

**Laborers' and Retirement Board Employees'
Annuity and Benefit Fund of Chicago**
A Component Unit of the City of Chicago



REQUEST FOR PROPOSAL

INVESTMENT ADVISORY SERVICES
October 23, 2020

INTRODUCTION

The Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago (the "Fund" or "LABF") is hereby issuing a request for proposal ("RFP") to solicit proposals from qualified firms interested in providing *Volatility Risk Premium Investment Advisory Services* ("Proposers"). The Fund shall conduct the RFP process in accordance with applicable provisions of the Illinois Pension Code, the Fund's Investment Policy Statement, the Fund's Procurement Policy for Investment Advisers and Consultants, and the Fund's Ethics Policy, as amended from time-to-time.

LABF is committed to increasing racial, ethnic, and gender diversity in all aspects of its utilization of vendors to provide goods and services to the Fund, to the greatest extent feasible, and within the bounds of financial and fiduciary prudence. To that end, the Fund encourages qualified minority-, female-, and disabled-owned firms to submit proposals to this RFP.

All documents pertaining to this RFP are available on the Fund's website at <http://www.labfchicago.org/investments/procurements/>. Proposers are responsible for monitoring LABF's website for information pertaining to the RFP while the RFP is outstanding.

ABOUT LABF

Established in 1935, LABF is a pension fund of the City of Chicago. The Retirement Board of LABF (the "Board") is responsible for the general administration of the Fund. Decisions in regard to awarding mandates are made at the sole discretion of the Board in exercising its investment authority to ensure the prudent investment of Fund's assets. The Fund is governed by the Illinois Pension Code. To learn more about the Fund and its policies, please visit the Fund's website at www.labfchicago.org; and review the Illinois Pension Code, [40 ILCS 5/1 et seq.](#), [40 ILCS 5/1A et seq.](#), and [40 ILCS 5/11 et seq.](#)

RFP DETAILS

Date Search Authorized by the Board: October 20, 2020

Quiet Period: The Quiet Period shall commence upon the Board’s authorization of an investment advisory services search and end when the selection has been made by the Board and a contract is reached with the investment advisor(s). Proposers may not have discussion related to the RFP with Board members and LABF’s investment staff during the Quiet Period, except as permitted under the LABF’s Procurement Policy for Investment Advisors and Consultants. A Proposer will be disqualified from the selection process for violating the Quiet Period. **The Quiet Period for this RFP began October 20, 2020.**

Scope of Services: The Proposer, a qualified investment adviser, shall serve as a fiduciary to LABF and have independent discretionary authority with respect to the management of the portfolio, subject to the agreed upon objectives and guidelines. To be considered, the candidates must be an existing volatility risk premium strategy manager that meets the minimum qualifications found below. Both a separate account and a commingled fund will be considered. The investment return objective will be a mutually agreed upon premium over an approved benchmark, such as the CBOE PutWrite Index, net of fees, over a three- to five-year time period.

Expected Size of Mandate: \$40 to \$50 million

RFP Timeline (all subject to change at the discretion of LABF):

Request for Proposal Issued	October 23, 2020
Due Date to Submit Written Questions	October 30, 2020, 3:00PM CST
Q&A Document Posted	November 5, 2020
Due Date for Proposal	November 20, 2020, 3:00PM CST
Potential Interviews	TBD
Finalist Notified By	TBD

Submission: The Fund’s staff and investment consultant, Marquette Associates, Inc. (“Marquette”), shall oversee the RFP process. If your firm is interested in submitting a proposal, you must submit an electronic copy of the complete proposal by 3:00 pm CST on November 20, 2020 to openrfp@marquetteassociates.com and RFP@labfchicago.org. **Any proposal received after the November 20, 2020 due date and time will not be considered.**

Inquiries: Procedural questions concerning the RFP must be submitted in writing via email to both submission email addresses provided above by 3:00 pm CST on October 30, 2020. Oral inquiries are not permitted. Responses to questions properly submitted will be consolidated in a single Q&A document posted on LABF’s website by November 5, 2020. ***Please note:*** Respondents will not receive individualized responses from the contact in response to questions submitted. Respondents must review the Q&A document posted on LABF’s website to receive answers to all questions submitted.

PROPOSAL EVALUATION AND SELECTION PROCESS

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

- Stability and General Experience of the Proposer – as measured by the stability of the financial condition of the firm and experience in providing investment management services to institutional clients.
- Key Personnel – Personnel to be assigned to this account, including key professionals, applicable portfolio managers, back-up and other staff assistance, and education and experience of all such key personnel. Assignments to be evaluated are defined as individuals who spend a majority (greater than 50%) of their time working on the product(s).
- Stability and Expertise – (a) Similar work performed for other institutional investors, with references to be specified in the proposal; (b) assets under management; (c) investment experience as it pertains to the product(s).
- Client References – as measured by the quality of the institutional references provided.
- Performance – Past performance measured on both an absolute and relative basis.
- Process – Consistent process implementation at the firm and product level, as measured by return consistency, portfolio construction methodology, and the implementation of risk controls.
- Philosophy and Style – The extent to which the proposed philosophy and style best complement existing philosophies and styles within LABF's portfolio and meet the requirements and expectations as presented in this RFP.
- Fees – Reasonableness and competitiveness of fees.
- Commitment to Sustainability – the ability to implement material, relevant, and decision-useful sustainability factors in the investment decisions, including, but not limited to (1) corporate governance and leadership factors; (2) environmental factors; (3) social capital factors; (4) human capital factors; and (5) business model and innovation factors.
- RFP Proposal – Clarity and responsiveness to requirements as requested in the RFP.

TERMS AND CONDITIONS

- LABF reserves the right to reject any or all proposals or any portion(s) thereof, and to negotiate with any one or more of the Proposers. Further, LABF reserves the right to cancel this RFP.
- LABF is not responsible for any costs incurred by the Proposers in responding to this RFP.
- Proposers are advised that proposal materials are subject to the Illinois Freedom of Information Act (5 ILCS 140) (“IL FOIA”). After completion of the RFP process, which may include selection by the Board and successful negotiation of a contract, proposals submitted may be viewed and copied by any member of the public, including news agencies and competitors. Proposers claiming a statutory exemption from the IL FOIA for information within the Proposers’ submission must specifically identify relevant language as confidential, and identify in the email transmission of the proposal whether confidential information is included. Further, each page of confidential documentation must be labeled as such. The Proposer must also specify which statutory exemption applies for each piece of confidential information. The Illinois Freedom of Information Act can be found at the Illinois General Assembly’s website (<http://www.ilga.gov/>). LABF reserves the right to make determinations of confidentiality pursuant to IL FOIA and Illinois Attorney General interpretation.
- This RFP is neither a contract nor meant to serve as a contract. A Proposer’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.

MINIMUM QUALIFICATIONS

To be considered, a firm submitting a response to this RFP must meet/comply with the following minimum qualifications:

1. Proposer must be able to enter into a written agreement with LABF that complies with the requirements found in the Illinois Pension Code and Fund's policies. Proposer must complete the RFP Suitability Questionnaire to determine compliance with the requirements established by the Board and the Illinois Pension Code as a prerequisite to the LABF reviewing the Proposer's RFP response;
2. Proposer must be (i) registered as an investment adviser under the federal Investment Advisers Act of 1940 (15 U.S.C. 80b-1, et seq.) or (ii) a bank, as defined in the federal Investment Advisers Act of 1940 (15 U.S.C. 80b-1, et seq.);
3. Any person or entity providing to the LABF the services sought by this RFP must agree in writing and without limitation to serve as a "fiduciary" to the Fund in accordance with the Illinois Pension Code (40 ILCS 5/1-101, et seq.) and to act in accordance with all requirements and standards of conduct applicable to fiduciaries (the fiduciary acknowledgement is required regardless of the proposed product's structure);
4. The key decision makers must each possess more than five (5) years investment experience and a minimum of three (3) years verifiable investment experience in the asset class;
5. Proposer must have a track record of at least three (3) years (the most recent three (3) year period ending September 30, 2020) of experience managing assets within the asset class;
6. Proposer must have at least \$1 billion in firm assets under advisement and \$300 million of assets under management in the particular strategy being submitted for consideration;
7. The portfolio management team must have worked together continuously for at least the past three (3) years;
8. As of September 30, 2020, and for at least the three (3) most recent continuous years, Proposer must have a verifiable operating history with institutional clients with similar size, complexity and asset mix to the LABF;
9. The proposed strategy must provide liquidity on at least a monthly basis; and
10. Proposer's Annual Investment Management Fee must be negotiable and not exceed 35 basis points for the proposed mandate.

To the greatest extent feasible, and within the bounds of financial and fiduciary prudence, the Board is committed to increasing racial, ethnic, and gender diversity in all aspects of its utilization of vendors to provide goods and services to the Fund. Any Proposer qualifying as a "minority-owned business", "women-owned business" or "business owned by a person with a disability", as those terms are defined in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act, are exempt from (4), (5), (6), (7) and (8) above and will be evaluated for further consideration at the discretion of the Board.

PROPOSAL SUBMISSION CHECKLIST

Incomplete responses to this RFP will automatically be eliminated from consideration.

Cover Letter – Proposer must provide a cover letter, on official business letterhead, signed by an individual authorized to legally bind the Proposer. The letter must contain/attest to the following:

- a) A statement confirming that the Proposer has not retained, and will not retain, a person or entity to attempt to influence the outcome of the Fund's decision or procurement of services under this RFP, for compensation, contingent in whole or in part upon the Fund's decision or procurement. Statement that the proposal is being made without fraud or collusion and that the Proposer 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 this RFP, the Proposer's submission, or the Fund's selection.
- b) Statement that the Proposer meets each of the minimum qualifications of this RFP.
- c) Statement that the proposal is a firm and irrevocable offer good for one (1) year from the date of the proposal.
- d) Statement that discloses any current business relationship or any current negotiations for prospective business with a Board member(s), the Fund, the Fund's Executive Director, the Fund's investment staff, or the Fund's investment consultant.
- e) The verification statement:
I certify under penalty of perjury, that I am an individual authorized to legally bind the Proposer, that I have personally examined and am familiar with the information submitted in this disclosure and all attachments, and that the information is true, accurate, and complete. I acknowledge and agree that, under 40 ILCS 5/1-135, any person who knowingly makes any false statement or falsifies or permits to be falsified any record in an attempt to defraud the LABF is guilty of a Class 3 felony.
- f) The name, title or position, e-mail address, and telephone number of the individual signing the cover letter on behalf of Proposer.

RFP Suitability Questionnaire – Proposer **must address all the questions** in the order they are listed. The response to the RFP Suitability Questionnaire must be signed by an individual authorized to legally bind the Proposer.

Request for Information (RFI) Questionnaire – Please complete the RFI Questionnaire for this RFP (Separate Word Attachment). For this item to be marked as complete, Proposer must a) return the RFI in word format (not PDF format); and b) provide all requested attachments in their proper format, where designated.

Diversity Data - Please complete the Diversity Data Excel file. For this item to be marked as complete, **both tabs must be completed**. The information requested under "ILPC Required Disclosures" tab is required by the Illinois Pension Code (40 ILCS 5/1-113.21).