



**ILLINOIS FIREFIGHTERS' PENSION INVESTMENT FUND**  
**Request for Competitive Proposals: Passive Investment Management**

**I. OVERVIEW**

The Illinois Firefighters' Pension Investment Fund ("FPIF") hereby issues a request for competitive proposals ("RFP") from qualified firms ("Respondent(s)" or "Manager(s)") to provide passive investment management services. Specifics with regards to the potential mandate(s) are provided in Section V, Scope of Services.

Established on January 1, 2020 under Article 22C of the Illinois Pension Code ("IPC") (40 ILCS 5/4 and 22C), FPIF is a brand-new public pension fund that is responsible for consolidating, managing, and investing the pension assets of 296 firefighter pension funds that are governed by Article 4 of the Illinois Pension Code ("Participating Pension Funds"). The FPIF is governed by a nine-member Board of Trustees (the "Board"). The Illinois Pension Code provides that each Participating Pension Fund shall transfer its assets to FPIF as soon as reasonably practicable and that FPIF shall receive all pension fund assets, which are estimated to be approximately \$6.7 billion, no later than June 30, 2022. More information regarding FPIF can be found at: [www.ifpif.org](http://www.ifpif.org).

All forms needed to submit a response to this RFP are available on FPIF's website at: [www.ifpif.org/employment-procurement/](http://www.ifpif.org/employment-procurement/). Respondents to this RFP are responsible for monitoring FPIF's website for information pertaining to the RFP while the RFP is outstanding.

**II. RFP TIMELINE**

- |  |                             |
|--|-----------------------------|
| A. Date of Issue:                      | March 29, 2021              |
| B. Deadline Submit Written Questions:  | April 7, 2021, 12:00 PM CDT |
| C. Q&A Document Posted:                | April 12, 2021              |
| D. Response Due Date:                  | April 15, 2021, 3:00 PM CDT |
| E. Due Diligence:                      | On or About April 19, 2021  |
| F. Potential Interviews:               | On or About April 26, 2021  |
| G. Investment Committee Presentations: | May 12, 2021                |
| H. Board Presentations:                | June 4, 2021                |

### III. **FPIF QUIET PERIOD**

The quiet period shall begin on the date that this RFP is issued and continue until the Manager(s) are selected by the Board and under contract or the RFP process is abandoned or declared complete. No *ex parte* communication with the Board, any individual Trustee, staff, or service provider (other than communication in the ordinary course of business in the event that the Respondent is a current service provider, provided that such communication shall be limited to contact with FPIF employees with whom such service provider ordinarily interacts on matters germane to the services being rendered and shall not, in any event, relate to this procurement) is permitted during the quiet period. Respondents should direct all questions and communications regarding this search to the Search Contact(s) specified below, following the process identified in this RFP. No Respondent may, at any time, attempt to influence the evaluation other than by a properly submitted response to this RFP or to a formal request for information or presentation.

The purpose of the quiet period is to ensure that all prospective service providers have equal access to information regarding the search objective and requirements, to be certain that communications are consistent and accurate, and to make the search process and selection process efficient, diligent, and fair. Respondents may be disqualified for failure to adhere to the requirements of this section.

### IV. **PROPOSAL SUBMISSION**

FPIF's staff shall oversee the RFP process. If a Respondent is interested in submitting a proposal, the Respondent must submit an electronic copy of the complete proposal by **April 15, 2021, 3:00 P.M. CDT** to:

#### **SEARCH CONTACT:**

Mitchell Green, Portfolio Officer  
[MGreen@ifpif.org](mailto:MGreen@ifpif.org)

**And**

Illinois Firefighters' Pension Investment Fund  
[Information@ifpif.org](mailto:Information@ifpif.org)

Procedural and substantive questions concerning the RFP must be submitted via e-mail to the Search Contact by **April 7, 2021, 12:00 P.M. CDT**. Responses to questions properly submitted will be consolidated into a single Q&A document and posted on FPIF's website on **April 12, 2021**. 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 by a Respondent. Respondents must review the Q&A document posted on the FPIF's website to receive answers to all questions submitted.**

If staff has a question(s) regarding how to interpret a Respondent's proposal, staff is authorized to request additional information from that Respondent.

All interested Respondents must submit their responses in accordance with the proposal submission instructions below. FPIF reserves the right to reject any or all proposals submitted, in its sole discretion. All material submitted in response to this RFP will become the property of FPIF and may be subject to public disclosure in accordance with the requirements of the Illinois Freedom of Information Act (5 ILCS 140). FPIF is not responsible for any costs incurred by the Respondents in responding to this RFP. Neither this RFP nor any response to this RFP should be construed as a legal offer.

**ANY PROPOSAL RECEIVED AFTER THE APRIL 15, 2021 DUE DATE AND TIME WILL NOT BE CONSIDERED.**

**PROPOSALS MUST CONTAIN THE FOLLOWING DOCUMENTS:**

- A. Transmittal Letter. A transmittal letter must be submitted on the Respondent's official business letterhead. The letter must identify all documents provided collectively as a response to the RFP and must be signed by an individual authorized to bind the Respondent contractually. **An unsigned proposal will 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 or received any finder's fees, inducements, or any other form of remuneration, monetary or non-monetary, from any individual or entity relating to the RFP, the Respondent's proposal, or the FPIF's resulting selection.
  - Statement that discloses any current business relationship or any current negotiations for prospective business with FPIF, the Board or any individual Trustee, or any FPIF staff.
- B. Minimum Qualification Certification. The Respondent must complete the certification and provide all supporting documentation.
- C. Questionnaire. The Respondent must address the questionnaire items in the RFP in the order in which they appear in the RFP. Further, each question number and question in the RFP shall be repeated in its entirety before stating the answer. **Please do not respond to ANY question with, "See response to {question number}."** Instead, provide complete responses that fully and adequately communicate the response. Please note that certain questions require supporting documentation. This additional documentation should be submitted as attachments to the questionnaire. Do not adjust question numbering.
- D. Excel Datasheet. The Respondent must complete the included excel data sheet and include data for each submitted strategy. FPIF is requesting data for separately managed accounts and collective trust vehicles (both with and without securities lending programs). Please provide data for each vehicle iteration your firm offers.
- E. Exhibit A. The Respondent MUST complete Exhibit A and provide all supporting documentation.
- F. Exhibit B. The Respondent MUST complete Exhibit B. The representations and certifications will be incorporated into any engagement agreement. Limited drafting changes may be negotiated during any contract negotiation.

***For additional information related to the RFP process and regulations, please refer to Appendix 1, attached and incorporated herein.***

## **V. SCOPE OF SERVICES**

FPIF seeks investment managers to provide passively managed equity and fixed income investment management services. The Manager(s) selected will work with FPIF's Staff, Investment Consultant, and Custodian, and may report to FPIF's Board and Committees as needed.

FPIF intends to contract with one or more passive investment management firms to manage multiple passive mandates. FPIF will consider separately managed accounts and collective trust vehicles. FPIF does not intend to implement a securities lending program with its separately managed accounts, though will consider collective trusts with and without securities lending programs.

FPIF is in the process of consolidating 296 Illinois firefighter pension systems into a single pension fund. A conservative estimate of FPIF's total net asset value following the consolidation process is \$6.7 billion.

FPIF plans to receive the assets of its Participating Pension Funds in the fourth quarter of 2021. More specifically, the first phase of assets will be brought under FPIF's custody in October, the second phase in November, and the third phase in December. The size of each phase is not yet determined. However, FPIF intends to invest 100% of its portfolio in passively managed strategies and plans to receive the vast majority of its Participating Pension Funds' assets by the end of 2021. While certain Participating Pension Funds hold illiquid assets that will not be moved into passive investment options, FPIF does not anticipate that illiquid assets will comprise a substantial portion of its portfolio.

FPIF seeks proposals for market capitalization-weighted index funds that provide the following exposures:

- Large-Cap US Equity
- Mid-Cap US Equity
- Small-Cap US Equity
- Developed International Equity
- Developed International Small-Cap Equity
- Emerging Markets Equity
- Emerging Markets Small Cap Equity
- US Core Fixed Income
- US Long Term Treasuries
- US Intermediate Treasuries
- US TIPS (1-10 year or shorter)
- US Investment Grade Credit
- US Investment Grade Intermediate Credit
- US Short Term Credit
- Emerging Markets Fixed Income (Hard)
- Emerging Markets Fixed Income (Local)

FPIF has not adopted its asset allocation policy. Tentatively, FPIF's Investment & Operations Committee is scheduled to meet on May 12, 2021 to consider and approve its initial asset allocation policy. At the same meeting, FPIF Staff intends to present its recommendation related to this Passive Investment Management RFP. Fees for a variety of mandate sizes are requested in Section VII. FPIF Staff may provide more specific sizes for its mandates throughout the RFP process and may solicit revised fee proposals. FPIF may also request that respondents provide additional information and data through a secure online website. Please monitor FPIF's website for updates.

**VI. POST PERFORMANCE REVIEW**

Any Respondent retained by FPIF will undergo quarterly performance reviews, at the discretion of FPIF's Staff or Investment Consultant, wherein the Respondent's compliance with agreed upon objectives and deliverables will be assessed. Evidence of material non-compliance will be reviewed by FPIF's Staff and Investment Consultant, as well as the Board, if necessary.

**VII. MINIMUM APPLICABLE QUALIFICATION REQUIREMENTS AND CERTIFICATION**

Respondents must satisfy each of the following minimum qualifications for this RFP, in order to be given further consideration by the Board. Failure to satisfy each of the requirements will result in the rejection of the proposal. Failure to provide complete information may result in the rejection of the proposal.

**Please indicate "Yes" or "no" where indicated. If evidence is requested, please provide complete documentation.**

1. Respondent is at least one of the following: (i) registered as an investment adviser under the federal Investment Advisers Act of 1940 (15 U.S.C. 80b-1, et seq.); (ii) registered as an investment adviser under the Illinois Securities Law of 1953; or (iii) a bank, as defined in the Investment Advisers Act of 1940. (Yes/No): \_\_\_\_\_
2. Respondent and its proposed team have all authorizations, permits, licenses, and certifications required by federal, state, and local laws and regulations to perform the services specified in this RFP at the time Respondent submits a response to the RFP. (Yes/No): \_\_\_\_\_
3. If retained, Respondent agrees to serve as a fiduciary as defined by the Illinois Pension Code. (Yes/No): \_\_\_\_\_
4. Respondent has a lead portfolio manager assigned to the account with at least two (2) years of experience at the firm and ten (10) years in the industry as of December 31, 2020. (Yes/No): \_\_\_\_\_
5. If retained, Respondent will submit periodic written reports, as requested, for FPIF's review. All returns on investment shall be reported as net returns after payment of all fees, commissions, and any other compensation, in addition to any other reporting requested. (Yes/No): \_\_\_\_\_
6. Respondent maintains sufficient procedures and capabilities necessary to ensure the timely and accurate backup and full recovery for all computers and other data storage systems related to FPIF's account(s). (Yes/No): \_\_\_\_\_

IF RESPONDENT PROVIDED A "NO" RESPONSE TO ANY OF THE MINIMUM QUALIFICATION REQUIREMENTS ABOVE, RESPONDENT SHOULD NOT SUBMIT A PROPOSAL TO FPIF.

PLEASE CERTIFY THE RESPONDENT'S SATISFACTION OF THE MINIMUM QUALIFICATIONS BY PROVIDING THE RESPONDENT'S AUTHORIZED SIGNATURE BELOW.

Authorized Signer Name: \_\_\_\_\_

Title: \_\_\_\_\_

Respondent Firm: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

## VIII. QUESTIONNAIRE

### Organizational Background

#### Firm

1. Please provide the year that the Respondent was established and provide a brief history of the organization.
2. Please provide the organization's name, as well as the name, title, address, phone number, fax number, and email address of the individual who will serve as FPIF's primary contact.
3. Please provide the address of the Respondent's headquarters and all branch offices. Additionally, please provide the Respondent's website.
4. Please comment on the financial solvency of the Respondent. Does the Respondent carry any debt? If so, what is the amount? If applicable, what plans are in place to pay off firm debt? Please describe the timeframe.
5. What is the minimum asset level required for the Respondent to remain profitable?
6. Please provide a brief description of the Respondent's plans for growth, such as asset growth, personnel growth, and succession planning over the next 3-5 years.
7. Is the Respondent a "minority-owned business," "Woman owned business," or "business owned by a person with a disability," as those terms are defined in the Illinois Business Enterprise for Minorities, Women, and Persons with a Disabilities Act (30 ILCS 575/0.01 et seq.)? Indicate the percentage of the Respondent owned by women and/or minorities/and or persons with a disability. If so, please attach state or local registration.
8. Please describe the Respondent's disaster recovery and business continuity plans.
9. Please address the Respondent's back-up capabilities and/or offsite location(s), particularly related to the Respondent's trading desk, in the event that the primary office location is inaccessible.
10. Describe the Respondent's security environment. Specifically, cover the physical, digital security, and policy measure safeguards in place to control access to portfolio reporting systems and client account information.
11. How does the Respondent defend against cyber-attacks?
12. Has the Respondent had its security assessed by a third party? If so, when was this last completed and by which provider?
13. Has the Respondent ever experienced a data security breach? If so, please describe the incident as well as the corrective actions.

#### Ownership

14. Please discuss the Respondent's ownership structure, including the percentage of the firm owned by current active employees. Please include an organizational chart diagramming the relationships between professional staff, as well as the reporting line with any parents, subsidiaries, and/or affiliates.
15. Have there been any changes to the Respondent's ownership structure in the past five years? If so, please explain in detail.
16. Please explain any known or potential material changes in the Respondent's ownership or personnel.

**Client Mix**

17. Please provide the percentage of assets under management at the firm by client type using the format below as of December 31, 2020. Additionally, please provide a brief explanation as to the contents of "other."

	Corporate	Foundation/ Endowment	HNW/ Family	Insurance/ Financial	Mutual Fund	Public
Firm						

	Religious	Taft-Hartley	Other
Firm			

18. Please provide the total number of clients that the Respondent has by client type using the format below as of December 31, 2020.

	Corporate	Foundation/ Endowment	HNW/ Family	Insurance/ Financial	Mutual Fund	Public
Firm						

	Religious	Taft-Hartley	Other
Firm			

19. Please provide the Respondent’s aggregate client turnover using the format below.

	2016	2017	2018	2019	2020	YTD
# of Clients Gained						
Assets (\$MM) Gained						
# of Clients Lost						
Assets (\$MM) Lost						

**Team**

- 20. Please provide brief biographies of the Respondent’s investment professionals (analysts/portfolio managers/traders).
- 21. Please detail firm ownership stakes held by investment professionals and other team members.
- 22. Describe the compensation plan of the investment professionals. Please distinguish the differences between the portfolio manager's compensation and analysts’ compensation.
- 23. Please specifically describe whether the bonus plans are based on asset growth, investment performance, or some combination. If any or part of the compensation is based on investment performance, please specifically cite the performance measurement (performance vs. peers, vs. benchmark) and the time-period involved (1 year, 3 years, or a weighted measurement).
- 24. Are the investment professionals under employment contracts with the firm? What are the terms of the employment contracts, including non-compete clauses?
- 25. Discuss all turnover of investment professionals (analysts/portfolio managers/traders) at the firm in the last five years.
- 26. Please provide brief biographies of the key investment professionals that manage each proposed product. What is the estimated percentage of time that each professional devotes solely to each passive product?

**Compliance**

- 27. Is the Respondent affiliated with a broker-dealer?
- 28. If the Respondent is affiliated with a broker dealer, does the Respondent trade with its affiliated broker dealer? What percentage of trades for each product execute through the affiliated broker dealer?
- 29. If the Respondent is affiliated with a broker dealer, please describe, in detail, the processes the Respondent has in place to prevent the transmission of material nonpublic information between the asset management arm and the broker dealer.
- 30. If the Respondent is affiliated with a broker dealer, please describe the separation of duties and systems between the broker dealer and asset management with regards to traders, back office, and settlement functions.

31. If the Respondent is affiliated with a broker dealer, does the affiliated broker dealer have a separate profit and loss statement than the rest of the firm's business entities? If not, please explain.
32. Is the Respondent compliant with GIPS® Standards? Has the Respondent contracted with an outside firm to conduct a GIPS® verification? If so, please indicate the last verification year and the name of outside firm. Please provide the most recent verification letter.
33. Is the Respondent a registered investment advisor? Please attach a copy of the firm's ADV Part II.
34. Please provide a description of any past or pending regulatory action, litigation, or other legal proceedings involving the Respondent or any registered employees and/or principals as defendants in the last 10 years.
35. In the last ten years, has the Respondent been disciplined, barred, censured, or suspended by the SEC, FINRA, or subject to any material regulatory action by any federal or state agency? If so, please explain thoroughly.
36. When was the Respondent's last audit by the SEC, DOL, or any regulatory agency? Please include the month and year.
37. Please explain any and all findings on the firm's most recent SEC audit, including minor deficiencies. Please attach a copy of the SEC Review findings and firm responses.
38. What is the Respondent's Errors & Omissions (E&O) Insurance policy limit in millions? Please attach proof of E&O Insurance coverage.
39. Does the Respondent have a dedicated compliance officer?
40. Who is the Respondent's independent auditor and how long has the independent auditor been serving in this capacity?
41. What is the Respondent's personal trading policy? What procedures are in place for personal trading policy violations? How many violations of the Respondent's personal trading policy have occurred in the past 12 months? Please describe the nature of each violation.
42. What software, systems and/or processes are in place to ensure adherence to client-specific guidelines?

### **Trading and Soft Dollars**

43. Please describe the Respondent's policy on soft dollar trading.
44. If the Respondent utilizes soft dollars, please list the top five brokers utilized in the last calendar year. Additionally, please rank the firm's top-five soft dollar relationships in 2020 by dollar value in descending order.
45. If a client requests that no soft dollars be used in the construction of their separate account, could the Respondent comply?
46. Describe the impact on portfolio performance and trading costs if the Respondent did not utilize soft dollars.
47. Please provide a list of the minority-owned brokerage firms utilized by the Respondent.
48. Does the Respondent conduct step-outs or direct trades with minority-brokerage firms? Please indicate the breakout of step-outs to direct trades.
49. What percentage of the firm's actual trades are with minority-owned brokerage firms?
50. Please discuss the portfolio manager's interaction with the trading desk.
51. How are orders communicated? Does the portfolio manager specify bids?

- 52. Describe the Respondent's ability to accommodate large or frequent cash redemptions or contributions.
- 53. What OMS and other trading systems/technology does the Respondent utilize?

**Product Investment Process**

- 54. Please provide a detailed description of the Respondent’s replication, sampling, and/or stratified sampling approach. Please provide detail for the Russell Top 200, Russell Mid Cap, S&P 600, MSCI World ex-US, MSCI World ex-US Small Cap, MSCI EM, MSCI EM Small Cap, Bloomberg Barclays US Aggregate, Bloomberg Barclays US TIPS 1-10 Yr., Bloomberg Barclays US Intermediate Treasury, Bloomberg Barclays US Long Treasury, Bloomberg Barclays US Credit, Bloomberg Barclays US Intermediate Credit, Bloomberg Barclays US 1-5 Yr. Credit, JPM EMBI Global Diversified, JPM GBI-EM Global Diversified, and comparable investment options.
- 55. Describe the Respondent's approach to adapting to changes in the benchmark index. Please ensure you respond to this question for each strategy proposed in this RFP.
- 56. Describe the Respondent's approach to reinvesting interest/dividends and other cash accumulations. Please ensure you respond to this question for each strategy proposed in this RFP.
- 57. What is the expected and historic tracking error of the product versus the benchmark? Please ensure you respond to this question for each strategy proposed in this RFP.
- 58. Describe how the firm views the trade-off between tracking error and minimizing transaction costs. If the response changes based on the strategy, please make sure to respond for each respective strategy proposed in this RFP.
- 59. As some passive fixed income strategies may have small active components in terms of credit selection or sector allocation, please provide a complete review of the firm's investment methodology for the product and the decision-making process. If appropriate, please comment specifically on: Top-down versus bottom-up analysis, Initial universe/benchmark, Liquidity criteria, Credit Research, Security selection criteria, Buy/sell decision, Sector weightings, Number of portfolio holdings, Duration positioning, and Yield Curve positioning.
- 60. If the Respondent’s passive fixed income strategies have any active component, please provide the closest estimate of the decision-making process of the fixed income products by weighting the following factors:

	Percent
<b>Credit Research</b>	
<b>Duration</b>	
<b>Economic Outlook</b>	
<b>Sector Selection</b>	
<b>Security Selection</b>	
<b>Total</b>	<b>100%</b>

61. What part(s) of the Respondent's process add the most value? Please provide backup data to support the response. If the response changes based on the strategy, please make sure to respond for each respective strategy proposed in this RFP.
62. Has there been a time when the product performance deviated from its benchmark? If so, please explain. Please ensure you respond to this question for each strategy proposed in this RFP.
63. Have there been any changes to the product's investment process over the past five years? If so, please describe in detail. Please ensure you respond to this question for each strategy proposed in this RFP.
64. Please discuss the Respondent's risk analysis and control methodology.
65. What distinguishes the Respondent from other investment managers that manage the same products? If the response changes based on the strategy, please make sure to respond for each respective strategy.
66. Does the Respondent offer vehicles with and without securities lending?
67. Provide an overview of the Respondent's securities lending operation. How long has the firm been engaged in securities lending? Has the Respondent ever been sued for any matter related to securities lending?
68. How many borrowing relationships does the Respondent have? How are these borrowers selected? Who are the Respondent's primary borrowers? Please describe the firm's ongoing borrower monitoring process. How often is creditworthiness reviewed?
69. How is collateral invested? Does the Respondent have different risk-level investment options?
70. What has been the annual historical spread between loans and reinvestment for each asset class?
71. Does the Respondent engage in tax reclamation for commingled fund strategies? If so, please describe the process.

#### **Fees and References**

72. Please provide pricing for separate accounts without lending programs, collective trusts with lending programs, and collective trusts without lending programs in the attached excel sheet for all referenced strategies. Please be sure to include both securities lending options if available. What is the firm's current Most Favored Nations Policy? How does the firm ensure compliance with this policy?
73. Will the firm provide a discount if selected for multiple passive strategies? If so, please provide details.
74. Please provide three references, including the organization name, contact person, phone number, and email address. Public defined benefit plans comparable in size to FPIF (approximately \$7 billion) are preferred.

#### **Excel datasheet**

75. Please refer to the included excel file titled "Index Fund Matrix" to answer relevant questions for each of your firm's strategies in the asset classes outlined in the Scope of Services. At minimum, please provide detail for the Russell Top 200, Russell Mid Cap, S&P 600, MSCI World ex-US, MSCI World ex-US Small Cap, MSCI EM, MSCI EM Small Cap, Bloomberg Barclays US Aggregate, Bloomberg Barclays US TIPS 1-10 Yr., Bloomberg Barclays US Intermediate Treasury, ,

Bloomberg Barclays US Long Treasury, Bloomberg Barclays US Credit, Bloomberg Barclays US Intermediate Credit, Bloomberg Barclays US 1-5 Yr. Credit, JPM EMBI Global Diversified, and JPM GBI-EM Global Diversified. Comparable alternatives to the aforementioned index funds will be considered. Please provide comparable alternate index options as needed (e.g., S&P 500, S&P 400, Russell 2000, etc.).

**Attachments and Disclosures**

Please submit the Respondent's ADV Part I & II, SEC review findings letter, disaster recovery and business continuity plans, code of ethics, and proof of E&O insurance coverage. If applicable, please submit state or local registration for M/WBE and a GIPS verification letter.

## IX. Exhibits, Appendices, and Disclosures

### Exhibit A

In connection with and in consideration of entering into an agreement with the Firefighters' Pension Investment Fund of Illinois ("FPIF"), the Respondent will be required to agree as follows:

- 1) **Ethics**. The Respondent acknowledges and agrees that it will comply with the requirements of the Illinois Governmental Ethics Act (40 ILCS 420) and the State Officials and Employees Ethics Act (5 ILCS 430) and in accordance with FPIF's Ethics policy.
- 2) **Bribery**. The Contractor certifies that it is not barred from being awarded a contract or subcontract because of a conviction or admission of guilt for bribery or for bribing an officer or employee of the State of Illinois or any other state in that officer or employee's official capacity. 30 ILCS 500/50-5.
- 3) **Sarbanes-Oxley**. The Respondent certifies that if it has been convicted of a felony under the Sarbanes Oxley Act of 2002, or a Class 3 or Class 2 felony under the Illinois Securities Law of 1953 (815 ILCS 5), at least five years have passed from the date of conviction. Respondent certifies that it (and any executing broker or subcontractor providing services to FPIF, to the extent permitted by this agreement) is not barred from being awarded a contract under 30 ILCS 500/50-10.5. Respondent acknowledges and agrees that FPIF may declare any subsequent agreement void if any of the certification completed pursuant to this paragraph are false. 30 ILCS 500/50-10.5.
- 4) **Debt Delinquency**. Respondent and its affiliates certify that they are not delinquent in the payment of any debt to the State of Illinois, or if delinquent, they have entered into a deferred payment plan to pay off the debt. Contract and its affiliates further certify that they are not barred from being awarded a contract under 30 ILCS 500/50-11. Respondent acknowledges and agrees that FPIF may declare any subsequent agreement void if this certification is false, or if Respondent or its affiliate later becomes delinquent and has not entered into a deferred payment plan to pay of the outstanding debt. 30 ILCS 500/50-11; 30 ILCS 500/50-60.
- 5) **Illinois Use Tax**. The Respondent certifies that it is not barred from being awarded a contract under 30 ILCS 500/50-12. Respondent acknowledges and agrees that FPIF may declare this agreement void if this certification is false. Respondent shall collect and remit Illinois Use Tax on all sales of tangible personal property to the State of Illinois in accordance with the requirements of the Illinois Use Tax Act. 30 ILCS 500/50-12.,
- 6) **Environmental Protection**. Respondent certifies that it (and any executing broker or subcontractor providing services to FPIF, to the extent permitted by this agreement) has not committed a willful or knowing violation of the Environmental Protection Act ("EPA"), or at least five years have passed since the order finding a violation of the EPA, unless no person, unless no person involved in the violation continues to have any involvement with Respondent's (or broker or subcontractor's) business. Respondent acknowledges and agrees that FPIF may declare any subsequent agreement void if this certification is false. 30 ILCS 500/50-14.
- 7) **Lead Poisoning Prevention Act**. The Respondent certifies that it is not barred from doing business with the State of Illinois or any State agency, or subcontracting under the Illinois Procurement Code due to a violation of the Lead Poisoning Prevention Act. 30 ILCS 500/50-14.5.
- 8) **Conflict of Interest**. Respondent acknowledges the requirements of 30 ILCS 500/50-15, and certifies that there has been no discussion or offer of future employment to any FPIF employee or member of the Board of Trustees.

- 9) **Financial Disclosures and Potential Conflicts of Interest.** Respondent certifies that Respondent, its partners, officers, directors, executives, or any other person performing a similar function: (i) are not legally prohibited from contracting with FPIF or the State of Illinois, and (ii) have no public or private interest, direct or indirect, and shall not directly or indirectly acquire any such interest, which conflicts or potentially conflicts, in any manner, with the performance of Respondent's obligations under any subsequent agreement. Respondent acknowledges and agrees that it has a continuing obligation to disclose to FPIF any financial or other interest, public or private, direct, or indirect, that may be a potential conflict of interest or which could prohibit Respondent entering into a contract with FPIF or continuing its performance under any agreement. 30 LCS 500/50-35.
- 10) **Prohibition of Political Contributions.** The Respondent:
- a) Certifies that, since a procurement process for this proposed engagement was commenced or an informal proposal for this engagement was submitted to FPIF (whichever is earlier), neither the Respondent nor any of its affiliated persons or affiliated entities (as those terms are defined in Section 50-37 of the Illinois Procurement Code, 30 ILCS 500/50-37) has not made any contribution to (i) any political committee established to promote the candidacy of the incumbent Governor of Illinois or of any declared candidate for such office or (ii) any political committee established to promote the candidacy (for any public office) of any incumbent member of the FPIF Board of Trustees or of any other person who has declared to be seeking election or appointment to the FPIF Board of Trustees;
- b) Agrees to refrain from making any contribution described in subsection (a) of this Section 3 for two years following the expiration or termination of any engagement, and that any subsequent contract shall be voidable at the discretion of FPIF upon FPIF's determination that a violation of this Section 3 has occurred.
- 11) **Respondent Status as an "Illinois Finance Entity".** The Respondent represents that it is not an entity chartered under the Illinois Banking Act, the Savings Bank Act, the Illinois Credit Union Act., or the Illinois Savings and Loan Act of 1985 or a person or entity licensed under the Residential Mortgage License Act of 1987, the Consumer Installment Loan Act, or the Sales Finance Agency Act.
- 12) **MWDBE Disclosure.** Pursuant to Section 1-113.21 of the Illinois Pension Code, on or about each the Respondent shall disclose on an annual basis the number of its investment and senior staff and the percentage of that staff who are a minority person, a woman, or a person with a disability. Further, the Respondent shall disclose the number of contracts for investment, consulting, professional, and artistic services the Respondent has with a minority or woman owned business, or a business owned by a person with a disability. The Respondent shall also disclose the number of contracts for investment, consulting, professional, and artistic services which it has with a business other than a minority or woman- owned business, or a business owned by a person with a disability, if more than 50% of the services performed pursuant to that contract are performed by a minority person, a woman, or a person with a disability. For the purposes of this disclosure, the terms "minority person", "woman", "person with a disability", "minority owned business", "woman owned business", and "business owned by a person with a disability" have the same meaning as those terms have in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act. For the purposes of this disclosure, the terms "professional service" and "artistic service" have the same meanings as those terms have in 30 ILCS 500/1-15.60.
- 13) **Disclosure of Ownership.** Pursuant to Section 1-113.14(c) of the Illinois Pension Code, the Respondent has disclosed in writing the names and addresses of the following persons or entities: (i) any entity that is a parent of, or owns a controlling interest in, the Respondent, (ii) any entity that is a subsidiary of, or in which a controlling interest is owned by, the Respondent, (iii) any persons

who have an ownership or distributive income share in the Respondent that is in excess of seven and one-half percent (7.5%), or (iv) serves as an executive officer of the Respondent. The Respondent has further disclosed, the names and addresses of all of its subcontractors, including any third-party marketers, if applicable, and the expected amount of money each will receive under any agreement. The term subcontractor, as used herein, does not include non-investment related professionals or professionals offering services that are not directly related to the investment of assets, such as legal counsel, actuary, proxy-voting services, and services used to track compliance with legal standards.

- 14) **Disclosure of Subcontractors and Placement Agents:** The Respondent has further disclosed in the Respondent Disclosures, the names and addresses of all of its subcontractors, including any third-party marketers, if applicable, and the expected amount of money each will receive under this agreement. The Respondent further acknowledges that it shall promptly notify the Fund, in writing, if at any time during the term of this agreement, the Respondent adds or changes any subcontractors. The term subcontractor, as used herein, does not include non-investment related professionals or professionals offering services that are not directly related to the investment of assets, such as legal counsel, actuary, proxy-voting services, and services used to track compliance with legal standards.
- 15) **Drug-Free Workplace.** The Respondent certifies that it will provide a drug free workplace by engaging in the conduct prescribed in Section 3 of the Drug Free Workplace Act, 30 ILCS 580/3.
- 16) **Bid Rigging/Rotating.** The Respondent certifies that it is not barred from contracting with FPIF or an agency of the State of Illinois because of a violation of either Section 33E-3 (bid-rigging) or 33E-4 (bid rotating) of Article 33E of the Criminal Code of 1961, 720 ILCS 5/33E.
- 17) **International Boycott.** The Respondent certifies that neither it nor any substantially owned affiliated company is participating or shall participate in an international boycott in violation of the provisions of the U.S. Export Administration Act of 1979 or the regulations of the U.S. Department of Commerce promulgated under that Act. 30 ILCS 582.
- 18) **No Inducement or Placement Fees.** The Respondent certifies that no fees, commissions, or payments of any type have been or will be paid to any third party in connection with this RFP, except as disclosed in any response or an exhibit thereto as provided in 30 ILCS 500/50-25 and in 40 ILCS 5/1-145. The Respondent shall promptly notify FPIF if it ever has reason to believe that this certification is no longer accurate.
- 19) **Revolving Door Prohibition.** The Respondent certifies that it is not in violation of the revolving door prohibition under 30 ILCS 500/50-30.
- 20) **Business Entity Registration.** The Respondent certifies in accordance with the requirements of the Illinois Procurement Code that either: (a) it is not required to register, or (b) it is registered as a business entity with the State Board of Elections. The Respondent acknowledges its continuing obligation to update such registration, and agrees that any subsequent agreement is voidable in the event that it fails to comply with the requirements of 30 ILCS 500/20-160. 30 ILCS 500/50-60.
- 21) **Anti-Competitive Practices.** The Respondent acknowledges its obligation to and agrees to report to the appropriate Inspector General, the Attorney General, and the FPIF's Ethics Officer any suspected collusion or other anticompetitive practice among bidders, offerors, contractors, potential contractors, or employees of the State or of FPIF. 30 ILCS 500/50-40, 45, 50.
- 22) **No Unlawful Discrimination.** To the extent Illinois law is applicable to the Respondent, pursuant to 775 ILCS 5/2-105, the Respondent agrees to:

- (a) Refrain from unlawful discrimination and discrimination based on citizenship status in employment and undertake affirmative action to assure equality of employment opportunity and eliminate the effects of past discrimination;
  - (b) Comply with the procedures and requirements of the Illinois Department of Human Rights' regulations concerning equal employment opportunities and affirmative action;
  - (c) Provide such information, with respect to its employees and applications for employment, and assistance as the Illinois Department of Human Rights may reasonably request; and
  - (d) Have written sexual harassment policies that shall include, at a minimum, the following information: (i) the illegality of sexual harassment; (ii) the definition of sexual harassment under State law; (iii) a description of sexual harassment, utilizing examples; (iv) the Respondent's internal complaint process including penalties; (v) the legal recourse, investigative and complaint process available through the Illinois Department of Human Rights and the Illinois Human Rights Commission; (vi) directions on how to contact the Illinois Department of Human Rights and the Illinois Human Rights Commission; and (vii) Protection against retaliation as provided by Section 6-101 of the Illinois Human Rights Act. A copy of the policies shall be provided to the Illinois Department of Human Rights upon request.
- (22) **Discriminatory Club.** Respondent certifies that it does not pay any dues or fees to any discriminatory club, or otherwise subsidize or reimburse its employees or agents for any dues or fees to any discriminatory club. 775 ILCS 25.
- (23) **Illinois Prevailing Wage Act.** To the extent it applies to the Respondent and any subsequent agreement, the Respondent agrees to comply with the Illinois Prevailing Wage Act, 820 ILCS 130/1, *et seq.*
- (24) **Record Retention.** The Respondent shall maintain, for a minimum of seven years after the completion of any transition, adequate books, records, and supporting documents to verify the amounts, recipients, and uses of all disbursements of funds passing in conjunction with the transition. The Respondent shall further make all such books, records, and supporting documents related to the transition available for review and audit by any internal or external auditor of FPIF and shall cooperate fully with any such audit and will further provide any such auditor full access to all relevant materials.
- (25) **Non-Solicitation.** The Respondent agrees to notify the FPIF Ethics Officer if it solicits or intends to solicit for employment any of the employees of FPIF during the term of any engagement.
- (26) **Public Records/Open Meetings.** The Respondent understands and acknowledges that FPIF and any agreement are subject to the provisions of the Illinois Open Meetings Act (5 ILCS 120/1, *et seq.*) and the Illinois Freedom of Information Act (5 ILCS 140/1, *et seq.*).

Under penalties of perjury, the Respondent certifies that its correct Federal Taxpayer Identification Number is \_\_\_\_\_.

## Exhibit B

The Illinois Firefighters' Pension Investment Fund ("FPIF") acts as fiduciary for its member systems. As fiduciaries, the Board of Trustees (the "Board") of FPIF is responsible for managing, investing, reinvesting, preserving, and protecting fund assets.

It is the policy objective of FPIF to prevent actual, potential, or perceived conflicts of interest with its current and prospective vendors on behalf of its participants.

In furtherance of this policy, FPIF shall require the following disclosures:

### 1. Political Contribution Disclosure

All (i) vendors submitting bidding proposals to FPIF and (ii) vendors retained by FPIF, as well as each of the aforesaid vendors' solicitors, finders, officers, directors, partners, principals, lobbyists, and any individual whose compensation is directly derived by the awarding of FPIF's contracts must provide written disclosures of all political contributions made during the preceding five years to a Board Member or a Board Member's Campaign Committee and any other political contribution expressly prohibited by SEC Rule 206(4)-5 (17 CFR 275.206(4)-5), and provide disclosures in writing of any future political contributions made to Board Members or a Board Member's Campaign Committee. In addition, all vendors submitting bidding proposals to FPIF and any vendors retained by FPIF, shall affirm in writing its compliance with SEC Rule 206(4)-5.

All (i) vendors submitting bidding proposals to FPIF and (ii) vendors retained by FPIF, as well as each of the aforesaid vendors' solicitors, finders, officers, directors, partners, principals, lobbyists, and any individual whose compensation is directly derived by the awarding of FPIF's contracts must provide written disclosures of any future instances where a Board Member or a Board Member's Campaign Committee solicits any political contributions from such persons, regardless of the candidate or political campaign committee for whom the solicitation is requested.

Additionally, (i) vendors submitting bidding proposals to FPIF and (ii) vendors retained by FPIF, as well as each of the aforesaid vendors' solicitors, finders, officers, directors, partners, principals, lobbyists, and any other individual whose compensation is directly derived by the awarding of FPIF's contracts, must provide written disclosures of all political contributions made during the preceding five years to any political committee established to promote the candidacy of the office of the Governor of the State of Illinois or any other declared candidate for that office.

The failure to provide written disclosures of political contributions or solicitations may result in the disqualification or termination of the vendor.

PROVIDE RESPONDENT'S POLITICAL CONTRIBUTION DISCLOSURES IN AN ATTACHMENT.

IF RESPONDENT HAS NO POLITICAL CONTRIBUTIONS TO REPORT, INDICATE THAT RESPONDENT HAS NO DISCLOSURES TO REPORT IN AN ATTACHMENT.

## 2. Vendor Disclosure of Financial Interests and Potential Conflicts of Interest

All bidding materials from potential FPIF vendors must be accompanied by a disclosure of any ownership of the vendor in excess of 7.5%, as well as a disclosure of any distributive income share in excess of \$100,000.00 of the bidding entity and its parent entity. If the vendor is a publicly traded entity subject to Federal 10K reporting, it may submit its 10K disclosure to satisfy the 5% ownership disclosure.

Distributive income share, in this instance, is a fee, commission, bonus, or any other form of remuneration conferred by the bidding entity or its parent contingent on the bidding entity's selection for procurement of services by FPIF.

Disclosures must include at least the names, addresses, and dollar or proportionate share of ownership of each person identified and their instrument of ownership.

PLEASE PROVIDE OWNERSHIP DISCLOSURES IN AN ATTACHMENT.

IF RESPONDENT HAS NO OWNERSHIP DISCLOSURES TO REPORT, INDICATE THAT RESPONDENT HAS NO OWNERSHIP DISCLOSURES TO REPORT IN AN ATTACHMENT.

Additional disclosures will be required of a successful respondent.

## 3. Public Act 98-1022 Disclosures

Public Act 98-0122 and 40 ILCS 5/1-113.21 (the "Acts") amend the Illinois Pension Code to require certain disclosures regarding utilization of minorities, woman, and persons with a disability. For purposes of this RFP, the terms "minority owned business," "woman owned business," and "business owned by a person with a disability" are as defined in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act. In accordance with the Act, all (i) vendors submitting bidding proposals to FPIF and (ii) vendors retained by FPIF must provide the following numerical data:

- a. The number of the vendor's investment and senior staff and the percentage of its investment and senior staff who are a (i) minority person, (ii) woman, or (iii) person with a disability;

DIVERSITY PROFILE								
Name of Investment Advisory Firm:								
Data as of:								
Job Category	Non-Disabled				Disabled		Total Minority, Female and Disabled Persons	Total Staff Minority & Non-Minority
	Non-Minority		Minority		Male	Female		
	Male	Female	Male	Female				
Senior Staff (as defined by your Firm)								
Investment Professionals (Excluding Senior Staff)								
Total Senior Staff & Investment Professionals								
Percent of Total Senior & Investment Professionals								

**Note: Do not count employees twice. Employees must be placed in one category ONLY.**

**Example: A black female with a disclosed disability can go into either the “minority female” category OR the “disabled female” category, not both.**

**Additional Note: “Not Applicable” is not an acceptable response. A number must be written in each box.**

b. The number of contracts, oral or written, that the vendor has in place for investment services, consulting services, and professional and artistic services that constitute a (i) minority owned business, (ii) woman owned business, or (iii) business owned by a person with a disability; and

c. The number of contracts, oral or written, that the vendor has in place for investment services, consulting services, and professional and artistic services where more than 50% of services performed pursuant to contract are performed by a (i) minority person, (ii) woman, or (iii) person with a disability but do not constitute a business owned by a minority, woman, or person with a disability.

Number of contracts, oral or written, for investment services, consulting services, and professional and artistic services that the Respondent has with:		
	Number of Contracts	Funds Expenses to Date
Minority/Female/Disabled Firms		
Non-Minority owned Firms where greater than 50% of the services performed pursuant to the contact are completed by Minority/Female/Disabled persons within that Firm.		
Total		\$

***Note: “Not Applicable” is not an acceptable response. A number must be written in each box. If your firm does not track this information, please perform a reasonable review of your service provider relationships and answer to the best of your knowledge.***

Finally, in a separate attachment, please provide any additional information related to the Respondent’s diversity initiatives that might be useful during the search and/or selection process.

These disclosures are not intended to prohibit or prevent any contract. The disclosures are considered by the Board of Trustees of FPIF, consistent with its fiduciary duties, prior to awarding a contract. Failure to make any disclosure required by this provision may render the contract, bid, proposal, response, or relationship voidable by FPIF and may result in the termination of any existing relationship, suspension from future contracts, bids, proposals, responses, or relationships for a period up to ten years.

## **Appendix 1** **Other Information**

### **Other Procedural Information**

*Notice.* FPIF will provide notice of this RFP in one or more industry periodicals at least 14 days before the response to the RFP is due. The RFP document may also be obtained from the FPIF website. Neither this RFP nor any response to this RFP should be construed as a legal offer.

*Diversity.* Public Act 96-0006 encourages FPIF to increase the racial, ethnic, and gender diversity of its fiduciaries, to the greatest extent feasible within the bounds of financial and fiduciary prudence. In furtherance of this Act, it is the goal of FPIF to use its best efforts to increase the racial, ethnic, and gender diversity of its fiduciaries, including its investment vendors.

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

*Revisions.* 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 provided to all known Respondents and posted on the FPIF's website. If a supplement is necessary, FPIF may extend the due date and time of the proposals to accommodate any additional information requirements.

*Freedom of Information Act.* 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 FPIF 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 to the Illinois Freedom of Information Act for information within the Respondents' proposals 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 Respondent 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/>).

FPIF reserves the right to make determinations of confidentiality. If FPIF 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, FPIF may remove the proposal from consideration. Respondents waive any cause of action against FPIF if FPIF discloses any information provided by a Respondent pursuant to this RFP that was required to be disclosed pursuant to law.

*Applicable Law.* FPIF shall conduct the RFP process in accordance with applicable provisions of the Illinois Pension Code, the State Officials and Employees Ethics Act, and any other relevant authority under the Illinois Compiled Statutes. *Ex parte* communications between the FPIF and its Staff and interested parties, including Respondents, or non-interested parties shall be recorded or disclosed, in accordance with the State Officials and Employees Ethics Act.

*Other Requirements and Information.*

No Respondent shall retain a person or entity to influence (i) the outcome of an investment decision or (ii) the procurement of investment advice or services of the FPIF for compensation, contingent in whole or in part upon the decision or procurement.

FPIF shall post the name of the successful Respondent, if any, on FPIF's website, along with a disclosure including the total amount applicable to the contract, the total fees paid or to be paid and a description of the factors that contributed to the selection of the Respondent.

This RFP does not obligate FPIF to complete the RFP process. FPIF reserves the right to amend or re-bid any segment of the RFP prior to the announcement of the selected firm(s). In case of such amendment, all Respondents will be afforded the opportunity to revise their proposals to accommodate the RFP amendment. FPIF also may, at its discretion, issue a separate contract for any service or group of services included in this RFP.

The evaluation process will be structured to secure highly skilled, diligent, responsive, and experienced professional investment advisory and transition management firms who will be effective in providing the high quality of services that FPIF desires. The primary objective of the evaluation process is to select a firm that:

- clearly demonstrates a thorough understanding of the scope of the engagement and the specific responsibilities entailed;
- possesses adequate resources to handle assigned responsibilities and to handle extenuating circumstances that may arise;
- assigns highly skilled, experienced, diligent, responsive, and professional personnel to perform the required duties;
- maintains high ethical standards and reputation;
- are competitive in terms of fees; and
- have no conflict of interest existing between FPIF and other clients.

FPIF reserves the right to request additional information from any or all Respondents to assist it in its evaluation process.

**Ethics Policy**  
*of the*  
**Firefighters’**  
**Pension Investment Fund**

Adopted July 27, 2020

This Ethics Policy (this “**Policy**”) is adopted by the Board of Trustees (the “**Board**”) of the Firefighters’ Pension Investment Fund (“**FPIF**”), established under Article 22C of the Illinois Pension Code, 40 ILCS 5/1-101 et seq. (the “**Pension Code**”) to provide for the ethical and responsible management of FPIF for the benefit of its participants and beneficiaries. In the event of any inconsistency between this Policy and the provisions of applicable law, including the Pension Code, the provisions of applicable law shall prevail. This Policy serves to further supplement those provisions of the Agency Directives Manual related to the appropriate conduct of FPIF Board Members and Employees, and in the event of any inconsistency between this Policy and the Agency Directives Manual, the requirements of the more restrictive policy shall prevail.

Trustees and employees of FPIF shall at all times seek to apply the highest standards of ethical behavior and act with honor, integrity, prudence, and care. They shall act in good faith and in the best interest of participants and beneficiaries.

The Illinois General Assembly has enacted the State Officials and Employees Ethics Act, 5 ILCS 430/1-1 et seq. (“**State Ethics Act**”), to comprehensively regulate ethical conduct, political activities, and the solicitation and acceptance of gifts by State officials and employees. The Pension Code makes certain provisions within the State Ethics Act applicable to pension fund and retirement system board members and employees of public pension funds. The Board recognizes that FPIF’s staff is ultimately employed by the members of FPIF, the participating units of local government, and the taxpayers of those local governments. It is appropriate to apply the same restrictions against Prohibited Political Activity found in the State Ethics Act, and which are also applicable to units of local government, to FPIF’s employees and Board Members.

Trustees and employees will respect the policies and processes put in place to ensure proper governance of the FPIF, and shall respect and protect privileged information to which they have access by virtue of their roles as Trustees or as employees.

To further these objectives, all Board members and employees of FPIF will comply with this Ethics Policy.

**1. DEFINITIONS**

When used in this Policy, the following terms have the following meanings given to them, respectively:

“**Agency Directives Manual**” means the agency directives manual adopted by the Board on April 20, 2020, as amended from time to time by action of the Board.

**“Board Member”** means each of the elected, appointed, and ex officio members of the Board.

**“Campaign for elective office”** means any activity in furtherance of an effort to influence the selection, nomination, election, and/or appointment of any individual to any federal, State, or local public office or office in a Political Organization, or the selection, nomination, or election of Presidential or Vice-Presidential electors.

**“Candidate”** means a person who has filed nominating papers or petitions for nomination or election to an elected public office, or who has been appointed to fill a vacancy in nomination, and who remains eligible for placement on the ballot at a regular election, as defined in section 1-3 of the Election Code.

**“Compensation”** means money, thing of value, or other pecuniary benefit received or to be received in return for, or as reimbursement for, services rendered or to be rendered.

**“Compensated time”** means, with respect to an employee, any time worked by or credited to the employee that counts toward any minimum work time requirement imposed as a condition of employment, but does not include any designated holidays, vacation periods, personal time, or compensatory time off.

**“Consultant”** has the meaning ascribed to it in the Pension Code.

**“Contribution”** has the same meaning as that term is defined in section 9-1.4 of the Election Code.

**“Election Code”** means the Illinois Election Code, 10 ILCS 5/1 et seq.

**“Employee”** means an individual employed by FPIF, whether part-time or full-time, or by a contract of employment, but excludes Board Members and any third-party vendor of FPIF.

**“Employer”** means FPIF.

**“Ethics Officer”** means the ethics officer so designated by the Board; and in the absence of such a designation, the Executive Director.

**“Economic interest”** means any direct or indirect interest valued or capable of valuation in monetary terms; provided, however, that “economic interest” shall not include (1) any ownership through purchase at fair market value or inheritance of less than 1% of the shares of a corporation, or any value of or dividends of such shares, if such shares are registered on a securities exchange pursuant to the Securities Exchange Act of 1934, as amended; (2) the authorized compensation or expense reimbursement paid to a Board Member or Employee for service or employment to FPIF; (3) any economic benefit provided equally to all residents of Illinois; (4) a time or demand deposit in a financial institution; (5) an endowment or insurance policy or annuity contract purchased from an insurance company; (6) any accrued pension rights in FPIF; or (7) with respect to a mutual fund, the individual securities of other instruments owned by the mutual fund.

**“Gift”** means any gratuity, discount, entertainment, hospitality, loan, forbearance, or other tangible or intangible item having monetary value including, but not limited to, cash, food and drink, and honoraria for speaking engagements related to or attributable to FPIF employment or the official position of a Board Member or Employee of FPIF.

**“Person”** means any individual, entity, corporation, partnership, firm, association, union, trust, estate, as well as any parent or subsidiary of any of the foregoing, whether or not operated for profit.

**“Party in Interest”** means (1) any person that is a fiduciary, counsel, or Employee of FPIF or a relative of such person; (2) any person that provides services to FPIF or a relative of such person; (3) a municipality or fire protection district whose employees are covered by FPIF or a pension system established under Article 4 of the Pension Code for such a municipality or fire protection district; (4) an employee organization, any members of which are covered by FPIF; and (5) an Employee, officer or director of FPIF or of a person described under items (2), (3) or (4) above.

**“Political Activity”** means any activity in support of or in connection with any campaign for elective public office or any Political Organization, but does not include activities (i) relating to the support or opposition of any executive, legislative, or administrative action; (ii) relating to collective bargaining; or (iii) that are otherwise in furtherance of the person's official duties.

**“Political Organization”** means a party, committee, association, fund, or other organization (whether or not incorporated) that is required to file a statement of organization with the State Board of Elections or a county clerk under Section 9-3 of the Election Code.

**“Prohibited Political Activity”** means:

- (a) Preparing for, organizing, or participating in any political meeting, political rally, political demonstration, or other political event.
- (b) Soliciting contributions, including but not limited to the purchase of, selling, distributing, or receiving payment for tickets for any political fundraiser, political meeting, or other political event.
- (c) Soliciting, planning the solicitation of, or preparing any document or report regarding anything of value intended as a campaign contribution.
- (d) Planning, conducting, or participating in a public opinion poll in connection with a campaign for elective public office or on behalf of a Political Organization for political purposes or for or against any referendum question.
- (e) Surveying or gathering information from potential or actual voters in an election to determine probable vote outcome in connection with a campaign for elective public office or on behalf of a Political Organization for political purposes or for or against any referendum question.
- (f) Assisting at the polls on election day on behalf of any Political Organization or candidate for public office or for or against any referendum question.
- (g) Soliciting votes on behalf of a candidate for elective public office or a Political Organization or for or against any referendum question or helping in an effort to get voters to the polls.
- (h) Initiating for circulation, preparing, circulating, reviewing, or filing any petition on behalf of a candidate for elective public office or for or against any referendum question.

- (i) Making contributions on behalf of any candidate for elective public office in that capacity or in connection with a campaign for elective public office.
- (j) Preparing or reviewing responses to candidate questionnaires.
- (k) Distributing, preparing for distribution, or mailing campaign literature, campaign signs, or other campaign material on behalf of any candidate for elective public office or for or against any referendum question.
- (l) Campaigning for any elective public office, for or against any referendum, or for or against any referendum question.
- (m) Managing or working on a campaign for elective public office or for or against a referendum question.
- (n) Serving as a delegate, alternate, or proxy to a political party convention.
- (o) Participating in any recount or challenge to the outcome of any public office election.

**“Prohibited source”** means any person or entity who:

- (a) is seeking official action (A) by the Board, (B) by any Board Member, or (C) by an Employee;
- (b) does business or seeks to do business (A) with the Board or (B) with a Board Member or Employee;
- (c) has interests that may be substantially affected by the performance or non-performance of the official duties of the Board Member; or
- (d) is registered or required to be registered with the Secretary of State under the Lobbyist Registration Act, 25 ILCS 170/1 et seq., except that an entity not otherwise a Prohibited Source does not become a Prohibited Source merely because a registered lobbyist is one of its members or serves on its board of directors.

**“State”** means the State of Illinois.

## **2. FIDUCIARY DUTY**

**2.1 Fiduciary Duty.** Board Members and Employees who exercise discretionary authority or responsibility with respect to the management of FPIF or the management or operation of its assets shall at all times in the performance of their FPIF duties owe a fiduciary duty to FPIF and its participants and beneficiaries.

**2.2 Duties of Fiduciaries.** Pursuant to the Pension Code, a fiduciary with respect to a retirement system or pension fund established under the Pension Code shall discharge his or her duties with respect to the retirement system or pension fund solely in the interest of the participants and beneficiaries and:

- (a) For the exclusive purpose of:
  - (i) Providing benefits to participants and their beneficiaries; and
  - (ii) Defraying reasonable expenses of administering the retirement system or pension fund;
- (b) With the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims;
- (c) By diversifying the investments of the retirement system or pension fund so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so; and
- (d) In accordance with the applicable provisions of the Article of the Pension Code governing the retirement system or pension fund.

### **3. GIFTS**

**3.1 Prohibition.** Except as otherwise provided, no Board Member or Employee, and no spouse of or immediate family member living with a Board Member or Employee, shall intentionally solicit or accept any gift from any Prohibited Source or in violation of any federal or State statute, rule, or regulation. No Prohibited Source shall intentionally offer or make a gift that violates this Section.

**3.2 Exceptions.** The restrictions in Section 3.1 above do not apply to the following:

- (a) Opportunities, benefits, and services that are available on the same conditions as for the general public.
- (b) Anything for which the Board Member or Employee or his or her spouse, domestic partner, or immediate family member living with him or her pays the market value.
- (c) Any (i) contribution that is lawfully made under the Election Code or under the State Ethics Act or (ii) activities associated with a fundraising event in support of a Political Organization or candidate.
- (d) Educational materials.
- (e) A Gift from a relative, meaning those people related to the individual as father, mother, son, daughter, brother, sister, uncle, aunt, great aunt, great uncle, cousin, nephew, niece, husband, wife, grandfather, grandmother, grandson, granddaughter, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, half-brother, half-sister, and including the father, mother, grandfather, or grandmother of the individual's spouse and the individual's fiancé or fiancée.

- (f) Anything provided by an individual on the basis of a personal friendship unless the Board Member or Employee has reason to believe that, under the circumstances, the Gift was provided because of the official position or employment of the Board Member or Employee and not because of the personal friendship.

In determining whether a Gift is provided on the basis of personal friendship, the Board Member or Employee shall consider the circumstances under which the Gift was offered, such as:

- (i) the history of the relationship between the individual giving the Gift and the recipient of the gift, including any previous exchange of Gifts between those individuals;
  - (ii) whether to the actual knowledge of the Board Member or Employee the individual who gave the Gift personally paid for the Gift or sought a tax deduction or business reimbursement for the Gift; and
  - (iii) whether to the actual knowledge of the Board Member or Employee the individual who gave the Gift also at the same time gave the same or similar Gifts to other Board Members of FPIF or employees or their spouses or immediate family members living with them.
- (g) Food or refreshments not exceeding \$75 per person in value on a single calendar day; provided that the food or refreshments are (i) consumed on the premises from which they were purchased or prepared or (ii) catered. For purposes of this subsection, “catered” means food or refreshments that are purchased ready to eat and delivered by any means.
- (h) Food, refreshments, lodging, transportation, and other benefits resulting from the outside business or employment activities (or outside activities that are not connected to the duties of the Board Member or Employee as an office holder or employee) of the Board Member or Employee, or the spouse of the Board Member or Employee, if the benefits have not been offered or enhanced because of the position or employment of the Board Member or Employee, and are customarily provided to others in similar circumstances.
- (i) Intra-governmental and inter-governmental gifts. For the purpose of this Policy, “intra-governmental gift” means any gift given to a Board Member or Employee of FPIF from another Board Member or Employee of FPIF; and “inter-governmental gift” means any gift given to a Board Member or Employee of FPIF by a Board Member or employee of State of Illinois agency, of a federal agency, or of any governmental entity.
- (j) Bequests, inheritances, and other transfers at death.
- (k) Any item or items from any one Prohibited Source during any calendar year having a cumulative total value of no more than \$100.

Each exception listed in this section is mutually exclusive and independent of one another.

**3.3 Return of Gifts.** A Board Member or Employee does not violate this Policy if the Board Member or Employee promptly takes reasonable action to return the prohibited Gift to its source or gives the Gift or an amount equal to its value to an appropriate charity that is exempt from income taxation under Section 501(c)(3) of the Internal Revenue Code of 1986, as now or hereafter amended, renumbered, or succeeded.

#### **4. PROHIBITED POLITICAL ACTIVITY**

**4.1 Prohibition on Prohibited Political Activity.** No Employee shall intentionally perform any Prohibited Political Activity during any compensated time, as defined herein. No Board Member or Employee shall intentionally use any property or resources of FPIF in connection with any Prohibited Political Activity.

**4.2 Prohibition on Requiring Prohibited Political Activity.** At no time shall any Board Member or Employee require any Employee to perform any Prohibited Political Activity (i) as part of that Employee's duties, (ii) as a condition of employment, or (iii) during any compensated time off (such as holidays, vacation or personal time off).

**4.3 Prohibition on Compensation for Prohibited Political Activity.** No Employee shall be required at any time to participate in any Prohibited Political Activity in consideration for additional compensation or any benefit, nor shall any employee be awarded additional compensation or any benefit in consideration for his or her participation in any Prohibited Political Activity.

**4.4 Voluntary Activity.** Nothing in this Policy prohibits activities that are permissible for a Board Member or Employee to engage in as part of his or her official duties, or activities that are undertaken by a trustee or employee on a voluntary basis which are not prohibited by this Policy.

**4.5 Employment.** No person shall be denied or deprived of employment at FPIF solely because he or she is a member or an officer of a political committee, political party, or Political Organization or club.

#### **5. CONFLICTS OF INTEREST AND PROHIBITED TRANSACTIONS**

**5.1 In General.** No Board Member or Employee shall make, or participate in making, any FPIF decision with respect to any matter in which the Board Member or Employee, or the spouse or domestic partner of the Board Member or Employee, has any Economic Interest.

**5.2 Notice of Conflict by Employees.** Any Employee who has a conflict of interest as described by Section 5.1 above shall advise his or her supervisor or Ethics Officer of the conflict or potential conflict. The immediate supervisor shall either:

(a) assign the matter to another Employee; or

- (b) require the Employee to eliminate the economic interest giving rise to the conflict and only thereafter shall the Employee continue to participate in the matter.

**5.3 Disclosure and Abstention by Board Members.** Any Board Member who has a conflict of interest as described by Section 5.1 above shall disclose the existence of the conflict of interest on the record and should consider the possibility of abstaining from official action in relation to the matter. In making the decision as to abstention, the following factors should be considered:

- (a) whether a substantial threat to the Board Member's independence of judgment has been created by the conflict situation;
- (b) the effect of participation on public confidence in the integrity of the Board's decision;
- (c) whether participation is likely to have any significant effect on the disposition of the matter; and
- (d) the need for the Board Member's contribution, such as special knowledge of the subject matter, to the effective functioning of FPIF.

**5.4 Representation of Other Persons.** No Board Member or Employee may represent, or have an Economic Interest in the representation of, any person, in any formal or informal proceeding or transaction (a) before FPIF, any administrative agency or any court in which FPIF is a party and that person's interest is adverse to that of FPIF or (b) in which the Board's or FPIF staff's action or non-action is of a non-ministerial nature.

**5.5 No Monetary Gain on Investments.** No Board Member or Employee, or any spouse or domestic partner of such Board Member or Employee, shall knowingly have any direct interest in the income, gains, or profits of any investments made on behalf of FPIF, nor receive any pay or emolument for services in connection with any investment. No Board Member or Employee shall become an endorser or surety, or in any manner an obligor for money loaned or borrowed from any retirement system or pension fund created under the Pension Code, including FPIF, the Illinois State Board of Investment and the Police Officers' Pension Investment Fund. For the purposes of this provision, an annuity otherwise provided in accordance with the Pension Code or any income, gains, or profits related to any non-controlling interest in any public securities, mutual fund, insurance contract, annuity, trust, or other passive investment shall not be considered monetary gain on investments.

Pursuant to the Pension Code, a violation of this provision is a Class 3 felony.

**5.6 Prohibited Transactions.**

- (a) No Board Member, Employee, or other fiduciary of FPIF shall cause FPIF to engage in a transaction if he or she knows or should know that such transaction constitutes a direct or indirect:
  - (i) Sale or exchange, or leasing of any property from FPIF to a Party in Interest for less than adequate consideration, or from a Party in Interest to FPIF for more than adequate consideration.

- (ii) Lending of money or other extension of credit from FPIF to a Party in Interest without the receipt of adequate security and a reasonable rate of interest, or from a Party in Interest to FPIF with the provision of excessive security or an unreasonably high rate of interest.
  - (iii) Furnishing of goods, services, or facilities from FPIF to a Party in Interest for less than adequate consideration, or from a Party in Interest to FPIF for more than adequate consideration.
  - (iv) Transfer to, or use by or for the benefit of, a Party in Interest of any assets of FPIF for less than adequate consideration.
- (b) No Board Member, Employee, or fiduciary of FPIF shall:
  - (i) Deal with the assets of FPIF in his or her own interest or for his own account;
  - (ii) In his or her individual capacity or any other capacity act in any transaction involving FPIF on behalf of a party whose interests are adverse to the interests of FPIF or the interests of its participants or beneficiaries; or
  - (iii) Receive any consideration for his or her own personal account from any party dealing with FPIF in connection with a transaction involving the assets of FPIF.
- (c) Nothing in this provision shall be construed to prohibit any Board Member or Employee from:
  - (i) Receiving any benefit to which he or she may be entitled as a participant or beneficiary in FPIF;
  - (ii) Receiving any reimbursement of expenses properly and actually incurred in the performance of his or her duties with FPIF; or
  - (iii) Serving as a Board Member in addition to being an officer, employee, agent or other representative of a Party in Interest.
- (d) No Board Member, Employee or fiduciary of FPIF shall knowingly cause or advise FPIF to engage in an investment transaction when the Board Member, Employee or fiduciary (i) has any direct interest in the income, gains, or profits of the investment adviser through which the investment transaction is made or (ii) has a business relationship with the investment adviser that would result in a pecuniary benefit to the fiduciary as a result of the investment transaction. Pursuant to the Pension Code, a violation of this Subsection (d) is a Class 4 felony.
- (e) A Board Member, Employee or Consultant, with respect to FPIF shall not knowingly cause or advise FPIF to engage in an investment transaction with an investment adviser when the Board Member, Employee or Consultant, or their spouse or domestic partner (i) has any direct interest in the income, gains, or profits of the investment adviser through which the investment transaction is made or (ii) has a relationship with that investment advisor that would result in a pecuniary benefit to the Board Member, Employee or Consultant or spouse or domestic partner of such Board Member,

Employee or Consultant as a result of the investment transaction. For purposes of this Subsection (e), a Consultant includes an employee or agent of a consulting firm who has greater than 7.5% ownership of that consulting firm. Pursuant to the Pension Code, a violation of this Subsection (e) is a Class 4 Felony.

## 6. FINANCIAL DISCLOSURE

- 6.1 Required Disclosure.** On or before May 1 of each year, each Board Member shall file verified written statements of economic interests as required by the Illinois Governmental Ethics Act, 5 ILCS 420/4A-101 et seq., as amended. All statements shall be available in electronic form for examination and duplication by the Board upon request.

## 7. POST-EMPLOYMENT OBLIGATIONS

- 7.1 One-Year Bar.** For a period of one year from and after the expiration or other termination of his or her term of office as a Board Member or employment as an Employee, no former Board Member or Employee shall assist or represent any person in any business transaction involving or other matter adverse to FPIF, if the Board Member or Employee participated personally and substantially in the consideration of or implementation of that transaction or matter during his or her term of office or employment.

## 8. TRAINING

- 8.1 Annual Ethics Training.** Pursuant to the Pension Code, each Board Member must attend ethics training of at least eight hours per year. The training required includes training on ethics, fiduciary duty, and investment issues and any other curriculum that the Board establishes as being important for the administration of FPIF. The Board must annually certify its Board Members' compliance with the Pension Code's ethics training requirements. Board Members will comply with any other training requirements under State law.
- 8.2 Harassment and Discrimination Prevention Training.** Beginning upon the adoption of this Policy, each Board Member and Employee must, within 30 days of initial appointment or employment and thereafter annually, participate in a harassment and discrimination prevention training program. The training will be determined by the Ethics Officer and will include:
- (a) the definition and a description of sexual harassment, unlawful discrimination, and harassment, including examples of each;
  - (b) details on how an individual can report an allegation of sexual harassment, unlawful discrimination, or harassment, including options for making a confidential report to a supervisor, Ethics Officer, Inspector General, or the Department of Human Rights;

- (c) the definition and description of retaliation for reporting sexual harassment, unlawful discrimination, or harassment allegations utilizing examples, including availability of whistleblower protections under the State Ethics Act, the Whistleblower Act, 740 ILCS 174/1 et seq., and the Illinois Human Rights Act, 775 ILCS 5/1-101 et seq.; and
- (d) the consequences of a violation of the prohibition on sexual harassment, unlawful discrimination, and harassment and the consequences for knowingly making a false report.

Proof of completion must be submitted to the Ethics Officer.

## 9. ETHICS OFFICER

**9.1 Duties of Ethics Officer.** The duties of the Ethics Officer include (i) reviewing statements of economic interest and disclosure forms of Board Members upon request and (ii) providing requested guidance to Board Members and Employees in the interpretation and implementation of this Policy; provided, however, that compliance with this Policy remains the individual responsibility of each Board Member and Employee. If uncertainty exists as to the proper procedure(s) to be followed in connection with this Policy, Board Members and Employees are encouraged to consult with FPIF's Ethics Officer.

**9.2 Representation.** Further, Board Members and Employees are hereby advised that the Ethics Officer represents FPIF and not the individual Board Members and Employees. As such, any guidance or advice provided to an individual by the Ethics Officer pursuant to this Policy is not given to him or her personally, but instead is given because of the position or employment of the particular Board Member or Employee with FPIF.

## 10. WHISTLEBLOWER PROTECTION

**10.1 No Retaliation.** No complainant, or Employee acting on behalf of a complainant, shall be discharged, threatened or otherwise discriminated against regarding compensation, terms, conditions, location or privileges of employment because:

- (a) the complainant or Employee acting on behalf of the complainant reports or is about to report, verbally or in writing, a violation or suspected violation of this Policy; or
- (b) the complainant or Employee acting on behalf of the complainant is requested to participate in an investigation, hearing or inquiry held pursuant to this Policy, or in any related court action.

This Section shall not apply to a complainant, or Employee acting on behalf of a complainant, who knowingly makes a false report.

## 11. VIOLATIONS

**11.1 Discipline for Violations.** Any Employee found to have violated any of the provisions of this Policy, or to have furnished false or misleading information to the Board of Trustees, shall be subject to employment sanctions, including discharge, in accordance with procedures under which the employee may otherwise be disciplined, as outlined in the Agency Directives Manual. Any Board Member who intentionally files a false or misleading statement of economic interest, or knowingly fails to disclose a conflict of interest as described in this Policy, or otherwise violates any provision of this Policy, may be subject to recall in accordance with the applicable provisions of Pension Code. Certain actions in violation of this Policy may subject the Board Member or Employee to criminal penalties.