**

**Required Documents**

**In order for your firm’s submission to be deemed complete, please submit all of the following documents:**

1. Cover letter
2. **Exhibit A** – Employee Diversity Chart and EEOC statement requested in #8 of the minimum qualifications (provided excel chart)
3. **Exhibit B** – MWDBE vendors and consultant questionnaire, requested in #9 of the minimum qualifications
4. **Exhibit C** – Example of Standard Report (monthly and quarterly)
5. **Exhibit D** – Sample Investment Policy
6. **Exhibit E** – 1, 3 and 5 year sector attribution as of 3/31/17 (please provide in excel)
7. **Exhibit F** – eVestment Alliance profile
8. **Exhibit G** – Short biography on each of the key professionals for the proposed product
9. **Exhibit H** – MWDBE certification (if applicable)
10. **Exhibit I** – Fee Schedule Certification
11. **Exhibit J** – Legal Disclosure (provided in PDF)

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**Please return this questionnaire in word format (i.e. not in PDF).**

**Please do not alter the format of this template.**

**Please do not change or modify text in the **BLUE** or **PURPLE** shaded boxes. Please provide answers in the **WHITE** boxes provided.**

**Please try to be as concise as possible with answers. If a question is not applicable please respond "N/A".**

**Please provide any legal disclaimers as a separate attachment (i.e. do not include as part of this document).**

**In addition to the Offeror's responses to the questions that follow, the Offeror's product and performance data will be analyzed through the use of a third party database currently utilized by our NEPC, LLC. The database is provided by eVestment Alliance, which can be located on the web at: [www.eVestmentalliance.com](http://www.eVestmentalliance.com).**

**Populating the eVestment Alliance database with your firm and product information is a requirement for the completion of this RFP. If the database is not fully populated, your firm's response will be considered incomplete. Please be sure to not leave fields blank. Respond as 0, none, or N/A only when necessary. You will not be contacted by NPEC to fill in missing fields. Use additional comment fields provided to make qualifying notes as applicable.**

**If your firm does not already utilize the eVestment Alliance database, you can participate by sending an email with your contact information to: [getmanager@evestmentalliance.com](mailto:getmanager@evestmentalliance.com).**

**All data must be as of June 30, 2017 and must be entered by July 31, 2017.**

General Firm and Fund Information			
<b>eVestment Product Name</b>	[Please enter the proposed product's name in eVestment]		
<b>Primary Contact Person</b>	[Name]		
	[Email Address]		
	[Phone number(s)]		
<b>Firm Name</b>	[Please enter]		
<b>Office Locations</b>	<b>City</b>	<b>State / Province</b>	<b>Country</b>
<b>Main Office</b>	[Please enter]	[Please enter]	[Please enter]
<b>Location of SMID Value Team</b>	[Please enter]	[Please enter]	[Please enter]

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<b>Additional Office Locations</b>	[Please enter]	[Please enter]	[Please enter]
	[Please enter]	[Please enter]	[Please enter]
	[Please enter]	[Please enter]	[Please enter]
	[Please enter]	[Please enter]	[Please enter]
	[Please enter]	[Please enter]	[Please enter]
	[Please enter]	[Please enter]	[Please enter]
	[Please enter]	[Please enter]	[Please enter]
<b>Year Firm was Founded</b>	[Please add]		
<b>SMID Value Inception Date</b>	[Please add]		
<b>Firm History / Description</b>	[Please describe the firm’s origins, evolution and current structure. Please list any predecessor organizations or ownership or subsidiary relationships with other organizations]		
<b>Asset Under Management as of 6/30/17</b>	[Please add the firm wide asset under management]		
<b>SMID Value Assets Under Management as of 6/30/17</b>	[Please add the value of assets under management for the proposed product]		
<b>Please describe the ownership of the firm</b>	<p>a) If an affiliate, designate percent of parent firm's total revenue generated by your organization. Elaborate on affiliations with any brokerages firms and/or broker-dealers.</p> <p>b) If the firm is a joint venture partner, identify the percentage of ownership and revenues recognized by each partner to the combined association.</p> <p>c) Explain any pending organizational or ownership changes.</p>		
<b>Minority/Women Business Entity</b>	[Please note if the firm is MWBE certified.]		
<b>Litigation, Regulation and Compliance</b>			
<b>Current Material Firm Litigation</b>	[Please describe any current material litigation regarding the firm.]		
<b>Past Material Firm Litigation</b>	[Please describe any past material litigation regarding the firm.]		
<b>Compliance</b>	[Please describe the Firm’s compliance philosophy and staff allocated to this function, e.g. how many and which staff resources are assigned to this function, what are their roles and responsibilities? What are the key compliance procedures?]		
<b>SEC Registered Investment Advisor</b>	<b>Year Registered</b>	[Please enter]	

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	<b>Entity Name</b> [Please enter]
<b>SEC Oversight</b>	[When was the date of the most recent SEC examination? What were the key findings? Were there any deficiencies noted and what was done to remediate them?]
<b>Investment Product Information</b>	
<b>Investment Philosophy and Process</b>	<ol style="list-style-type: none"> <li>1. Please describe your firm’s overall investment philosophy.</li> <li>2. Describe your investment process.</li> <li>3. With respect to this product, who is responsible for investment strategy, asset allocation, portfolio construction, research, security selection, trading, etc.? Discuss their specific roles within the investment team. Is this product supported by a central team of analysts responsible for providing research to the firm’s broader equity effort? Are senior members of the investment team invested in the strategy?</li> <li>4. Who in your investment team is responsible for research coverage for this product? Describe the organization of research coverage (i.e. generalists or specialists). If research coverage is specialized, please indicate the segregation of coverages within the team. Who in your investment team is responsible for research coverage for this product? Describe the organization of research coverage (i.e. generalists or specialists). If research coverage is specialized, please indicate the segregation of coverages within the team.</li> <li>5. Do you consider yourself a "pure" value manager? Have you ever taken on more of a growth like profile? If so how long did this tilt last and if not, why not?</li> <li>6. How do you define your investable universe? Are there any non-benchmark areas that you normally include in your investable universe or benchmark areas that you normally exclude? If you could select your own benchmark that most accords with what you perceive to be your skill set and the current opportunity set what would you choose?</li> <li>7. Please elaborate on your policy, if any, concerning the role of ESG issues in the investment decision-making process. If there is no specific attention to ESG issues, explain why.</li> <li>8. Please describe the process by which data collected through your firm’s review and evaluation of corporate ESG/sustainability reports are quantified and factored into the investment decision-making process?</li> <li>9. Is your firm is a PRI signatory?</li> </ol>
<b>Performance</b>	<ol style="list-style-type: none"> <li>1. Under what types of environments would you expect this product to perform best and under what conditions would you expect performance to lag? Please explain and use specific examples.</li> </ol>
<b>Trading</b>	<ol style="list-style-type: none"> <li>1. Explain your firm's trading process including commission structure and transaction costs.</li> <li>2. Does your firm maintain any soft dollar arrangements? If so please explain.</li> </ol>

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	3. Does your firm foresee any complications in its ability to comply with the Fund’s MWBE brokerage goal requirements? If so please explain.	
<b>Reporting</b>	1. Describe standard reports available (including type of information and timeliness) and to what extent custom reporting is available. 2. What is your firm’s experience in providing electronic links to client systems, remote access to real-time information via the internet, availability of information via access through your website or other proprietary systems?	
<b>Proposed Vehicle Type</b>	[Please specify whether your firm is proposing a separate account or a pooled fund / mutual fund vehicle.]	
<b>Minimum Account Size</b>	[Please give the minimum account size and if the mandate size listed is below the vehicle minimum account size, please state if you are willing to waive the minimum for this mandate?]	
<b>Assets</b>	2012	[Please enter 12/31/12 asset value for the SMID Value product.]
	2013	[Please enter 12/31/13 asset value for the SMID Value product.]
	2014	[Please enter 12/31/14 asset value for the SMID Value product.]
	2015	[Please enter 12/31/15 asset value for the SMID Value product.]
	2016	[Please enter 12/31/16 asset value for the SMID Value product.]
<b>References</b>		
<b>Reference 1</b>	Name	[Please enter.]
	Relationship to Firm	[Please enter.]
	Firm / Title	[Please enter.]
	Business Address	[Please enter.]
	Business Telephone	[Please enter.]
	Business Email	[Please enter.]
<b>Reference 2</b>	Name	[Please enter.]
	Relationship to Firm	[Please enter.]
	Firm / Title	[Please enter.]
	Business Address	[Please enter.]
	Business Telephone	[Please enter.]
	Business Email	[Please enter.]