



Buffalo Grove Firefighters' and Police Pension Funds

Request for Proposals

**Investment Advisory Services
December 2019**

Table of Contents

I.	Introduction.....	3
II.	Background	3
III.	Delivery of Proposals	4
IV.	Quiet Period Policy.....	4
V.	Terms for Making Proposal	5
A.	Firm Information	5
B.	Description of Organization.....	5
C.	Business Arrangements	6
D.	Investment Procedures and Approaches	6
E.	Investment Performance; Reporting	7
F.	Fees	7
G.	Diversity Profile and Financial Disclosure Requirements (See Appendix C).....	8
H.	Contract Negotiating and Awarding	8
I.	Miscellaneous.....	9
	APPENDIX A.....	12
	APPENDIX B.....	14
	APPENDIX C.....	16

Buffalo Grove Firefighters' and Police Pension Funds Request for Proposals (RFP) for Investment Advisory Services December 2019

I. Introduction

The **Boards of Trustees of the Buffalo Grove Firefighters' and Police Pension Funds** (hereinafter "Boards" or "Pension Funds") are requesting proposals from qualified investment management firms or other financial institutions to serve as the investment advisor, managing the assets of the Pension Funds. Firms or institutions submitting proposals must meet the minimum eligibility requirements for investment advisors or managers set forth in Section 1-113.5 of the Illinois Pension Code (40 ILCS 5/1-113.5) and comply with all other applicable state and federal laws for vendors doing business with a public entity. Investment practices and procedures must comply with Illinois law and the Pension Funds' investment policy.

The Boards reserves the right to reject any and all proposals submitted. Proposals submitted will be evaluated by the Boards. During the review process, the Boards have the right to request additional information and corrections from any or all of those submitting proposals. Once the Boards have reviewed the proposals, it may request oral presentations from any or all of those submitting proposals. All costs incurred with the submission of proposals are solely those of the proposer. The Boards and/or the Pension Funds will not reimburse any expenses of those submitting proposals.

All questions or communications pertaining to this RFP shall be presented in an e-mail with the subject line "**Investment Advisory Services 2019**" addressed to the following individual:

Brett Robinson
Purchasing Manager for the Village of Buffalo Grove
brobinson@vbg.org

Questions must be submitted via email by 3:30 p.m. on December 16, 2019. These questions will be consolidated into a single Addendum document and responded to on, or about, January 7, 2019. The Addendum will be e-mailed to each proposer who posed questions and posted on the Village's procurement website (www.vbg.org/bids) without indicating the source of the query. Please provide a return email address for responses.

II. Background

The Buffalo Grove Firefighters' and Police Pension Funds, Lake and Cook Counties, Illinois, are Article 3 and 4 pension funds organized pursuant to the Illinois Pension Code (40 ILCS *et seq.*) for the benefit of its members and of their surviving spouses, children and certain other dependents. The Pension Funds have total assets of approximately \$135 million as of September 30, 2019.

Any resulting agreement for a provider for investment advisory services would be separate for each fund.

III. Delivery of Proposals

Please forward **sixteen (16) copies of the proposal** in a sealed envelope or box labeled “Buffalo Grove FPF/PPF Request for Proposal for Investment Advisory Services” to:

**Brett Robinson
Purchasing Manager
Village of Buffalo Grove
50 Raupp Boulevard
Buffalo Grove, IL 60089**

Separate sealed envelopes or packages containing **four (4) copies of the fee structure** shall be marked or endorsed “Fee Structure - Investment Advisory Services” and shall be labeled with the Name of the Firm.

Please also e-mail a copy of the proposal to Brett Robinson, Purchasing Manager, at brobinson@vbg.org. The proposals (both paper copies and e-mailed version) must be received by 3:30 p.m. on January 28, 2020, to be considered.

IV. Quiet Period Policy

Please note the following Quiet Period Policy establishing guidelines by which the Fund’s Board of Trustees will communicate with current and prospective service providers during a search process. **The Quiet Period for this RFP began on November 14, 2019.**

- The quiet period shall commence upon Boards of Trustees action to authorize a search for a service provider and end once a selection has been made by the Boards and accepted by the service provider;
- All Board members, and Funds staff not directly involved in the search process, shall refrain from communicating with potential service providers regarding any product or service related to the search offered by the provider throughout the quiet period and shall refrain from accepting meals, travel, hotel, or other value from the providers;
- Throughout the quiet period, if any Board member or Fund staff member is contacted by a potential service provider, the Board member or Fund staff member shall refer the provider to Brett Robinson, Purchasing Manager for the Village of Buffalo Grove;
- All authority related to the search process shall be exercised solely by the Boards as a whole, and not by individual Board Members;
- All information related to the search process shall be communicated to the Boards as a whole, and not to individual Board Members;
- The quiet period does not prevent Boards approved due diligence, client conference attendance, or communications with an existing service provider that happens to be a provider in the ordinary course of services provided by such service provider; however, discussions related to the pending selection shall be avoided during those activities;
- The provisions of this policy will apply to potential service providers throughout the quiet period and shall be communicated to providers in conjunction with any competitive proposal process; and
- A potential service provider may be disqualified from a search process for a violation of this policy.

V. Terms for Making Proposal**A. Firm Information**

1. Name of Firm
2. Address
3. Name, telephone number, email address and title of individual with authority to commit Firm.
4. Please disclose any entity that is a parent of, or owns a controlling interest in, your Firm. Please also disclose any entity that is a subsidiary of, or in which a controlling interest is owed by, your Firm.

B. Description of Organization

1. Name of Asset Management Organization
2. Firm
 - a. The year the Firm was founded.
 - b. List specific municipal or government accounts currently under management:
 - i. specifically highlight Illinois Firefighters' and Police Pension Fund accounts;
 - ii. specifically detail the total market value of the portion your Firm manages; and
 - iii. highlight the number of years the firm has worked with each Fund.
 - c. List any Illinois Firefighters' or Police Pension Fund accounts that have terminated their relationship with your Firm within the last ten (10) years and provide the year of termination.
 - d. Provide a copy of your Firm's ADV.
3. Portfolio Managers, Relationship Managers, Administrators, or other Individuals who would have primary responsibility for the management of this account.
 - a. Name and Title;
 - b. Biographies of key personnel;
 - c. Number of accounts under management for each individual;
 - d. Years of personal Illinois Firefighters' and Police Pension Fund management experience;
 - e. Names, responsibilities and tenure of key members of the management team that have left the Firm within the last three (3) years;

- f. Names of Firm representatives who would attend pension board meetings;
 - g. Specify the approximate percentage of time that the Firm representatives (listed above) spend working with Illinois firefighters' and police pension funds
4. Describe any special expertise and experience your Firm has in providing investments advisory services to Police and Firefighters' pension funds in Illinois.
 5. The Board requires that all participating Firms carry suitable fiduciary liability insurance. Discuss your firm's insurance coverage as well as other safeguards for client funds. Be prepared to provide proof of such insurance upon request of the Board.
 6. Describe the competitive advantage which you believe your Firm enjoys over its competitors.

C. Business Arrangements

1. List brokers executing more than 10% of your dollar volume over the last twelve (12) months and disclose their percentages.

List total value of the soft dollars received over the last twelve (12) months and their sources.

2. Please disclose and describe all sources of income you receive in connection with investment advisory services to pension funds, either direct or indirect. What third parties will you receive compensation from, including, but not limited to, commissions, 12(b)(1) fees, and referral fees, etc.?
3. Discuss recommendations for custody. Are you affiliated with the proposed custodian? Would your Firm receive any compensation from this custodian in regard to this client account? Are any custodian services delegated to other firms? Please itemize all costs to the Pension Fund should it choose to accept your Firm's recommendations with regard to custody.
4. Does your firm practice in any underwriting activities, either direct or in arrangements with other financial institutions? Please disclose what bonds or stocks in your current portfolios are the result of such transactions and explain what fees or compensation your firm receives in such transactions.

D. Investment Procedures and Approaches

1. Briefly describe the philosophy and methodology of your security selections for equities and fixed income. If you feel any of the more common "investment styles" apply to your philosophy, please so indicate.
2. Describe your capabilities in developing, implementing and modifying investment guidelines and objectives.
3. Explain your views on passive versus active management. What is your recommended allocation between active and passive management?
4. To what extent does your firm manage individual bonds and equities, as opposed to choosing equity or other managers as sub-advisors?
5. Describe your role in implementing manager transitions and/or rebalancing strategic asset allocations targets.

6. What are your approaches to rebalancing or reallocating asset classes, styles, and sectors for, or on behalf of, the fund? How do you add value in this process?
7. Please describe the investment software used in making allocation decisions/choices

E. Investment Performance; Reporting

1. Please submit composite performance data for the last one-year, three-year, and five-year periods ending December 31, 2018. Also, provide the same performance data for each full year your firm has managed any Illinois Firefighters' and Fire Pension Funds through December 31, 2018. Please provide equity and fixed income composite performance separately. Specify if these returns comply with the CFA Institute – GIPS performances presentation standards. Fixed income returns should include accrued interest. Indicate the composition of the composite and compare the composite performance against the appropriate market index/benchmark. The composite should contain **ONLY** Illinois Firefighters' and Police Pension Fund accounts managed by your firm. Disclose if any Illinois Firefighters' and Police Pension Fund clients were left out of the composite. If so, why were they left out? If you cannot provide this performance data, explain why.
2. Please provide an example of your reporting format for quarterly meetings.
3. How much flexibility is there in your reporting format? Can reports be customized at the Fund's request? Are there charges for such changes? Within what time can requested changes in reporting be made, *i.e.*, at the beginning of the relationship only, or anytime changes are needed? Are reports available in electronic format?
4. Describe the appropriate benchmarks that your Firm feels the equity and fixed income portions of the portfolio should be managed against and why.

F. Fees

1. **The proposed fee structure shall be provided at the same time as the proposal documents separate and apart from the proposal response. Separate sealed envelopes or packages containing four (4) copies of the fee structure shall be marked or endorsed "Fee Structure - Investment Advisory Services" and shall be labeled with the Name of the Firm.**
2. Please provide the proposed fee structure, including full disclosure of direct and indirect fees, commissions, penalties and other compensation, including reimbursement for expenses, start-up fees, 12(b)(1) fees, annual fees, and all other fees. Please provide optional "Fixed Fees" in addition to Percent (%) of Assets fees.
3. Please provide a detailed description of the services to be provided in exchange for the proposed fees.
4. Please describe any anticipated transitional costs to move the portfolios.
5. If chosen by the both the Funds, what economy of scale can you offer? Provide a one fee schedule each for providing the services to the Firefighters' Pension Fund, a schedule for providing the services to the Police Pension Fund and a fee schedule for providing the services to both Funds (three (3) fee schedules in total).

G. Diversity Profile and Financial Disclosure Requirements (See Appendix C)

Effective January 1, 2015, Section 1-113.21 of the Illinois Pension Code prohibits public retirement systems, pension funds, and investment boards from awarding a contract, oral or written, for investment services, consulting services, or commitment to a private market fund, unless the investment advisor, consultant or private market fund first makes certain diversity profile and financial disclosure. Therefore, please complete **Appendix C** and disclose:

1. The number and percentage of its investment and senior staff who are: (i) a minority person, (ii) a female, and (iii) a person with a disability;
2. The number of contracts, oral or written, for investment services, consulting services, and professional and artistic services that the investment advisor, consultant, or private market fund has with (i) a minority-owned business, (ii) a female-owned business, or (iii) a business owned by a person with a disability; and
3. The number of contracts, oral or written, for investment services, consulting services, and professional and artistic services the investment advisor, consultant, or private market fund has with a business other than: (i) a minority-owned business, (ii) a female-owned business, or (iii) a business owned by a person with a disability, if more than 50 percent of services performed pursuant to the contract are performed by (i) a minority person, (ii) a female, and (iii) a person with a disability.

H. Contract Negotiating and Awarding

Although fees are a material element in selection, cost is only one of several factors used to evaluate proposals. The successful bidder agrees that any resulting contract awarded under this RFP is subject to successful contract negotiations. If the Fund and the successful bidder cannot reach an agreement on contract terms, a contract may not be awarded to said bidder.

- As part of your response, please provide a draft agreement.

Services provided by the successful bidder must be performed in compliance with all applicable federal and state laws. The successful bidder agrees that it will accept contract terms in any contract awarded under this RFP that shall include the following:

- The contract shall be enforced, governed and construed in all respects in accordance with the laws of the State of Illinois to the extent such laws are not pre-empted by the laws of the United States of America;
- The successful bidder will bring any suit, action, claim or proceeding in, and will submit to (and consents and waives any objection to) the jurisdiction of the Illinois courts in connection with any claim asserted against the Fund arising out of, or in connection with, any Agreement awarded under this RFP;
- The successful bidder will submit to (and consents and waives any objection to) the jurisdiction of each of the Circuit Court of Illinois, Cook County, First Appellate District Court of Illinois and the United States District Court for the Northern District of Illinois, Eastern Division, in Chicago, Illinois in respect of any suit, action, claim or proceeding brought by the Fund arising out of, or in connection with, this Agreement.

- Please note that the Fund will not enter into any contract that includes provisions that would require the Fund to indemnify a consultant, other than for damages caused by the Fund's negligence or willful misconduct, or limit in any way damages that are caused by a consultant's negligence or willful misconduct. Furthermore, the Fund will not enter into any contract that requires that the Fund defend claims brought against an advisor by a third party during the contract period.

I. Miscellaneous

1. Please provide a list of at least five (5) Illinois Firefighters' or Police Pension Fund client references with contact names, addresses, and telephone numbers. If you do not have five Illinois Firefighters' or Police Pension Fund client references, please provide at least five (5) other client references.
2. Please provide a list of formal complaints, sanctions, or litigation against your Firm in the last five (5) years, if any.
3. Has your firm, its principal, or affiliate ever:
 - i. been the subject of a non-routine Securities and Exchange Commission (SEC) inquiry or investigation or a similar inquiry or investigation for any similar federal, state or self-regulatory body or organization;
 - ii. been a party to any litigation concerning fiduciary responsibility to other investment related matters; or,
 - iii. submitted a claim to your errors and omissions, fiduciary, liability, and/or fidelity bond insurance carrier(s)?

If yes to any, please provide details.
4. Provide a list of any/or all affiliates with financial institutions, insurance companies, mutual funds, and/or brokerage firms. Please provide a description of each affiliation.
5. Please state whether you are willing to acknowledge that you are a fiduciary of the pension fund as defined in Section 1-101.2 of the Illinois Pension Code (40 ILCS 5/1-101.2).
6. Please state whether you agree to venue for any judicial proceeding to be in Cook County in the State of Illinois.
7. If requested, what other services could your Firm provide (on-site training, etc.) for trustees and staff?
8. Specify how your firm will handle transfer of assets. Describe how your Firm will assist in transition management if the Board decides to switch from its current investment advisor/manager.
9. Please complete Appendix A to this RFP.
10. Please state whether you agree to sign the Fund's Code of Conduct Certification in **Appendix B**.

J. SUBMISSION OF PROPOSAL AND SELECTION PROCESS

1. Schedule

The Fund reserves the right to alter the following schedule if necessary. If the schedule changes, the Funds representative, Brett Robinson, will notify the affected responders via e-mail. In no event will the dates listed below be changed to earlier dates.

Schedule:	Dates:
Quiet Period Begins	November 14, 2019
RFP Issued	December 6, 2019
Deadline for Responder Questions	December 16, 2019
Response to Questions	January 7, 2020
RFP Responses due 3:30 p.m. CDT	January 28, 2020
Evaluations	TBD
Selection	TBD

2. Submission Process

Deadline: To be considered for selection, **sixteen (16) copies** of the proposal must be received in a sealed envelope or box labeled "Buffalo Grove Firefighters' and Police Pension Funds Request for Proposal for Investment Advisory Services" Brett Robinson, Purchasing Manager, Village of Buffalo Grove, 50 Raupp Boulevard, Buffalo Grove, IL 60089. In addition, a copy must also be received via e-mail in Adobe Acrobat format to brobinson@vbg.org by **January 28, 2020 no later than 3:30 p.m. CDT**. Please reference the "**Investment Advisory Services RFP Response – [Name of Responder]**" in your communications. An e-mail confirmation will be sent confirming receipt of the proposal. **Fee Structures shall be submitted at the same time as the proposal documents in a separate envelope or box**

Withdrawal: A proposal may be withdrawn at any time prior to the deadline by written notification signed by the individual applicant or authorized agent of the firm and received by brobinson@vbg.org on **January 31, 2020** no later than the deadline of 3:30 p.m. CDT.

Please reference the "**Investment Advisory Services RFP Response – [Name of Responder]**" in your communications. An e-mail confirmation will be sent confirming withdrawal of the proposal. The proposal may be resubmitted with any modifications no later than the deadline. Modifications offered in any other manner will not be considered.

Questions: All questions or communications pertaining to this RFP shall be presented in an e-mail with the subject line "Investment Advisory Services 2019" addressed to the following individual:

Brett Robinson
Purchasing Manager for the Village of Buffalo Grove
brobinson@vbg.org

Questions must be submitted via email by 3:30 p.m. on **December 16, 2019**. These questions will be consolidated into a single document and responded to on, or about, **January 7, 2019**. The Addendum will be e-mailed to each proposer who posed questions and posted on the Village's procurement website (www.vbg.org/bids) without indicating the source of the query. Please provide a return email address for responses.

3. Evaluation Process

All proposals received by the deadline will be reviewed to determine whether they meet the requirements of this RFP. The primary factors that will be considered include, but will not necessarily be limited to:

- Organization
- Resources
- Experience with like-sized Illinois firefighter and police pension funds
- Service team
- Commitment to diversity
- Independence
- Fees and expenses from Money Managers, Bond Traders, and Custodial Fees
- Asset allocation philosophy and Active vs. Index Fund allocations and reasoning

All pricing and fee structures shall be provided separate and apart from the proposal documents.

K. Additional Terms and Conditions:

Prior to the award of a contract pursuant to this RFP, selected individuals or firms must provide all requested documentation.

Although it is anticipated that the Boards will enter into a multi-year contract with the advisor, please note that the contract will contain an automatic termination clause should the Funds' investment authority cease at any time during the contract period.

APPENDIX A

MINIMUM QUALIFICATION REQUIREMENTS AND CERTIFICATION

The responder must satisfy each of the following minimum qualifications for this RFP, in order to be given further consideration by the Boards of Trustees. Failure to satisfy each of the requirements will result in rejection of the proposal. Failure to provide complete information will also result in the rejection of the proposal. Please answer "YES" or "NO" where indicated. If additional evidence is requested, please provide complete documentation.

1. The responder's key professionals and/or organization must not have material conflicts of interest with the Pension Funds Boards of Trustees ("Board"). (Yes/No): _____
2. The responder must be registered as an investment adviser under the Investment Advisers Act of 1940. The firm will promptly advise the Boards if it, at any time, is not so registered. The firm must submit its full Form ADV (Parts I and II). (Yes/No): _____
3. The responder must agree to serve as a "fiduciary" to the Funds within the meaning of Illinois law and to act in accordance with all requirements and standards of conduct applicable to fiduciaries. (Yes/No): _____
4. The responder will, at all times, act in accordance with the requirements of the Boards' investment policy. (Yes/No): _____
5. The responder and its proposed team have all authorizations, permits, licenses and certifications required by federal and state laws and regulations to perform the services specified in this RFP at the time responder submits a response to the RFP. (Yes/No): _____
6. The responder will comply with all applicable federal and state legislation, including applicable State fiduciary, ethics, and diversity laws, including any additional disclosure requirements. (Yes/No): _____
7. The responder will make a full disclosure of direct and indirect fees, commissions, penalties, and other compensation, including reimbursement for expenses, that may be received by the responder in connection with the provision of services to the Funds. (Yes/No): _____
8. The responder will update the disclosure of fees promptly after a modification of those payments or after an additional payment. (Yes/No): _____
9. The responder will submit periodic written reports, on at least a quarterly basis, for the Boards' review at its regularly scheduled meetings. (Yes/No): _____
10. The responder will certify its compliance with the Buffalo Grove Firefighters' Pension Fund Code of Conduct for Fund service providers (**See Appendix B**). (Yes/No): _____
11. As of December 31, 2018, and for at least the five (5) most recent continuous years, the firm must have a verifiable operating history with at least three (3) institutional fund clients with similar size, complexity and asset mix to the Fund. Qualified Women, Minority, or Disabled Owned Businesses are exempt and will be evaluated for further consideration at the Fund's discretion. (Yes/No/Exempt): _____

12. As of December 31, 2018, the primary contact dedicated to the Funds' contract must have at least five (5) years of experience in providing consulting services to institutional fund clients. Qualified Women, Minority, or Disabled Owned Businesses are exempt and will be evaluated for further consideration at the Fund's discretion. (Yes/No/Exempt):_____

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

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

Authorized Signer Name: _____

Title: _____

Responding Firm Name: _____

Signature: _____

Date: _____

APPENDIX B

BUFFALO GROVE FIREFIGHTERS' PENSION FUND CODE OF CONDUCT FOR FUND SERVICE PROVIDERS

Any public or private individual or entity who provides goods or services to the Fund shall adhere to the following commitments:

- A. Act in a professional and ethical manner at all times in dealings with the Fund.
- B. Act for the benefit of the Fund
- C. Act with independence and objectivity.
- D. Fully disclose to the Fund any conflicts of interest that arise that may impair the ability to act independently or objectively.
- E. Act with reasonable care, skill, competence, and diligence when engaging in professional activities, and in accordance with all applicable professional codes and standards for the individual's or entity's profession.
- F. Communicate with the Fund in a timely, accurate, and transparent manner.
- G. Uphold the applicable law, rules and regulations governing the individual's or entity's profession.
- H. Refrain from advocating for the diminishment of public pension defined benefit plans.

Public and private individuals and entities who provide goods or services to the Fund shall sign and submit to the Fund an acknowledgement that they have received a copy of the Fund's Code of Conduct and certify that they agree to abide by its provisions.

**BUFFALO GROVE FIREFIGHTERS' PENSION FUND
CERTIFICATION OF FUND SERVICE PROVIDER**

This certification shall be completed and submitted to the Board of Trustees.

The undersigned acknowledges receipt of the Buffalo Grove Firefighters' Pension Fund Code of Conduct for Fund Service Providers and certifies that it agrees to abide by the provisions of the Code.

Signed

Print Name

Print Title

Print Company

Date

APPENDIX C Diversity Profile

Disclosures pursuant to Section 1-113.21 of the Illinois Pension Code (40 ILCS 5/1-113.21)

Beginning January 1, 2015, Section 1-113.21 of the Illinois Pension Code requires the following disclosures from an investment advisor, consultant or private market fund prior to the awarding of a contract with such entity:

Name of Firm: _____

1. The number of its senior staff and the percentage of its senior staff who are (i) a minority person (ii) a female, and (iii) a person with a disability: *(If none, state "none")*

Staff Classification	Number of Investment and Senior Staff Who Are	% Percentage of Investment and Senior Staff Who Are
Minority		
Female		
Person with a Disability		

2. The **number of contracts**, oral or written, for investment services, consulting services and professional and artistic services that the investment advisor, consultant, or private market fund has with (i) a minority owned business, (ii) a female owned business, or (iii) a business owned by a person with a disability; and

Statutory compliance requires numeric responses. Additional written information can be used to supplement your numeric response.

Contracts	Number Contracts
Minority	
Female	

Person with a Disability	
--------------------------	--

3. The **number of contracts**, oral or written, for investment services, consulting services, and professional and artistic services the investment advisor, consultant, or private market fund has with a business other than (i) a minority owned business, (ii) a female owned business or (iii) a business owned by a person with a disability, if more than 50% of services performed pursuant to the contract are performed by (i) a minority person, (ii) a female, and (iii) a person with a disability.

Statutory compliance requires numeric responses. Additional written information can be used to supplement your numeric response.

Contract	Number Contracts
Minority	
Female	
Person with a Disability	

Supplemental Diversity Information (Optional):

If desired, please include additional information on your firm's efforts to supplement the information provided above. Please feel free to attach or include any policies or documentation to support these efforts.

Authorized Signer Name: _____

Title: _____

Responding Firm Name: _____

Signature: _____

Date: _____