



Buffalo Grove Firefighters' and Police Pension Funds

Request for Proposals

**General Investment Consultant
2019**

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

SECTION I: GENERAL INFORMATION

A. Introduction

The Boards of Trustees of the Buffalo Grove Firefighters' Pension Fund and the Buffalo Grove Police Pension Fund ("Funds") are requesting proposals from investment consulting firms to provide general consulting services to the Funds and their Boards of Trustees. The Fund will retain discretion over all manager/fund selection decisions. Respondents to this RFP are encouraged to describe ways in which they believe their firm's capabilities are unique and add compelling value. This search was authorized by the Boards of Trustees and seeks to identify potential full-service general retainer investment consultants. The consultant will report to the Boards of Trustees. It is anticipated that the Funds will enter into five (5) year contracts with the consultant, in accordance with the provisions of Section 1-113.14 of the Illinois Pension Code (40 ILCS 5/1-113.14), with an option to terminate upon consolidation with the new statewide consolidated investment funds. Any agreement with the Buffalo Grove Police Pension Fund would be separate and apart from the Buffalo Grove Firefighters' Fund.

B. Background

The Funds exist as body politic and corporate under Articles 3 and 4 of the Illinois Pension Code. The Funds are governed by Boards of Trustees in accordance with Illinois law. The Funds' Boards of Trustees currently consists of five individuals representing active and retired members, as well as the Village of Buffalo Grove, Illinois. The Funds' Boards of Trustees administers the provisions of Articles 1, 3 and 4 of the Illinois Pension Code (40 ILCS 5/).

Administrative functions performed by Fund include processing retirement, survivor, disability, and death benefits for over 200 members and beneficiaries who have current or previous employment with the Village of Buffalo Grove Fire and Police Departments.

The Funds are located in the Village of Buffalo Grove, Illinois, roughly 30 miles northwest of Chicago.

As of September 30, 2019, the Buffalo Grove Firefighters' Pension Fund's assets totaled approximately \$65 million. As of September 30, 2019, the Buffalo Grove Police Pension Fund's assets totaled approximately \$72 million.

SECTION II: REQUEST FOR PROPOSAL OBJECTIVE

A. Purpose of Request for Proposal

The Funds are requesting information from qualified firms to provide full-service general consultancy. The Boards of Trustees of the Funds will consider the following in making its decision:

- Organization
- Resources
- Experience with like-sized Illinois firefighter and police pension funds
- Service team
- Commitment to diversity
- Independence
- Fees
- Asset allocation philosophy and Active vs. Index Fund allocations and reasoning

B. Issuing Officer, Contacts and Lobbying

The Boards of Trustees of the Funds are issuing this RFP. The Issuing Officer identified below is the main point of contact regarding this RFP. Contact with any other member of the Boards of Trustees is not permitted with respect to this RFP. The prohibition includes, but is not limited to, any lobbying efforts directed at any elected official or employee of the Village of Buffalo Grove, Illinois who might reasonably be considered to have influence over the process and final outcome.

The Issuing Officer for this RFP is:

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

Additional information regarding submission of responses to this RFP is set forth in Section IV below under the heading "Submission of Proposal and Selection Process."

C. RFP Questions

In order to clarify any issues in this Request for Proposal, the Fund will respond only to questions that are presented in writing via e-mail to: Brett Robinson Purchasing Manager for the Village of Buffalo Grove at brobinson@vbg.org. All questions should be submitted by **10:30 a.m. CDT, December 16, 2019**. ***The subject line of the e-mail must contain "Consultant Search RFP Response – [Name of Responder]" in your communications.*** These questions will be consolidated into a single Addendum document and responded to by the Fund on, or about, **January 7, 2020**. 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.

SECTION III: SCOPE, QUALIFICATIONS AND INFORMATION REQUESTED

A. Scope of Services

Portfolio Construction and Asset Allocation

- Assist the Funds to construct investment portfolio that is “best in class” for an Illinois Article 3 or 4 public pension fund;
- Recommend asset allocation: modeling, recommendations and implementation;
- Conduct in-depth analysis of any asset class recommended for addition to the policy portfolio to support tactical or strategic decisions;
- Develop benchmark(s) against which asset allocation/policy portfolio can be evaluated;
- Establish empirically-based benchmarks for each asset class;
- Identify asset classes that warrant active management and provide supporting analysis; and
- Provide recommendations for manager structure within each asset class.

Implementation

- Serve as a resource for the Funds' Boards of Trustees;
- Identify and screen candidates and recommend top choices, with pros and cons;
- Support the Boards of Trustees in the selection, retention and ongoing monitoring of managers;
- Support the Fund in achieving and evaluating goals;
- Provide assistance in contract review and negotiation, including on-going manager guidelines revisions;
- Provide policy portfolio, asset class and manager performance reviews vs. agreed upon benchmarks/metrics and make recommendations for changes consistent with the Fund's Investment Policy;
- Provide monthly (quarterly) performance reporting, including appropriate reporting to evaluate each asset class;
- Develop/refine risk dashboard and related metrics;
- Perform annual asset/liability analysis and recommend changes, as appropriate;
- Perform liquidity management studies and recommend changes, as appropriate;
- Review the Funds' Investment Policy and suggest revisions;
- Provide capital market research, asset class/new product education for the Board and provide general Board education as requested/agreed;
- Attend four (4) Boards of Trustees meetings for each Fund, as well as other meetings upon request, and make recommendations;
- Provide assistance on special projects upon request; and
- Provide other services as required by the Funds.

B. Minimum Qualifications

Failure to satisfy each of the minimum qualifications will result in the immediate rejection of the proposal. The responder must address each of the qualifications substantiating how the responder satisfies each of the minimum qualifications. The responses must contain sufficient information as prescribed to assure the Funds of its accuracy. Failure to provide complete information may result in rejection of the proposal. The Proposer must certify in writing on the Minimum Qualifications Certification (**Appendix A**) that it meets all of the minimum qualifications and must be signed by an individual who is authorized to bind the Proposer contractually.

- Firms or institutions submitting proposals must meet the minimum eligibility requirements for consultants as set forth in Section 1-113.5(a-5) of the Illinois Pension Code (40 ILCS 5/1-113(a-5)).

- The responder's key professionals and/or organization must not have material conflicts of interest with the Funds' Board, their custodian or their investment managers.
- The responder must be willing to enter into a most favored nation clause certifying that the fees, costs, or pricing charged to the Funds do not exceed the fees, costs, or pricing charged by the responder to any of its clients for the same or similar level of services.
- Proposing firm must be an investment consulting firm registered as an investment adviser under the Investment Advisers Act of 1940. The firm will promptly advise the Fund if it, at any time, is not so registered. The firm must submit its full Form ADV (Parts I and II).
- Proposing firm 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.
- Responder must 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. Responder's audited financial statements must be made available for review.
- Responder will comply with all applicable State and Federal laws, including applicable State fiduciary, ethics, and diversity laws, and any additional disclosure requirements, and be willing to sign the Buffalo Grove Firefighters' Pension Fund's Code of Conduct Form (**Appendix A**).
- 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 two (2) institutional fund clients with similar size (at least \$30 million in assets), complexity and asset mix to the Fund and at least one (1) Article 3 or 4 public pension fund with similar size (at least \$30 million in assets), complexity and asset mix to the Fund in the State of Illinois. Qualified Women, Minority, or Disabled Owned Businesses are exempt from this requirement and will be evaluated for further consideration at the Funds' discretion.
- 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 from this requirement and will be evaluated for further consideration at the Fund's discretion.
- The Funds retain the sole right to decide whether any responder is qualified to bid, including determining whether any responder's qualifications are sufficiently comparable to satisfy all of the above minimum qualifications.
- The Funds encourage individuals who are minorities, females, and persons with a disability, as well as firms owned by minorities, females, and persons with a disability to respond to this Request for Proposals, in accordance with the public policy expressed in Section 1-109.1 of the Illinois Pension Code (40 ILCS 5/1-109.1).

C. Diversity Profile and Financial Disclosure Requirements

Effective January 1, 2015, Section 1-113.21 of the Illinois Pension Code prohibits certain 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 discloses:

- 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;

- 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
- 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.

Additionally, pursuant to Sections 1-113.22 and 1-113.23 of the Illinois Pension Code, effective January 1, 2018, consultants seeking to do business must disclose:

- The total number of searches for investment services made by the consultant in the prior calendar year;
- The total number of searches for investment services made by the consultant in the prior calendar year that included (i) a minority owned business, (ii) a female owned business, or (iii) a business owned by a person with a disability;
- The total number of searches for investment services made by the consultant in the prior calendar year in which the consultant recommended for selection (i) a minority owned business, (ii) a female owned business, or (iii) a business owned by a person with a disability;
- The total number of searches for investment services made by the consultant in the prior calendar year that resulted in the selection of (i) a minority owned business, (ii) a female owned business, or (iii) a business owned by a person with a disability;
- The total dollar amount of investment made in the previous calendar year with (i) a minority owned business, (ii) a female owned business, or (iii) a business owned by a person with a disability that was selected after a search for investment services performed by the consultant;
- All compensation and economic opportunity received in the last 24 months from investment advisors retained by the board of a retirement system, board of a pension fund, or investment board; and
- Any compensation or economic opportunity received in the last 24 months from an investment advisor that is recommended for selection by the consultant.

Each responder must disclose this information in Appendices B-1 and B-2. Failure to completely fill out this information may result in disqualification from consideration. If the information is not available, then please indicate "0" in the required fields. DO NOT LEAVE ANY FIELDS BLANK.

D. Components of Submission

Enumerated below are the specific items requested from respondent firms:

- **Letter of Transmittal:** A letter of transmittal must be submitted on the responder's official letterhead. The letter must identify all documents provided collectively as a response to the RFP and must be signed by an individual authorized to bind the responder contractually. An unsigned proposal will be rejected. The letter must also contain the following:
 1. Statement that the proposal is being made without fraud or collusion; that the responder has not offered or received any finder's fees, inducements or any other form of remuneration, monetary or non-monetary, from any individual or entity relating to the RFP;
 2. Statement that discloses any current business relationship or any current negotiations for prospective business with the Board, or any of the Funds' Board Members; and
 3. Statement that the proposing firm has been in compliance with Funds' Quiet Period Policy and Ex-Parte Communications Policy.
- **Minimum Qualification Certification:** The responder must complete the certification in **Appendix A** and provide all supporting documentation.
- **Code of Conduct Form:** The responder must review and sign the Buffalo Grove Firefighters' Pension Fund's Code of Conduct form in **Appendix A**.
- **Diversity Disclosures** (in accordance with Sections 1-113.21, 1-113.22 and 1-113.23 of the Illinois Pension Code (40 ILCS 5/1-113.21, 1-113.22 and 1-113.23): The responder must complete the required disclosures regarding staff and vendor diversity in the form provided in **Appendices B-1 and B-2**.
- **Investment Consulting Services Questionnaire:** The responder must complete the required questions in the order presented in **Appendix C**.
- **Fee Proposal:** The responder must complete the fee proposal in **Appendix D**. The responder must certify that it will not engage in "soft dollar" arrangements with respect to Fund investments. **Fee Proposals shall be submitted at the same time as the proposal documents in a separate envelope or box**

E. 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 Funds 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; and
- 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 Funds 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 Funds' negligence or willful misconduct, or limit in any way damages that are caused by a consultant's negligence or willful misconduct. Furthermore, the Funds will not enter into any contract that requires that the Fund defend claims brought against a consultant by a third party during the contract period.

SECTION IV: SUBMISSION OF PROPOSAL AND SELECTION PROCESS

A. Schedule

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

<u>Schedule:</u>	<u>Dates:</u>
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 10:30 a.m. CDT	January 28, 2020
Evaluations	TBD
Selection	TBD

B. 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 General Investment Consultant" to 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 by Brett Robinson at brobinson@vbg.org no later than **10:30 a.m. CDT, January 28, 2020**. ***Please reference the "Consultant Search RFP Response – [Name of Responder]" in your communications.*** An e-mail confirmation will be sent confirming receipt of the proposal. **Fee Proposal (Appendix D.) 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 by January 31, 2020 no later than the deadline of **10:30 a.m. CT**. ***Please reference the "Consultant Search 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: In order to clarify any issues in this Request for Proposal, the Funds will respond only to questions that are presented in writing via e-mail to:

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

All questions should be submitted by 10:30 a.m. CDT, **December 16, 2019**. The subject line of the e-mail must contain "Consultant Search RFP Response – [Name of Responder]" in your communications. These questions will be consolidated into a single document and responded to by the Fund on, or about, **January 7, 2020**. The Q&A document 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.

SECTION V: ILLINOIS FREEDOM OF INFORMATION ACT DISCLOSURE, COMMUNICATIONS AND EVALUATION PROCESS

A. Freedom of Information Act Disclosure

All materials submitted in response to this RFP become the property of Funds. Proposals remain confidential during the selection process. However, upon completion of the selection process, all responses, including that of the individual or firm selected, will be a matter of public information and will be open to public inspection in accordance with the State of Illinois Freedom of Information Act (FOIA) (5 ILCS 140/1 *et seq.*).

If, in response to this RFP, trade secrets or commercial or financial information are furnished under a claim that they are proprietary, privileged or confidential and that disclosure of the trade secrets or commercial or financial information would cause competitive harm to the person or business responding to this RFP, such claim must be clearly made and such information must be clearly identified. (5 ILCS 140/7 and 7.5) **Responses to this RFP with every page marked as proprietary, privileged or confidential will not satisfy this requirement.** Bidders are required to make a good faith attempt to properly identify only those portions of the response that are truly furnished under a claim that they are proprietary, privileged or confidential and that disclosure of the trade secrets or commercial or financial information would cause competitive harm to the person or business responding to this RFP.

Redacted Version of RFP Response: In the event a responder believes certain materials in the submitted response are exempt from public disclosure, responders are asked to provide a redacted version of the response it believes will be suitable for release under the Illinois Freedom of Information Act (5 ILCS 140/7 and 7.5).

However, any claim of privilege from disclosure is not definitive. The Funds have the right and legal obligation to determine whether such information is exempt from disclosure under the Illinois Freedom of Information Act and no information will be considered or determined by the Funds to be proprietary, privileged or confidential unless it is identified and separated as indicated herein (5 ILCS 140/7 and 7.5).

B. Ordinary Course of Business Communications

Other than existing normal business matters and as outlined in this document, respondents, potential respondents, or their representatives should not contact anyone at the Funds (including members of the Funds' Boards of Trustees). In addition, respondents must not discuss this RFP with any of the Funds' employees, legal counsel, or other advisors or persons/entities having contracts or other affiliations with the Funds.

C. Fund Quiet Period Policy

Please note the following Quiet Period Policy establishing guidelines by which the Funds' Board of Trustees will communicate with 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 Board 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.

D. Rights Reserved

The Funds reserve the right to amend any segment of this RFP prior to the announcement of a contractor. In such an event, all respondents will be afforded the opportunity to revise their proposals to accommodate the RFP amendment.

The Fund reserve the right to remove any or all of the services from consideration for this contract. At its discretion, the Funds may issue a separate contract for any service or groups of services included in this RFP. The Funds may negotiate additional provisions to the contract awarded pursuant to this RFP.

The Funds may request additional information from any or all bidders to assist in the evaluation of proposals, and the Funds reserve the right to conduct background investigations of selected individuals or firms prior to awarding a contract under this RFP.

The Funds do not bear any obligation to complete the RFP process or to select any individual(s) or firm(s). The Funds also reserve the right, without prejudice, to reject any or all proposals submitted. Finally, the Funds will **NOT** reimburse any expenses incurred in responding to this RFP.

E. 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.

F. 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 five-year contract with the consultant, please note that the contract will contain an automatic termination clause should the Funds' investment authority cease at any time during the contract period.

SECTION VI: DEFINITIONS AND APPENDICES

Definitions under Illinois Law: Link to Illinois Compiled Statutes: www.ilga.gov

"Consultant" means any person or entity retained or employed by the board of a retirement system, pension fund, or investment board to make recommendations in developing an investment strategy, assist with finding appropriate investment advisers, or monitor the board's investments.

"Investment adviser," "investment advisor," or "investment manager" means, with respect to a pension fund or retirement system established under Illinois Pension Code:

- (1) is a fiduciary appointed by the board of trustees of the pension fund 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;
- (3) has acknowledged in writing that he or she is a fiduciary with respect to the pension fund; and
- (4) is at least one of the following: (i) registered as an investment adviser under the federal Investment Advisers Act of 1940 (15 U.S.C. 80b-1, et seq.); (ii) registered as an investment adviser under the Illinois Securities Law of 1953; (iii) a bank, as defined in the Investment Advisers Act of 1940; or (iv) an insurance company authorized to transact business in this State.

"Minority person" means a person who is a citizen or lawful permanent resident of the United States and who is a member of a minority.

"Minority owned business" means a business which is at least 51% owned by one or more minority persons, or in the case of a corporation, at least 51% of the stock in which is owned by one or more minority persons; and the management and daily business operations of which are controlled by one or more of the minority individuals who own it.

"Female owned business" means a business which is at least 51% owned by one or more females, or, in the case of a corporation, at least 51% of the stock in which is owned by one or more females; and the management and daily business operations of which are controlled by one or more of the females who own it.

"Business owned by a person with a disability" means a business that is at least 51% owned by one or more persons with a disability and the management and daily business operations of which are controlled by one or more of the persons with disabilities who own it. A not-for-profit agency for persons with disabilities that is exempt from taxation under Section 501 of the Internal Revenue Code of 1986 is also considered a "business owned by a person with a disability".

"Compensation" means any money, thing of value, or economic benefit conferred on, or received by, a consultant in return for services rendered, or to be rendered, by himself, herself, or another.

"Economic opportunity" means any purchase, sale, lease, contract, option, or other transaction or arrangement involving property or services wherein a consultant may gain an economic benefit.

APPENDIX A

MINIMUM QUALIFICATION REQUIREMENTS, CERTIFICATION AND CODE OF CONDUCT FORM

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 the immediate rejection of the proposal. Failure to provide complete information will result in the rejection of the proposal. Please answer "YES" or "NO" where indicated. If 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 Buffalo Grove Firefighters' or Police Pension Fund Boards of Trustees ("Boards") or their investment managers. (Yes/No):_____
2. The responder must be willing to enter into a most favored nation clause certifying that the fees, costs, or pricing charged to the Buffalo Grove Firefighters' or Police Pension Fund do not exceed the fees, costs, or pricing charged by the responder to any of its clients for the same or similar level of services. (Yes/No):_____
3. The responder must be an investment consulting firm registered as an investment adviser under the Investment Advisers Act of 1940. The firm will promptly advise the Board if it, at any time, is not so registered. The firm must submit its full Form ADV (Parts I and II). (Yes/No):_____
4. The responder must agree to serve as a "fiduciary" to the Fund within the meaning of Illinois law and to act in accordance with all requirements and standards of conduct applicable to fiduciaries. (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. The responder's audited financial statements will be made available for review, if requested by the Board. (Yes/No):_____
6. Responder will comply with all applicable State and Federal laws, including applicable State fiduciary, ethics, and diversity laws, and any additional disclosure requirements, and be willing to sign the Fund's Code of Conduct Form. (Yes/No):_____
7. 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 two (2) institutional fund clients with similar size (at least \$30 million in assets), complexity and asset mix to the Fund and at least one (1) Article 3 or 4 public pension fund with similar size (at least \$30 million in assets), complexity and asset mix to the Fund in the State of Illinois. Qualified Women, Minority, or Disabled Owned Businesses are exempt and will be evaluated for further consideration at the Fund's discretion. (Yes/No/Exempt):_____
8. As of December 31, 2018, the primary contact dedicated to the Fund 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):_____

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: _____

BUFFALO GROVE FIREFIGHTERS' PENSION FUND
SECTION 1.19 -- 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 B-1

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: _____

APPENDIX B-2

Compensation and Economic Opportunity Disclosures

**Disclosures pursuant to Sections 1-113.22 and 1-113.23
of the Illinois Pension Code (40 ILCS 5/1-113.22 and 1-113.23)**

Beginning January 1, 2018, Sections 1-113.22 and 1-113.23 of the Illinois Pension Code requires the following disclosures from a consultant prior to the awarding of a contract:

Name of Firm: _____

- The total number of searches for investment services made by the consultant in the prior calendar year; **(If none, state "none")**

Number of Searches

- The total number of searches for investment services made by the consultant in the prior calendar year that included (i) a minority owned business, (ii) a female owned business, or (iii) a business owned by a person with a disability; **(If none, state "none")**

Classification	Number of Searches
Minority	
Female	
Person with a Disability	

- The total number of searches for investment services made by the consultant in the prior calendar year in which the consultant recommended for selection (i) a minority owned business, (ii) a female owned business, or (iii) a business owned by a person with a disability; **(If none, state "none")**

Contract	Recommended for Selection
Minority	
Female	
Person with a Disability	

4. The total number of searches for investment services made by the consultant in the prior calendar year that resulted in the selection of (i) a minority owned business, (ii) a female owned business, or (iii) a business owned by a person with a disability; **(If none, state "none")**

Contract	Selected
Minority	
Female	
Person with a Disability	

5. The total dollar amount of investment made in the previous calendar year with (i) a minority owned business, (ii) a female owned business, or (iii) a business owned by a person with a disability that was selected after a search for investment services performed by the consultant. **(If none, state "none")**

Contract	Total \$ of Investment Made
Minority	
Female	
Person with a Disability	

6. All compensation and economic opportunity received in the last 24 months from investment advisors retained by the board of a retirement system, board of a pension fund, or investment board. **"Compensation" means any money, thing of value, or economic benefit conferred on, or received by, a consultant in return for services rendered, or to be rendered, by himself,**

herself, or another. "Economic opportunity" means any purchase, sale, lease, contract, option, or other transaction or arrangement involving property or services wherein a consultant may gain an economic benefit. (If none, state "none")

Total Compensation & Economic Opportunity

7. Any compensation or economic opportunity received in the last 24 months from an investment advisor that is recommended for selection by the consultant. ***"Compensation" means any money, thing of value, or economic benefit conferred on, or received by, a consultant in return for services rendered, or to be rendered, by himself, herself, or another. "Economic opportunity" means any purchase, sale, lease, contract, option, or other transaction or arrangement involving property or services wherein a consultant may gain an economic benefit. (If none, state "none")***

Total Compensation & Economic Opportunity

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: _____

APPENDIX C

General Consulting Services Questionnaire

Firm Name: _____

Contact Person: _____

Address: _____

Telephone: _____

E-mail: _____

Date Completed: _____

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. Firm Details
 - a. The year the firm was founded.
 - b. List specific municipal or government accounts currently under management:
 - i. specifically highlight Illinois Police and Fire 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 the Illinois Police and Fire Pension Fund accounts that have terminated their relationship with your firm in the last ten (10) years and provide the year of termination.
 - d. Is your firm a certified minority, female or persons with a disability-owned firm? If so, please provide a copy of certification.

2. 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 this individual.
 - d. Years of personal Illinois Police and Fire Pension Fund management experience.
 - e. Names, responsibilities and tenure of key members of the Illinois Police and Fire Pension Fund management team that have left the firm within the last three (3) years.
 - f. Representatives at pension board meetings.
3. Describe any special expertise and experience your firm has in providing investments consulting services to fire and police pension funds in Illinois.
4. Discuss your firm's insurance coverage. Describe the levels of coverage for errors and omissions insurance, and any other fiduciary or professional liability insurance the firm carries.
5. Describe the competitive advantage 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.
2. List total value of the soft dollar received over the last twelve (12) months and their source.
3. Please disclose and describe all sources of income you receive in connection with investment consulting or 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, referral fees, etc.?
4. Discuss recommendations for custody. Are you affiliated with this custodian? Do you receive any compensation for this custodian in regard to this client? Are any custodian services delegated to other firms? Itemize all cost to client should they choose to take your recommendations in regard to custody.
5. 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 selection for the equities and fixed income. If you feel any of the more common "investment styles" apply to your philosophy, please so indicate. Please describe your philosophy on when an

“Active” fund is recommended vs. an Index Fund. Explain how you will track an Active fund to it’s index quarterly, annually and yearly.

2. Describe your capabilities in developing, implementing and modifying investment guidelines and objectives.
3. Explain your views on and reasons to choose active versus passive 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 re-balancing 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. Explain the firm's views on risk management for a pension fund. What strategies have you recommended to mitigate risk?

E. Investment Performance

1. Please submit composite performance data for the last one-year, three-year, five-year and ten-year periods ending September 30, 2019 NET of FEE's. Also, provide performance for each full year your firm has managed Illinois Police 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 Police and Fire Pension Fund accounts managed by your firm. Disclose if any Illinois Police and Fire Pension Fund clients were left out of the composite. If so, why were they left out?
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 our 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 quality control procedures in place to assure accuracy of reports. How does your firm verify the accuracy of data received from the custodian and investment managers?
5. Describe the benchmark 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 Proposal shall be marked or endorsed "Fee Proposal – Consultant Search RFP Response" and shall be labeled with the Name of the Firm.
2. Proposed fee structure, including full disclosure of direct and indirect fees, commissions, penalties and other compensation, including reimbursement for expenses, start-up fees, annual fees, and all other fees.
3. Detailed description of the services to be provided in the exchange for the proposed fees.
4. Sample investment contract with fee schedule (please attach).
5. Please describe any anticipated transitional costs to move the portfolios.
6. If chosen by both Funds, what economy of scale can you offer? Please provide 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. Miscellaneous

1. Please provide a list of at least five (5) Illinois Police and Fire Pension Fund client references with contact names, addresses, and telephone numbers. If you do not have five Illinois Police and Fire Pension Fund client references, please give at least five other client references.
2. Please provide a list of formal complaints, sanctions, or litigation against your firm in the last five (5) years.
3. Has your firm, its principal or affiliate ever:
 - i. been 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. Has the firm adopted the CFA Code of Ethics and Standards of Professional Conduct? If so, how is employee compliance monitored?
5. Describe efforts taken to protect computer systems from cyber threats. How do you keep client data safe? Where will the Fund's data be stored? Please discuss data backups and disaster recovery locations as part of your answer.
6. 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.

7. Please state whether you agree to venue for any judicial proceeding to be in the state in which the Board sits.
8. If requested, what other services could your firm provide (on-site training, etc.) for trustees?
9. Specify how your firm will handle transfer of assets. Describe how your firm will assist in transition management.
10. Please provide a list of your asset allocation software.
11. Describe the process you go through to prepare an Investment Policy with a Fund.
12. What is your process for de-selecting a mutual fund, Bond Trader, Money Manager or other non-performing assets under your responsibility?
13. Do you provide Trustee Educational Training? If so, describe what is offered, at what cost, and how often/available is it for Board Members?

APPENDIX D

Fee Proposal – Buffalo Grove Firefighters' Pension Fund

Buffalo Grove Firefighters' Pension Fund will be evaluating fee proposals for full retainer services as well as project-based services. The fees quoted in this proposal must be in force for the entire five-year contract period.

Please refer to the Scope of Services Document for specific services requested.

	Year 1	Year 2	Year 3	Year 4	Year 5	Total for Contract Period
1. Annual Retainer: (Please detail all services included in the retainer).	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
2. Project Based Services:						
a.	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	
b.	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	
c.	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	
d.	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	
3. Other Items: (Please specify).	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	

What are outsourced Bond Trading Fees expected to be? _____

What are Custodial Fees expected to be for a fund this size? _____

APPENDIX D. IS TO BE SUBMITTED ON OR BEFORE JANUARY 28, 2020 AT 10:30 AM **SEPARATE AND APART FROM THE PROPOSAL PACKET IN A SEALED ENVELOPE**, FAILURE TO DO SO MAY RESULT IN THE DISQUALIFICATION OF THE PROPOSAL.

APPENDIX D (cont.)

Fee Proposal – Buffalo Grove Police Pension Fund

Buffalo Grove Police Pension Fund will be evaluating fee proposals for full retainer services as well as project-based services. The fees quoted in this proposal must be in force for the entire five-year contract period.

Please refer to the Scope of Services Document for specific services requested.

	Year 1	Year 2	Year 3	Year 4	Year 5	Total for Contract Period
1. Annual Retainer: (Please detail all services included in the retainer).	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
2. Project Based Services:						
a.	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	
b.	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	
c.	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	
d.	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	
3. Other Items: (Please specify).	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	

What are outsourced Bond Trading Fees expected to be? _____

What are Custodial Fees expected to be for a fund this size? _____

APPENDIX D. IS TO BE SUBMITTED ON OR BEFORE JANUARY 28, 2020 AT 10:30 AM **SEPARATE AND APART FROM THE PROPOSAL PACKET IN A SEALED ENVELOPE**, FAILURE TO DO SO MAY RESULT IN THE DISQUALIFICATION OF THE PROPOSAL.

APPENDIX D (cont.)

Joint Fee Proposal – Buffalo Grove Firefighters’ and Police Pension Funds

Buffalo Grove Firefighters’ and Police Pension Funds will be evaluating fee proposals for full retainer services as well as project-based services. The fees quoted in this proposal must be in force for the entire five-year contract period.

Please refer to the Scope of Services Document for specific services requested.

	Year 1	Year 2	Year 3	Year 4	Year 5	Total for Contract Period
1. Annual Retainer: (Please detail all services included in the retainer).	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
2. Project Based Services:						
a.	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	
b.	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	
c.	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	
d.	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	
3. Other Items: (Please specify).	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	

What are outsourced Bond Trading Fees expected to be? _____

What are Custodial Fees expected to be for fund this size? _____

APPENDIX D. IS TO BE SUBMITTED ON OR BEFORE JANUARY 28, 2020 AT 10:30 AM **SEPARATE AND APART FROM THE PROPOSAL PACKET IN A SEALED ENVELOPE**, FAILURE TO DO SO MAY RESULT IN THE DISQUALIFICATION OF THE PROPOSAL.