

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

June 22, 2017

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 *Equity and Fixed Income Index Strategy Investment Advisory Services* ("Proposers"). The Fund shall conduct the RFP process in accordance with applicable provisions of the Illinois Pension Code, the Fund's Statement of Investment Policy, the Fund's Procurement Policy, and the Fund's Ethics Policy, as amended from time-to-time.

All documents pertaining to this RFP are available on the Fund's website at <http://www.labfchicago.org/investments/investment-opportunities/>. 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 shall be 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 Board: June 20, 2017

Scope of Services: To be considered, the candidates must be an existing equity and fixed income index strategy manager that meets the minimum qualifications found below. The chosen manager will be utilized for future index strategy allocations by LABF benchmarked to indices related to global equities and fixed income.

Expected Size of Mandate: TBD

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

Request for Proposal Issued	June 22, 2017
Due Date to Submit Written Questions	June 29, 2017
Q&A Document Posted	July 6, 2017
Due Date for Proposal	July 14, 2017
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 5:00 pm CDT on July 14, 2017 to LABF@marquetteassociates.com and RFP@labfchicago.org. ***Do not send hard copies of your response. Any proposal received after the July 14, 2017 due date and time will not be considered.***

Inquiries: Procedural questions concerning the RFP must be submitted in writing via email to the submission email addresses provided above by June 29, 2017. 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 July 6, 2017. ***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.

Quiet Period: The Quiet Period shall commence upon the Board’s authorization of an investment advisor search and end when the selection has been made by the Board and a contract is reached with the investment advisor. Proposers may not have discussion related to the RFP with Board members during the Quiet Period. A Proposer will be disqualified from the selection process for violating the Quiet Period. **The Quiet Period for this RFP began June 20, 2017.**

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 Firm – 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.
- RFP Proposal – Clarity and responsiveness to requirements as requested in the RFP.

All RFPs will be reviewed and evaluated by the Board and the Fund's investment consultant. The Board will be responsible for the final selection of the firm(s) hired.

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’ submissions must 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 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.
- Proposer must be able to enter into a written agreement with the Fund that complies with the requirements found in the Illinois Pension Code.
- 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 Board reviewing the Proposer's RFP response;
2. Any person or entity providing to the LABF the services sought by this RFP must agree 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;
3. 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 index products;
4. The responding firm must have a three (3) year (the most recent three (3) year period ending June 30, 2017) verifiable GIPS compliant investment performance record in index products;
5. The responding firm must have a minimum of \$5 billion in assets under management in index products;
6. The portfolio management team must have worked together continuously for at least the past three (3) years;
7. The proposed strategy must provide liquidity on at least a monthly basis;
8. Proposer must be able to provide historical allocation data and other requested documents.

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", "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, are exempt from (3), (4), (5) and (6) 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) 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 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, 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 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.
- 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.

Index Provider Request for Information (RFI) – Please complete and return the Index Strategy Manager RFI (Separate Word Attachment). For this item to be marked 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.

Documents as Requested (Form ADV Part II, completed Employee Diversity Table, code of ethics, etc.).