

ADOPTED

Amendment to Procurement Rules

Chapters 1 and 6 of FPIF Rules

December 1, 2023

Chapter 1. Definitions and Rulemaking

1-1. DEFINITIONS

Within these Rules, unless the context otherwise requires, the following words shall have meanings given to them, respectively:

"Account Representative" means each individual designated to act on behalf of a Participating Pension Fund with respect to cash management activities pursuant to Section 9-4.

"Annuitant" means a retired firefighter receiving a retirement pension from a Participating Pension Fund.

"Authorized Agent" means each individual designated to act on behalf of a Participating Pension Fund pursuant to Section 9-1.

"Beneficiary" means an Annuitant, Deferred Pensioner, or a Disabled Pensioner.

"Beneficiary Trustee" means a trustee who is to be elected by Beneficiaries.

"Board" means the Board of Trustees of FPIF.

"Board Member" or **"Trustee"** means each of the elected and appointed members of the Board.

"Business Enterprise for Minorities, Females, and Persons with Disabilities Act" means the Business Enterprise for Minorities, Females, and Persons with Disabilities Act, 30 ILCS 575/0.01 et seq.

"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.

"Category 1 Position" means each of the following positions: (a) the Chief Financial Officer; (b) the Chief Operating Officer; and (c) any position for which approval by six Trustees is required by Section 22C-117(c) of the Pension Code, including the Chief Investment Officer and Senior Portfolio Officer.

"Category 2 Position" means any position that is not a Category 1 Position. "Category 2 Position" also excludes the Executive Director position.

"Certified Investment Asset List" has the meaning ascribed to the term in Section 8-3.

"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" means any person or entity retained or employed by the Board to make recommendations in developing an investment strategy, to assist with finding appropriate investment advisers, or to monitor the Board's investments. "Consultant" 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, services used to track compliance with legal standards and investment fund of funds where the Board has no direct contractual relationship with the investment advisers or partnerships, as defined in Section 1-101.5 of the Pension Code.

"Deferred Pensioner" means a firefighter who has retired having accumulated enough creditable service to qualify for a pension under Article 4 of the Pension Code but who has not attained the required age for commencement of the pension.

"Disabled Pensioner" means a firefighter receiving a disability pension from a Participating Pension Fund.

"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.

"Election Code" means the Illinois Election Code, 10 ILCS 5/1 et seq.

"Election Contribution" means a "contribution" as defined in Section 9-1.4 of the Election Code.

"Election Date" has the meaning given to it in Section 3-1.

"Election Panel" has the meaning given to it in Section 3-14.

"Elections Committee" means the Elections Committee of the Board.

"Emerging Investment Manager" means, as defined in Section 5/1-109(4) the Pension Code, a qualified investment adviser that manages an investment portfolio of at least \$10,000,000 but less than \$10,000,000,000 and is 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.

“**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.

“**Employee 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.

“**Employer Executive**” means a person who is a mayor, president, chief executive officer, chief financial officer, or other officer, executive, or department head of a municipality or fire protection district that has a Participating Pension Fund.

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

“**Executive Trustee**” means a trustee who is to be elected by the mayors and presidents of municipalities and fire protection districts that have a Participating Pension Fund.

“**Firefighter Labor Organization**” means a statewide labor organization representing firefighters employed by at least 85 municipalities that is affiliated with the Illinois State Federation of Labor.

“**FPIF**” or “**Fund**” means the Illinois Firefighters’ Pension Investment 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.

“**Illinois-based**” means a business, including an investment adviser, that is headquartered in Illinois. This defined term is consistent with the definition of “Illinois business” in Section 5/1A-108.5(a) of the Pension Code.

“**Illinois Municipal League**” means the unincorporated, nonprofit, nonpolitical association of Illinois cities, villages, and incorporated towns described in Section 1-8-1 of the Illinois Municipal Code.

“**Investment Adviser**” or “**Investment Manager**” is a person who (1) is a fiduciary appointed by the board of trustees of the pension fund or retirement system in accordance with Section 1-109.1; (2) has the power to manage, acquire, or dispose of any asset of the retirement system or pension fund; and (3) has acknowledged in writing that he or she is a fiduciary with respect to the pension fund or retirement system. A person may not act as a consultant or investment adviser unless that person is registered as an investment adviser under the federal Investment Advisers Act of 1940 or a bank, as defined in the federal Investment Advisers Act of 1940.

“**Investment Asset**” means all reserves, funds, assets, securities, and moneys of a Participating Pension Fund, excluding any amounts of cash held by the Participating Pension Fund in a

local account or money market fund to pay its benefit payments and other reasonable expenses.

"Investment Guidelines" has the meaning ascribed to the term in Section 10-1.3.

"Investment Product" means an investment fund or account managed by an Investment Product Manager in which FPIF receives a limited partnership or similar interest.

"Investment Product Manager" means a third party that manages or advises an Investment Product and which may act as an investment manager, investment adviser, general partner, and/or fiduciary to or of such fund or account, but which is not an Investment Adviser, Investment Manager, or fiduciary to FPIF.

"Investment Services" means services provided by an Investment Adviser or a Consultant.

"Minority Investment Manager" means an Emerging Investment Managers or 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.

"Minority-Owned Broker/Dealer" means a qualified broker/dealer who meets the definition of "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. This defined term is consistent with the definition of "minority broker-dealer" in Section 5/1-109.1(7) of the Pension Code.

"Net Asset Value" is the value of each Participating Pension Fund's assets in the possession of FPIF minus the value of that Participating Pension Fund's share of FPIF liabilities.

"Non-Transferable Asset" means an asset held by a Participating Pension Fund that either cannot be transferred or is imprudent to transfer on the Transfer Date.

"Non-Transferable Asset List" has the meaning ascribed to the term in Section 8-4.

"Open Meetings Act" means the Illinois Open Meetings Act, 5 ILCS 120/1 et seq.

"Participant" means an active-duty firefighter accruing creditable service in a Participating Pension Fund.

"Participant Trustee" means a trustee who is to be elected by Participants.

"Participating Pension Fund" means any pension fund established pursuant to Article 4 of the Pension Code that has transferred securities, funds, assets, and moneys, and responsibility for custody and control of those securities, funds, assets, and moneys, to the Fund pursuant to Section 4-123.2 of the Pension Code.

"Pension Code" means the Illinois Pension Code, 40 ILCS 5/1-101 et seq.

"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.

"Personnel Costs" means all salaries, bonuses, other compensation, and benefits paid to or on behalf of all FPIF employees.

"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.

"Procurement Officer" means the Executive Director or an employee of FPIF designated by the Board or the Executive Director to be responsible for procurements and the implementation of Chapter 6.

"Prohibited Political Activity" means:

- (a) Preparing for, organizing, or participating in any political meeting, political rally, political demonstration, or other political event.
- (b) Soliciting Election 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 Election 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 Election 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:

- (i) is seeking official action (A) by the Board, (B) by any Board Member, or (C) by an Employee;
- (ii) does business or seeks to do business (A) with the Board or (B) with a Board Member or Employee;
- (iii) has interests that may be substantially affected by the performance or non-performance of the official duties of the Board Member; or
- (iv) 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.

"Rules" means the duly adopted rules of FPIF contained herein.

"State" means the State of Illinois.

“Strategic Asset Allocation” has the meaning ascribed to the term in Section 10-1.3.

“Targets” has the meaning ascribed to the term in Section 10-1.3.

“Transfer Date” means, with respect to each Participating Pension Fund, the date at which FPIF will assume fiduciary control of the Participating Pension Fund's assets included on the Certified Investment Asset List determined for the Participating Pension Fund.

“Transition Order” means the order of Transfer Dates for Participating Pension Funds.

1-2. RULEMAKING PROCESS

1-2.1. Drafting of Rules

The Executive Director shall direct FPIF staff to draft rules.

1-2.2. Approval of Public Notice

The Executive Director shall approve draft rules for distribution to the chairperson of the committee responsible for the subject matter of the draft rules. The chairperson of the committee shall authorize the distribution of the draft rules to committee members and for posting of the 1st Public Notice.

1-2.3. 1st Public Notice

Draft rules approved for 1st Public Notice shall be posted on the FPIF website at least two weeks in advance of the committee meeting at which the rules will be considered by the committee.

1-2.4. Public Comment following 1st Public Notice

FPIF will encourage public comment on draft rules approved for 1st Public Notice. FPIF staff shall catalog public comments made in advance of the committee meeting at which the rules are to be considered for a recommendation to the Board. FPIF staff shall distribute cataloged comments to committee members in advance of the committee meeting.

1-2.5. Committee Consideration

The committee responsible for the subject matter of the draft rules shall consider the draft rules and public comments on draft rules at its meeting following the 1st Public Notice. Draft rules shall remain on 1st Public Notice until the committee approves the draft rules for 2nd Public Notice.

1-2.6. 2nd Public Notice

Draft rules approved for 2nd Public Notice shall be posted on the FPIF website at least two weeks in advance of the Board meeting at which the rules will be considered for adoption. If the committee revises the draft rules posted for 1st Public Notice, a redlined copy of the revised draft rules shall be posted on the website.

1-2.7. Public Comment following 2nd Public Notice

FPIF will encourage public comment on draft rules approved for 2nd Public Notice. FPIF staff shall catalog public comments made in advance of the Board meeting at which the rules are to be considered for adoption. FPIF staff shall distribute cataloged comments to Board members in advance of the Board meeting.

1-2.8. Board Consideration

The Board shall consider the draft rules recommended by a committee and the public comments made on the committee's recommendation at its meeting following the 2nd Public Notice. FPIF staff shall post Board approved rules on the FPIF website and distribute the rules to Article 4 pension funds as soon as practicable after the Board's approval.

Chapter 6. Procurement

6-1. INTRODUCTION

6-1.1. Introduction and Policy

It is the policy of FPIF to obtain goods and services in the most economical manner in order to ensure the efficient utilization of FPIF resources. Resources of FPIF shall be committed only with proper approval, as detailed in this Chapter.

6-2. APPROVAL AUTHORITY

6-2.1. Board Approval

Expenditures must be approved by the Board prior to payment and before entering into any contract or issuing any purchase order for that expenditure. The Board's approval of a budget that authorizes expenditures for certain purposes is sufficient approval of those authorized expenditures for those purposes, up to the amounts approved in the budget. Notwithstanding the foregoing or any other provision to the contrary, approval by the Board, acting by affirmative vote of at least six Trustees, shall be required for the selection of fiduciary counsel or a Consultant.

6-2.2. Executive Director Approval

Expenditures in excess of \$5,000 must be approved by the Executive Director prior to payment and before entering into any contract or issuing any purchase order for that expenditure. The Executive Director is authorized to establish limits (not to exceed \$5,000) for approval of expenditures by other FPIF employees.

6-2.3. Board Chair Approval for Fiduciary Services

In addition to other requirements of this Chapter, all contracts with persons who are fiduciaries with respect to any investments of FPIF, and any amendments to such contracts, shall also be signed by the Chair of the Board, or his or her designee, unless:

- (a) The form of contract or amendment, including the selection of the specific Investment Service provider, has been specifically approved by the Board; or
- (b) The Investment Service provider's proposal has been shared with the Board, the specific Investment Service provider to be selected has been approved by the Board, and the contract or amendment is based on a standard form approved for use by the Board, subject to the incorporation of the Investment Service provider's proposal and other negotiated changes that, in the opinion of Board counsel, are not materially inconsistent with the Board-approved standard form.

If such a contract or amendment is executed without the Chair's signature, the Executive Director shall provide a report of such execution, with a description of any contract or amendment executed, to the Board at its next regularly scheduled meeting.

6-2.4. Contracts for Investment Products

All subscription, capital commitment, and other investment contracts evidencing an investment in an Investment Product, and any amendments or side letters to such contracts, shall be signed by the Chief Investment Officer. The form of such contracts shall be approved by the Chief Investment Officer, as evidenced by execution thereof, in consultation with legal counsel.

6-3. CONTRACTING AND PURCHASING

6-3.1. When Required

Purchases of \$500 or more require a written purchase order or contract. Purchases of less than \$500 do not require a written purchase order or contract, but must be within the authority of the employee to purchase.

6-3.2. Purchase Orders

Employees requesting goods or services that cost more than \$500 and that are not part of a written contract shall (a) complete a FPIF purchase order form and (b) receive written approval from the Executive Director or Procurement Officer (or another FPIF employee with authority to approve the expenditures, pursuant to the last sentence of Section 6-2.2) prior to placing the order.

6-3.3. Contracts

It is the policy of FPIF to standardize the form and content of its contracts with public and private bodies in order to ensure compliance with applicable State law, to ensure fairness to all parties, and to maximize uniformity of language. Contracts shall be written and conform to the requirements of this Chapter. All contracts in excess of \$25,000, and all other contracts when feasible, shall be reviewed by legal counsel prior to execution. All contracts (regardless of amount) shall be signed on behalf of FPIF by the Executive Director, except as provided by separate resolution of the Board. All contracts with persons who are fiduciaries are subject to additional signature requirements described in Section 6-2.3. A copy of each contract shall be retained by the Chief Financial Officer of FPIF.

6-3.4. Standard Addendum for State Law Compliance

In order to simplify the contracting and purchasing process, FPIF shall use a standard addendum that includes certifications considered advisable or required by State law. The standard addendum shall be completed and attached to (or incorporated within) all contracts and purchase orders entered into by FPIF, but shall not be required for purchase orders of \$25,000 or less. Any variation from the terms of the standard addendum shall be approved by FPIF's legal counsel. The standard addendum may be revised upon advice of legal counsel from time to time.

6-3.5. Limitation During Transition Period

No contract or agreement regarding custodians, Consultants, Investment Advisers, or other professional services entered into prior to the seating of the permanent Board shall be binding upon the permanent Board.

6-3.6. Sales Tax; State Rates

FPIF shall not pay Illinois sales tax. Employees must direct the vendor to exclude Illinois sales tax from invoices. Employees should also ask if discounted State rates are available for purchases.

6-3.7. Invoicing and Payment

Invoices should be approved for payment within 30 days after the receipt of the invoice. Approval should not be given for goods and services that do not conform to FPIF's requirements. The vendor shall be promptly notified in writing if FPIF does not approve an invoice for payment and shall be advised of the reason for the denial. If approval is made after 30 days, a full explanation should be attached to the invoice.

6-3.8. Advance Payment

Advance payment for goods and services is discouraged. If advance payment is required, the employee shall complete a certification as specified in Section 9.05 of the State Finance Act (30 ILCS 105/9.05). In the event that a voucher is submitted for advance payment, the voucher shall state on its face that the goods or services are being procured pursuant to a written contract the terms of which require advance payment. If it is not possible to execute a written contract, the voucher shall so state. The certification is not required for payment of conference fees, purchase of travel tickets, purchase of periodicals, and required deposits of less than \$500. The certification shall be in the following format:

"I certify that the goods or services specified on this contract or purchase order were for the use of this agency and that the expenditure for those goods or services was authorized and lawfully incurred; that the goods or services meet all the required standards set forth in the purchase order or contract to which this certification relates; and that the amount shown on this voucher is correct and is approved for payment."

6-3.9. Political Contributions

- (a) Every contract entered by FPIF with a person or entity having contracts with FPIF with an annual value of more than \$50,000 shall provide that such contract is voidable, at the option of FPIF, if the contractor or its affiliated persons or affiliated entities (as defined in Section 50-37 of the Illinois Procurement Code) makes, at any time after the publication of the procurement documents and until expiration or termination of the contract, any Election Contributions 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) Every contract for Investment Adviser services shall require the Investment Adviser to comply with Rule 206(4)-5 under the Investment Advisers Act of 1940 concerning political Election Contributions.

6-3.10. Reporting Possible Ethical Violations

FPIF employees involved in procurement, purchasing, and contracting will notify FPIF legal counsel and auditors if they discover any of the following: (a) two or more identical bids or proposals are received, (b) an attempt to bribe an employee is made, or (c) other irregularities that suggest collusion, bribery, or other unethical or illegal activities.

6-4. COMPETITIVE PROCUREMENT FOR NON-INVESTMENT SERVICES

6-4.1. Applicability; Exempt Purchases

This Section 6-4 applies to any expenditure other than Investment Services (which are subject to Section 6-5) and other than the following:

- (a) Individual contracts or purchases that (i) do not exceed \$100,000, (ii) are nonrenewable, and (iii) are one year or less in duration (a "small purchase").

If a small purchase exceeds \$20,000, the selection of a contractor or vendor should nonetheless be made through the competitive proposals process described in this Section 6-4, even though the contract or purchase might otherwise be exempt from this Section 6-4, unless the use of the competitive proposals process would be impractical, would detrimentally delay needed goods or services, is not commonly used by other public bodies for that type of contract or purchase, or would cause FPIF to incur procurement costs that are anticipated to exceed expected savings from a competitively procured contract or purchase. A written justification must be made if a small purchase exceeds \$20,000 and is not made through a competitive proposals process.

- (b) Emergency procurements, including (i) when there exists a threat to public health or public safety, (ii) when immediate expenditure is necessary in order to protect against further loss of or damage to property, (iii) to prevent or minimize serious disruption in critical FPIF services that affect health, safety, or collection of substantial FPIF revenues, or (iv) to ensure the integrity of FPIF records. A written determination must be made that an emergency exists.
- (c) Utilities and other sole source items. A written justification must be made that there exists only one feasible source.
- (d) A purchase made pursuant to a master contract entered by the State of Illinois, a contract or purchase made pursuant to the Governmental Joint Purchasing Act, or a contract entered pursuant to the Intergovernmental Cooperation Act.

Any written determination or justification described in this Section 6-4.1 shall be reported to the Board or its designated committee at its next meeting.

6-4.2. General Principles

Employees shall seek to obtain the best value for FPIF. Efforts to obtain the best value for FPIF shall be documented where possible and retained by FPIF.

6-4.3. Competitive Proposals Process

All procurements for goods and services subject to this Section 6-4.3 shall be awarded by competitive proposals.

- (a) Each request for proposals shall set forth a description of the items or services being procured, the material contractual terms and conditions, and the criteria for evaluating proposals.
- (b) All procurement opportunities subject to this Section shall be advertised on the FPIF's website and, if appropriate, an industry publication to advertise the procurement. Notice shall be published at least 14 days before the date on which proposals are due. FPIF shall seek at least three proposals whenever possible, but the failure to receive three proposals shall not invalidate the procurement, purchase, or contract. FPIF may issue addenda or other revisions to the request, or cancel the request, at any time.
- (c) All interested offerors shall return their proposals to FPIF's staff, as directed by the proposal document. Staff shall open the proposals, record them, and thoroughly review each for content, quality, and compliance with proposal document requirements. Staff shall compile a list of all offerors to the competitive proposal process. FPIF may waive or permit corrections, irregularities, informalities, or deficiencies to proposals.
- (d) FPIF may interview or directly negotiate with any offeror as to the terms of a proposal. Proposal revisions may be requested from one or more offerors. FPIF may select one or more offerors from whom to select best-and-final offers or revised offers based on additional instructions or criteria established by FPIF. FPIF may also enter into direct negotiations with a preferred offeror. In conducting discussions there shall be no disclosure of any information derived from proposals submitted by competing offerors. If information is disclosed to any offeror, it shall be provided to all competing offerors.
- (e) Responsive proposals shall be evaluated and ranked based on the evaluation criteria described in the request for proposals. The contract shall be awarded to the responsive and responsible offeror(s) whose proposal is determined to be most advantageous to FPIF, consistent with the evaluation criteria, provided that FPIF may also reject all proposals.

6-5. INVESTMENT SERVICES

6-5.1. Applicability

This Section 6-5 applies to the selection and appointment of Consultants and Investment Advisers. In establishing this policy, it is FPIF's intention to assure all interested parties that procurement decisions occur in an environment of full disclosure characterized by competitive selection, objective evaluation, and proper documentation. The overriding

consideration with respect to all decisions made by FPIF is that the decisions be made solely in the best interests of the participants and beneficiaries of Participating Pension Funds.

6-5.2. General Provisions

- (a) Investment Adviser Registration. In order for any Consultant or Investment Adviser to provide Investment Services to FPIF, the firm must either be registered as an investment adviser under the federal Investment Advisers Act of 1940 or be a bank, as defined in the federal Investment Advisers Act of 1940.
- (b) Competitive Proposals Process. FPIF shall award all contracts for Investment Services through a competitive proposal process. For this process, FPIF shall develop and use uniform documents for the solicitation, review, and acceptance of all Investment Services pursuant to the requirements of the Pension Code. Documents may vary by specific investment mandate. At a minimum, the documents shall include (i) a description of the goal to be achieved; (ii) the Investment Services to be performed; (iii) the need for the Investment Services; (iv) the qualifications that are necessary; and (v) a plan for post-performance review. If required, these uniform documents shall be published on FPIF's website. The competitive proposal process shall generally follow the following:
 - (i) FPIF shall determine the parameters of the search, upon recommendation by FPIF's investment staff. Opportunities shall be advertised on the FPIF's website and, if appropriate, an industry publication to advertise the procurement. Notice shall be published at least 14 days before the date on which proposals are due. FPIF may issue addenda or other revisions to the request, or cancel the request, at any time.
 - (ii) Uniform documents shall be used for the solicitation, review, and acceptance of Investment Services and will be posted on the FPIF website. Documents may differ based on the specific search mandate.
 - (iii) All interested respondents shall return their responses to FPIF's investment staff, as directed by the proposal document. Staff shall open the responses, record them, and thoroughly review each for content, quality, and compliance with proposal document requirements. Staff shall compile a list of all respondents to the competitive proposal process. In the selection of an Investment Adviser, FPIF's Consultant may assist FPIF. FPIF may waive or permit corrections, irregularities, informalities, or deficiencies to proposals.
 - (iv) Following review and evaluation of the responses from interested firms, the field of candidates is narrowed to a smaller list of the most highly qualified firms. At this point, the Board's investment staff may meet with representatives of each firm to obtain an independent assessment of the firm's capabilities.
 - (v) Following the interview with the selected firm(s), the Board's investment staff recommends to the Board one or more Consultants or Investment Advisers

for engagement. Generally, the finalists appear before the Board to present their firms' qualifications.

- (vi) Proposal revisions may be requested from one or more respondents at any stage in the process. FPIF may select one or more respondents from whom to select best-and-final responses or revised responses based on additional instructions or criteria established by FPIF. FPIF may also enter into direct negotiations with a preferred respondent.
 - (vii) The Board shall accept or modify the recommendation and makes the final decision with respect to the engagement, if satisfied with the firm's capabilities provided that the Board may also reject all responses. FPIF shall post the name(s) of the successful respondent(s) 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 Consultant or Investment Adviser.
- (c) **Exceptions to Competitive Procurement Requirements.** A competitive proposal process is not required for the following:
- (i) Individual contracts that (1) do not exceed \$100,000, (2) are nonrenewable, and (3) are one year or less in duration; but only so long as the Board, in its discretion, approves the application of this exemption to that contract (on a contract-by-contract basis).
 - (ii) Emergency procurements, including (1) when there exists a threat to public health or public safety, (2) when immediate expenditure is necessary in order to protect against further loss of or damage to property, (3) to prevent or minimize serious disruption in critical FPIF services that affect health, safety, or collection of substantial FPIF revenues, or (4) to ensure the integrity of FPIF records. A written determination must be made that an emergency exists.
 - (iii) Sole source items. A written justification must be made that there exists only one feasible source.
 - (iv) Procurements specifically exempt from this process pursuant to the Pension Code or other applicable law.

Contracts awarded without a competitive proposal process shall be published on FPIF's website, shall name the person authorizing the procurement, and shall include a brief explanation of the reason for the exception.

- (d) **Posting Contracts Online.** A description of every contract for Investment Services shall be posted prospectively on FPIF's website, including the name of the person or entity awarded the contract, the total amount applicable to the contract, the total fees paid or to be paid under the contract and a disclosure, approved by FPIF, describing the factors that contributed to the selection of the Investment Adviser or Consultant.
- (e) **Contingent Compensation.** No Consultant or Investment Adviser shall retain a person or entity to influence the outcome of an investment decision or the

procurement of investment advice or services of FPIF for compensation that is contingent in whole or in part upon the decision or procurement.

- (f) **Other Applicable Laws.** The selection and appointment of Consultants and Investment Advisers for Investment Services by FPIF shall be made and awarded in accordance with the Pension Code, the State Officials and Employees Ethics Act, and all other applicable law. All FPIF trustees and employees shall comply with all gift ban restrictions prescribed in the FPIF Ethics Policy.
- (g) **Communications.** Any written or oral communication received by a Trustee, official, or employee of FPIF who, by the nature of his or her duties, has the authority to participate personally and substantially in the decision to influence the outcome of an investment decision or the selection of an Investment Adviser or Consultant and that imparts or requests material information or makes a material argument regarding potential investment or procurement action by FPIF (other than a clarification about a published solicitation) shall be memorialized by the Trustee, official, or employee and reported to FPIF's chief compliance officer. While a competitive procurement is ongoing, communications shall be restricted in the manner provided in the procurement documents.
- (h) **Conflicts of Interest.** No Board Member, FPIF employee, or FPIF Consultant shall knowingly cause or advise FPIF to engage in an investment transaction with an Investment Adviser when ~~FPIF~~such Board Member, FPIF employee, or FPIF Consultant, or any of their spouses, (1) has any direct interest in the income, gains or profits of the Investment Adviser through which the investment transaction is made or (2) has a relationship with that Investment Adviser that would result in a pecuniary benefit to the Board Member, FPIF employee or FPIF Consultant or any of their spouses as a result of the investment transaction. With respect to this requirement, Consultant includes an employee or agent of a consulting firm who has greater than 7.5% ownership of the consulting firm.

6-5.3. Selection of Consultant Services

Under the Pension Code, FPIF has authority to select Consultants who shall provide Investment Services to FPIF's commingled fund. The criteria used to determine the minimum qualifications for Consultants with respect to a specific investment mandate include but are not limited to the following factors:

- (a) Registration with the Securities and Exchange Commission under the Investment Advisors Act of 1940, or otherwise qualified under the Pension Code.
- (b) Firm experience advising large defined benefit plans in respect of asset allocation, manager selection and manager oversight and operating under prudent person standards, as well as related investment advisory experience.
- (c) Qualifications and depth of the professional staff.
- (d) Soundness of the firm's philosophy and process in respect of defined benefit plan assets.

- (e) The firm's track record with defined benefit clients.
- (f) The adequacy of the firm's advisory, back office, accounting and reporting and client servicing capabilities.
- (g) Fees.

Requirements may differ based on the investment mandate recommended by FPIF's investment staff. The establishment of these criteria shall not be used to bar or prevent any qualified Consultant from responding to a competitive proposal process.

6-5.4. Selection of Investment Advisory Services

Under the Pension Code, FPIF has authority to select Investment Advisers who shall provide Investment Services to the Board's commingled fund. The criteria used to determine the minimum qualifications for Investment Advisers with respect to a specific investment mandate include but are not limited to the following factors:

- (a) Registration with the Securities and Exchange Commission under the Investment Advisors Act of 1940, or otherwise qualified under the Pension Code.
- (b) Experience of the firm in the management of institutional portfolios operated under prudent person standards, as well as related investment management experience.
- (c) Qualifications and depth of the professional staff.
- (d) Soundness of the firm's investment philosophy and process.
- (e) The investment record of the firm and the firm's principals in former associations where that record is verifiable.
- (f) The adequacy of the firm's trading, back office, accounting and reporting, and client servicing capabilities; and
- (g) Fees.

Requirements may differ based on the investment mandate recommended by FPIF's investment staff and Consultant. The establishment of these criteria shall not be used to bar or prevent any qualified Investment Adviser from responding to a competitive proposal process.

6-5.5. Emerging Investment Managers

If in any case an Emerging Investment Manager meets criteria established by FPIF and Consultant for a specific competitive search (if a Consultant is utilized), the Emerging Investment Manager shall receive an invitation by FPIF, or FPIF's Investment Policy Committee and/or Emerging Manager Committee, to present the firm(s) for final consideration. In the case where multiple Emerging Investment Managers meet the search criteria, FPIF's investment staff may choose the most qualified firm or firms to present to the Board.

6-5.6. Contract Terms

- (a) **Maximum Term.** FPIF shall not enter into a contract with a Consultant that exceeds five years in duration. No contract to provide consulting services may be renewed or extended. At the end of the term of the contract, the Consultant is eligible to compete for a new contract. FPIF shall not attempt to avoid or contravene this restriction by any means.
- (b) **Other Contract Terms.** Investment Services provided by a Consultant or Investment Adviser shall be rendered pursuant to a written contract between the Consultant and FPIF. The contract must include the following terms, among others:
- (i) Acknowledgement in writing by the Consultant or Investment Adviser that the firm is a fiduciary with respect to FPIF.
 - (ii) The description of FPIF's investment policy and notice that the policy is subject to change.
 - (iii) Full disclosure of direct and indirect fees, commissions, penalties and other compensation, including reimbursement for expenses, that may be paid by or on behalf of the Consultant or Investment Adviser in connection with the provision of services to FPIF and a requirement that the Consultant or Investment Adviser update the disclosure promptly after a modification of those payments or an additional payment. The disclosures shall include the date and amount of each payment and the name and address of each recipient of a payment.
 - (iv) A requirement that the Consultant or Investment Adviser, in conjunction with FPIF's investment staff, submit periodic written reports, on at least a quarterly basis, for FPIF's review at its regularly scheduled meetings. All returns on investments shall be reported as net returns after payment of all fees, commissions and any other compensation.
 - (v) Disclosure of the names and addresses of (1) the Consultant or Investment Adviser; (2) any entity that is a parent of, or owns a controlling interest in, the Consultant or Investment Adviser; (3) any entity that is a subsidiary of, or in which a controlling interest is owned by, the Consultant or Investment Adviser; (4) any persons who have an ownership or distributive income share in the Consultant or Investment Adviser that is in excess of 7.5%; or (5) serves as an executive officer of the Consultant or Investment Adviser.
 - (vi) A disclosure of the names and addresses of all subcontractors, if applicable, and the expected amount of money each will receive under the contract, including an acknowledgement that the Consultant or Investment Adviser must promptly make notification, in writing, if at any time during the term of the contract a contractor adds or changes any subcontractors. For purposes of this paragraph (vi), "subcontractor" 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, services used to track compliance with legal standards

and investment fund of funds where FPIF has no direct contractual relationship with the Investment Advisers or partnerships.

- (vii) A description of the Investment Service(s) to be performed.
- (viii) A description of the need for the Investment Service(s).
- (ix) A description of the plan for post-performance review.
- (x) A description of the qualifications necessary.
- (xi) The duration of the contract.
- (xii) The method for charging and measuring cost.

These contract terms are subject to change based on amendments to the Pension Code.

6-6. EMERGING AND MINORITY INVESTMENT MANAGERS

6-6.1. Policy

FPIF was founded to develop and maintain an investment program that enhances returns, reduces costs, and secures the retirement benefits for its Participating Pension Funds' beneficiaries. In order to achieve its objectives, FPIF will select investment advisers based on long-term records of performance, depth of investment staff, and consistency of approach, among other characteristics.

FPIF recognizes that large, experienced, and successful investment organizations began as small firms with few assets under management. Today, many smaller investment firms are owned by minorities, women, and persons with a disability. These firms are often started by experienced investment professionals, who show great promise, though find it difficult to compete with large majority owned organizations. Further, these investors offer the potential of increasing returns and reducing risk through perspectives and approaches that are different from those of more mainstream or conventional firms.

In order to gain exposure to emerging and minority organizations, and consistent with Section 1-109.1(10) of the Pension Code, FPIF has established the aspirational goals of utilizing Emerging Investment Managers and firms owned by minorities, females, and persons with a disability for no less than 20% of FPIF's total fund assets.

6-6.2. Goals for Utilization of Emerging and Minority Investment Managers, Minority-Owned Businesses, Female-Owned Businesses, and Businesses Owned by Persons with a Disability

It is the goal of FPIF that, subject to its fiduciary responsibility, minority investment managers will be considered for each of the broad asset classes in which it is invested.

Consistent with Section 1-109.1(4) of the Pension Code, FPIF has adopted the following minimum goals for the utilization of Emerging Investment Managers and Minority Investment Managers:

Goals for Utilization of Emerging Investment Manager and Minority Investment Managers By Investment Manager Classification

Classification	Percent of Total Portfolio	
	Emerging	Minority
Minority-Owned	10%	10%
Female-Owned	10%	10%
Disabled	2%	2%

Goals for the Utilization of Emerging and Minority Investment Managers By Asset Class

Asset Class	Percent of Asset Class	
	Emerging	Minority
Equities	10%	10%
Fixed Income	15%	15%
Alternatives*	5%	5%

These goals will be reviewed annually by FPIF staff and the Board.

For purposes of this Chapter, Emerging Investment Managers and Minority Investment Managers must provide documentation of a current State of Illinois certification, documentation of a current state issued certification, or documentation of certification issued by a unit of local government. For Emerging Investment Managers and/or Minority Investment Managers without a government issued certification, the FPIF will require an attestation by the investment manager or General Partner stating that the investment manager or adviser is a "minority owned business," "female owned business," or "business owned by a person with a disability," as those terms are defined by the Business Enterprise for Minorities, Females and Persons with Disabilities Act. The Emerging Investment Manager or Minority Investment Manager is required to immediately notify FPIF as to any change in the matters covered by any such attestation. In the event it is discovered that an investment manager has misrepresented information to FPIF, such misrepresentation will be grounds for termination of the relationship.

Minority Investment Managers may represent any asset class within FPIF's asset allocation. Allocations to Minority Investment Managers will be made in accordance with the fiduciary standards under which all FPIF investment advisers operate.

6-6.3. Asset Management

- (a) FPIF staff will use reasonable best efforts to include at least one Minority Investment Manager in final staff interviews, consistent with the requirements of the Pension Code. FPIF staff will inform the Board of all Minority Investment Manager candidates.
- (b) FPIF staff will regularly meet with Illinois-based Minority Investment Managers and learn more about the Illinois-based Minority Investment Manager community.
- (c) FPIF staff will encourage FPIF consultants to be proactive and use creative approaches in achieving the Board's objectives with respect to the use of Minority Investment Managers.

6-6.4. Minority and Illinois Brokerage

FPIF seeks to promote access to business opportunities for state or local government certified, Minority-Owned Broker/Dealers and Illinois-based broker/dealers; therefore, FPIF, as a part of this Chapter, has established goals for the use of Minority-Owned Broker/Dealers by investment advisers. The minimum expectations are established based on the asset class in which the investment adviser invests. In addition, FPIF will encourage its investment advisers to direct trades to Illinois-based broker/dealers. It is further the policy objective of FPIF to encourage its investment advisers to seek to obtain best price execution to ensure that all transactions are executed in a manner such that total implicit and explicit costs of transactions are the most favorable available under the circumstances.

For purposes of this Chapter, in order to be considered a Minority-Owned Broker/Dealer, documentation of a current State of Illinois certification, documentation of a current state issued certification, or documentation of certification issued by a unit of local government must be provided to the Board.

Transactions completed with Minority-Owned Broker/Dealers on behalf of FPIF must be completed at rates fully competitive with the market. Subject to best execution, investment advisers for FPIF's separately managed investment portfolios are strongly encouraged to direct the below percentages of total eligible commission dollars or eligible trading volume to Minority-Owned Broker/Dealers.

<u>Asset Class</u>	<u>Minimum Goal as a Percentage</u>
U.S. Equity	30%
International Developed Equity	20%
Emerging Market Equity	5%
Domestic Investment Grade Fixed Income	20%
Domestic Below Investment Grade Fixed Income	5%
International Developed and Emerging Market Fixed Income	5%

These goals will be reviewed annually by FPIF staff.

6-6.5. Brokerage

- (a) FPIF staff will strongly encourage, verbally and in writing, FPIF's public markets investment advisers to directly utilize Minority-Owned Broker/Dealers. Staff will add additional asset classes when appropriate.
- (b) FPIF staff will strongly encourage, verbally and in writing, investment advisers to direct trades to Illinois-based broker/dealers.
- (c) FPIF requires investment advisers to obtain best price execution to ensure that all transactions are executed in a manner that the total implicit and explicit costs of such transactions are the most favorable under the circumstances.
- (d) FPIF staff will provide to Minority-Owned Broker/Dealers the contact information for FPIF's public markets' investment advisers.
- (e) FPIF staff will monitor the use of Illinois-based broker/dealers and Minority-Owned Broker/Dealers by FPIF's investment advisers, and report results to the Board on an annual basis. If an investment adviser reports less than their encouraged percentage of Minority-Owned Broker/Dealer utilization, Staff will require the adviser to state the reason for the shortfall. The Board will decide if the adviser's practices are in accordance with this Chapter.
- (f) FPIF staff will consider the use of Illinois-based broker/dealers and Minority-Owned Broker/Dealers when evaluating existing investment advisers.

6-6.6. Consequences of Non-Compliance

FPIF continuously monitors investment advisers' compliance with this Section 6-6, and FPIF has established a series of consequences for those advisers who continually fail to meet expectations. The investment advisers are expected to achieve the desired levels of brokerage usage over a fiscal year period. The following steps will occur if the investment adviser continues to fall short of expectations:

- (a) A follow-up letter will be distributed to the investment advisers not achieving the minimum level of Minority-Owned Broker/Dealer usage. The investment advisers will be reminded of the brokerage usage expected by the Board.
- (b) Staff will conduct a meeting with the investment adviser to discuss the reasons for not achieving the desired level of brokerage usage.
- (c) Investment advisers not achieving the expected levels of Minority-Owned Broker/Dealer usage may be subject to a moratorium on additional funding.
- (d) If an investment adviser fails to comply with the request, they may be invited to appear before the Board to explain why they are unable to achieve the desired level of brokerage usage.

(e) The investment adviser may be placed on the Investment Advisers Watch List.

6-7. MINORITY CONTRACT AND SERVICE UTILIZATION

Section 5/1-109.1 of the Pension Code states that FPIF shall adopt a policy that sets forth goals for the utilization of businesses owned by minorities, females, and persons with disabilities for all contracts and services. As required by the Pension Code, "The goals shall be based on the percentage of total dollar amount of all contracts let to minority-owned businesses, women-owned businesses, and businesses owned by a person with a disability, as those terms are defined in the Business Enterprise for Minorities, Females, and Persons with Disabilities Act."

In furtherance of the Pension Code, and subject to its fiduciary responsibility, FPIF has set forth a minimum goal of 0-5% of the total dollar amount for all contracts for the utilization of businesses owned by minorities, females, and persons with disabilities.

In addition, pursuant to Pension Code, FPIF has set an aspirational goal to have no less than 20% of the total service contracts awarded for information technology, accounting, insurance brokerage, and legal services to be let to businesses owned by minorities, females, and persons with a disability, as those terms are defined in the Business Enterprise for Minorities, Females, and Persons with Disabilities Act.

6-8. FIDUCIARY DIVERSIFICATION

FPIF acts as fiduciary for its participating Article 4 pension funds in Illinois. As a fiduciary, FPIF is responsible for managing, investing, reinvesting, preserving, and protecting fund assets.

FPIF will comply with all federal and state statutes, rules, and regulations pertaining to FPIF's investments. The Pension Code 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 the Pension Code, the FPIF will use its best efforts to increase the racial, ethnic, and gender diversity of its fiduciaries, including its consultants, within the bounds of financial and fiduciary prudence.

Additionally, the FPIF will use its best efforts to ensure that the racial and ethnic makeup of its senior administrative staff represents the racial and ethnic makeup of its membership. FPIF will ensure that a diverse pool of candidates are considered for all internal staffing needs.

As vacancies occur, FPIF will consider the racial, ethnic, and gender diversity of its consultants and senior staff in accordance with this Chapter and within the bounds of financial and fiduciary prudence.

6-9. INVESTMENT PRODUCTS

6-9.1. Applicability

[This Section 6-9 applies to the selection of Investment Products. In establishing this policy, it is FPIF's intention to assure all interested parties that procurement decisions occur in an](#)

environment of full disclosure characterized by competitive selection, objective evaluation, and proper documentation. The overriding consideration with respect to all decisions made by FPIF is that the decisions be made in the best interests of the participants and beneficiaries of Participating Pension Funds.

6-9.2. Solicitations

FPIF's non-discretionary Consultant(s) shall recommend to the Chief Investment Officer a strategy for the solicitation and selection of Investment Products within the Consultant's investment mandate and consistent with FPIF's current investment policy. The strategy shall be subject to approval by the Chief Investment Officer.

Once approved, the Consultant shall publish and market the solicitation. FPIF may, but is not required to, also publish a copy of the solicitation on its website. In addition, if FPIF is unable to utilize a Consultant to publish and market an Investment Product solicitation, FPIF may publish and market a solicitation itself on its website.

At minimum, the solicitation shall describe the Investment Product being solicited, the goal and proposed strategy thereof, and any minimum qualifications. The solicitation shall direct respondents how and when to respond. The solicitation shall be open at least 14 days after being published. FPIF may, or may permit the Consultant to, amend or cancel the solicitation; waive or permit corrections, irregularities, informalities, or deficiencies to proposals; and request proposal revisions or best-and-final offers.

6-9.3. Selection

(a) **General Selection Criteria.** The criteria used to select an Investment Product may vary based on the particular investment goal and proposed strategy for which the Investment Product is being solicited. However, the general criteria include, but are not limited to, the following:

- (i) The Investment Product Manager's experience investing assets on behalf of large defined benefit plans;
- (ii) Qualifications and depth of the Investment Product Manager's professional staff;
- (iii) Relevance and differentiation of stated strategy relative to the mandate sought by FPIF;
- (iv) Soundness of the Investment Product Manager's strategy, philosophy, and process with respect to the investment of assets;
- (v) The Investment Product Manager's track record of investment performance on an absolute and relative basis;
- (vi) The adequacy of the Investment Product Manager's investment, portfolio management, back office, accounting and reporting and client servicing capabilities; and

(vii) Fees.

(b) **Due Diligence and Recommendation.** If the solicited Investment Product is within the investment mandate of a non-discretionary Consultant, then, unless otherwise directed by the Chief Investment Officer, that Consultant shall review the proposals and assist with selection of one or more Investment Products to be further evaluated for selection. The Consultant and FPIF investment staff may conduct further diligence and interviews.

The Consultant shall conduct, on FPIF's behalf, due diligence and review of any Investment Product being considered for selection consistent with industry standards and best practices based on the type of Investment Product. At minimum, that due diligence and review will include the following:

(i) For all Investment Products, (1) a review of offering documents (e.g. the private placement memorandum) for the Investment Product, (2) a review of key business terms and conditions for the Investment Product, and (3) a basic review of the Investment Product Manager's prior track record, including, but not limited to, a performance attribution analysis for factors that are relevant to the proposed firm and strategy; and

(ii) For private market Investment Products that are illiquid on a short-term basis and are not diversified or numerous in their underlying assets, in addition to the reviews described in clause (i) immediately above, (1) a review of the Investment Manager's response to a due diligence questionnaire of industry-standard breadth; (2) reference checks conducted covering key departed professionals, team member prior employers, institutional limited partners, co-investment sponsors, and/or management teams of prior investments; (3) on-site visit to the Investment Product Manager's offices for an interview, unless infeasible; (4) a basic review of back-office operations; and (5) a more extensive review of the Investment Product Manager's prior track record, including, but not limited to, independent performance calculation validation and deal-by-deal performance evaluation.

(c) **Selection Authority.** The Investments and Operations Committee, in consultation with the Chief Investment Officer and the Consultant, is authorized to approve the selection of an Investment Product so long as (i) the total investment or capital commitment by FPIF in the Investment Product is not more than \$50 million, (ii) the target aggregate subscriptions in the Investment Product by other investors is at least \$5 billion, (iii) the investment is consistent with FPIF's current investment policy, and (iv) the Investment Product is recommended by the Chief Investment Officer and the Consultant. The selection of any Investment Product that does not meet the foregoing criteria is subject to approval by the Board.

Any investment approved by the Investments and Operations Committee will be reported to the Board at its next meeting, together with an investment memorandum from the Chief Investment Officer or Consultant.

(d) **Contracts.** FPIF investment staff, the Consultant, and FPIF legal counsel are authorized to negotiate subscription, capital commitment, and other investment

contracts and supporting documentation for any approved Investment Product. Contract execution is subject to compliance with Section 6-2.4.

6-9.4. Other Requirements

- (a) **Public Disclosures.** Without limiting other information that may be requested pursuant to the Illinois Freedom of Information Act, FPIF shall regularly provide in its reports or website the following information about each Investment Product in which FPIF has invested: (i) the names of the Investment Product and Investment Product Manager; (ii) the total amount invested or committed; and (iii) the total fees paid to the Investment Product Manager.
- (b) **Contingent Compensation.** No Investment Product Manager shall retain a person or entity to influence the outcome of an investment decision or the selection of an Investment Product by FPIF for compensation that is contingent in whole or in part upon the decision or selection.
- (c) **Other Applicable Laws.** The selection of Investment Products by FPIF shall be made and awarded in accordance with the Pension Code, the State Officials and Employees Ethics Act, and all other applicable Illinois law. All FPIF trustees and employees shall comply with all gift ban restrictions prescribed in the FPIF Ethics Policy.
- (d) **Communications.** The solicitation documents for an Investment Product may include restrictions or requirements for communications by potential Investment Product Managers with FPIF or its Consultant, such as requiring that communications be directed to the Consultant.
- (e) **Conflicts of Interest.** No Trustee, FPIF employee, or FPIF Consultant shall knowingly cause or advise FPIF to engage in an investment transaction with an Investment Product when such Trustee, FPIF employee, or FPIF Consultant, or any of their spouses, (1) has any direct interest in the income, gains or profits of the Investment Product or (2) has a relationship with that Investment Product Manager that would result in a pecuniary benefit to the Board Member, FPIF employee, or FPIF Consultant or any of their spouses as a result of the investment transaction. With respect to this requirement, Investment Product Manager includes an employee or agent of such firm who has greater than 7.5% ownership of the firm.