

Firemen’s Annuity & Benefit Fund of Chicago
Request for Proposal (“RFP”)
Investment Consulting, Performance and Risk Measurement Services

SECTION 1 -- OVERVIEW

1.1 INTRODUCTION

The Firemen's Annuity & Benefit Fund of Chicago (“the Fund”) is requesting proposals from Investment Consulting firms to provide a bundled package of general investment consulting and performance and risk measurement services to the Fund’s Board of Trustees and investment staff for a period up to, but not exceeding, five years.

The Fund reserves the right to reject any and/or all proposals submitted. All proposals submitted become the property of the Fund. All proposals will be evaluated by the Fund’s investment staff. Respondents may be asked to make formal presentations of their proposals to the Fund’s investment staff, Investment Committee and/or the Board of Trustees. Selection of the Investment Consultant is subject to final approval by the Fund’s Board of Trustees.

The Fund will not reimburse any respondent for any expenses incurred in preparing proposals in response to this request.

1.2 GOAL

The Fund is soliciting qualified organizations to provide a bundled package of general investment consulting and performance and risk measurement services to the Board of Trustees and investment staff. The intent of the contractual relationship will be to establish an ongoing relationship between the Fund and the selected firm for the purpose of providing the Fund with advice, research and technical support related to the management of a fully invested, globally diversified, multi-million dollar investment portfolio through the use of widely accepted, industry recognized, concepts, methods, data collection, analytical techniques, and other professional services.

1.3 MINIMUM REQUIREMENTS

Respondents must have proven experience in providing investment consulting services to large corporate, public, and Taft-Hartley defined benefit pension plans, foundations and endowments.

Respondents must demonstrate, through accessible current references, that it has provided investment consulting services, inclusive of all traditional assets and alternative investments, and performance and risk measurement, consistent with those outlined in Section 3, for a minimum period of seven years, to a minimum of seven U.S. public employee retirement systems, two or more of which have assets of at least \$5 billion.

The respondent’s proposal must include an acknowledgement in writing that it will act as a fiduciary with respect to the Fund for the duration of its tenure with the Fund.

The respondent must be registered with the Securities and Exchange Commission as an investment adviser under the Investment Advisers Act of 1940.

1.4 QUIET PERIOD

A Quiet Period will be in effect during the entire Request for Proposal process. The Quiet Period is the period of time beginning when the investment consultant RFP is issued and ends when the Fund's Board of Trustees declares the process to be completed. The purpose of the Quiet Period is to ensure that all respondents have equal access to all information regarding the search objective and requirements, to be certain that communications are consistent and accurate and to make the search and selection process diligent, efficient and fair.

Respondents shall not contact any member of the Fund's Board of Trustees or Fund staff during the Quiet Period and should direct all questions and communications as directed in Section 5.2 of this RFP.

The current investment consultant may communicate with any/all members of the Fund during the Quiet Period, as would be required to fulfill their currently contracted responsibilities, but are strictly prohibited from discussing the investment consultant search.

All Fund Trustees and staff shall refrain from directly or indirectly communicating with any respondent regarding any product or service related to the search during the Quiet Period. Communication which takes place during a formal site visit or interview conducted as part of the investment consultant search, as directed by the Fund's Investment Committee, is permitted.

Respondents may be disqualified for violating the terms of the Quiet Period. Offering or providing anything of value to the Fund's Trustees or staff is strictly prohibited and may result in immediate disqualification.

SECTION 2 -- FUND INFORMATION

2.1 PLAN DESCRIPTION

The Firemen's Annuity & Benefit Fund of Chicago is a public employee retirement system established and governed by the Illinois Pension Code (40 ILCS 5/1-101 et seq). The Fund is established to provide for the present and future benefit payments for all active and retired Chicago firefighter participants and their beneficiaries. The Fund currently has over 9,400 participants.

2.2 SUMMARY OF INVESTMENT OBJECTIVES

The primary investment objective of the Fund is to obtain the highest return possible on Fund investments within corresponding acceptable levels of investment risk and liquidity requirements, in recognition of prudent person standards and in compliance with the Illinois Statutes governing the operation and activities of the Fund.

Due to the underfunding of the Fund's actuarial liabilities, the investment strategy of the Fund must emphasize the greater need for longer term growth of capital while fulfilling the immediate liquidity requirements of the Fund's benefit payouts. To maximize the potential gain on assets, the Fund has decided to maintain a fully invested position in accordance with the established target asset allocation.

2.3 PORTFOLIO DESCRIPTION

The Fund's portfolio is a fully invested, diversified, global portfolio managed entirely by external investment managers.

The Fund's portfolio allocation, as of October 2010, is as follows:

	<u>Target</u>	<u>Actual</u>	<u>Actual</u>
Equities	65%	70%	\$679 million
Fixed Income	18%	22%	\$210 million
Alternatives	17%	7%	\$ 65 million
Cash	<u>0%</u>	<u>1%</u>	<u>\$ 16 million</u>
TOTAL	100%	100%	\$ 970 million

The Fund's actuarially determined funding level, in accordance with GASB 25 and 43, as measured on December 31, 2009, was approximately 37%.

SECTION 3 -- SERVICES TO BE PERFORMED

The Investment Consultant is an advisor to the Board of Trustees, retained to provide investment management advice and a fiduciary for the purposes of the duties assumed under the Consulting Services Agreement (Exhibit 5). The Investment Consultant will provide advice concerning the investment management of Fund assets.

Specific responsibilities of the Investment Consultant include, but are not limited to:

1. Assist in the development and on-going review and maintenance of the investment policy, goals, objectives and portfolio asset allocation.
2. Conduct investment manager searches as authorized by the Investment Committee. As a matter of Trustees' policy, the Fund's Investment Consultant is directed to actively seek qualified Emerging Investment Managers whenever conducting a search for investment managers. Pursuant to Section 1-109.1. of the Pension Code, it is the public policy of the State of Illinois to encourage the trustees of public employee retirement systems to use qualified emerging investment managers in managing assets of their respective plans to the greatest extent feasible within the bounds of financial and fiduciary prudence. The Investment Consultant, in conjunction with Fund investment staff, will conduct the investment manager search and coordinate and communicate directly with the investment managers, pursuant to the Fund's Procurement Policy, adopted June 1, 2009.
3. Provide research and/or due diligence reports on each of the Fund's investment managers. Evaluate investment manager performance in terms of effective implementation of investment strategy, actual performance versus established return and risk benchmarks, organizational stability, adherence to the investment contract and compliance with investment guidelines and restrictions.
4. Measure and monitor the performance and risk of the investment managers. Prepare and present quarterly summaries of investment manager activities and performance. Calculate investment performance (gross and net of fees) and risk measurements at the total fund, asset class, investment style, and manager levels. Reconcile discrepancies in performance returns calculated by the investment manager, Fund custodian and Investment Consultant.
5. Communicate advice on matters of policy, manager research, manager performance and capital market conditions to the Investment Committee and investment staff.

6. Review Fund investment history, historical capital markets' performance and the contents of the Statement of Investment Policy with all Trustees, as necessary.
7. Provide continuing asset/liability allocation review and specific recommendations.
8. Communicate with all investment related professionals retained by the Fund as required or prudent. This shall include, but is not limited to, notifying investment managers of "watch list" status, changes to the investment guidelines, and requested appearances before the Investment Committee.
9. Attend the following meetings:
 - a. monthly Investment Committee meeting,
 - b. biennial Investment Manager Symposium,
 - c. presentations by current or prospective investment managers,
 - d. staff planning sessions, as necessary,
 - e. other occasions, as necessary.
10. Other duties or services as can be reasonably requested of an Investment Consultant.

SECTION 4 -- QUALIFICATIONS

Respondents must have proven experience in providing investment consulting services to large corporate, public, and Taft-Hartley defined benefit pension plans, foundations and endowments.

Respondents must demonstrate, through accessible current references, that it has provided investment consulting services, inclusive of all traditional and alternative investments and performance and risk measurements, comparable to those detailed in Section 3, for a minimum period of seven years, to a minimum of seven U.S. public employee retirement systems, two or more of which have assets of at least \$5 billion.

The respondent's proposal must include an acknowledgement, in writing, that it will act as a fiduciary with respect to the Fund for the duration of its tenure with the Fund.

The respondent must be registered with the Securities and Exchange Commission as an investment adviser under the Investment Advisers Act of 1940.

The respondent must be knowledgeable of and be willing to comply with Articles 1 and 6 of the Illinois Pension Code and the Fund's Ethics Policy.

The respondent must acknowledge that it will enter into the Consulting Services Agreement, a form of which is attached as Exhibit 5.

SECTION 5 -- INSTRUCTIONS FOR REQUEST FOR PROPOSAL COMPLETION

5.1 REQUEST FOR PROPOSAL DUE DATE & DELIVERY

All proposals must be complete in every respect and must answer clearly and concisely all questions presented in this Request For Proposal.

Three hardcopies of the proposal must be received by the Fund no later than December 10, 2010.

Submissions must be addressed and delivered to:

Firemen's Annuity and Benefit Fund of Chicago
20 S. Clark
Suite 1400
Chicago, IL. 60603
Attn: Consultant RFP 2010

In addition, an electronic submission of the proposal must be received by the Fund no later than December 10, 2010. Submissions must be sent to: consultantrfp2010@fabf.org .

Receipt of proposals beyond the close of business December 10, 2010 will not be accepted.

5.2 INQUIRIES

During the evaluation process, the Fund retains the right to request additional information or clarification from respondents to this RFP.

Verbal inquiries from respondents will not be accepted. Inquiries should only be submitted via e-mail to: consultantrfp.inq.2010@fabf.org .

All inquiries must be received no later than November 23, 2010. Generalized responses to inquiries will be posted to the Fund's website no later than December 1, 2010.

5.3 DISCLOSURE OF SUBMITTED PROPOSALS

Illinois law requires that at the conclusion of the selection process, the contents of all proposals may be placed in the public domain and be open to inspection by interested parties. Trade secrets or proprietary information must be clearly identified as such in the proposal and will not be released to the extent permitted by law.

All proposals become the property of the Fund and will not be returned to the respondent. The Fund reserves the right to retain all proposals submitted and to use any ideas in a proposal, regardless of whether the submitting firm is ultimately selected as the Fund's Investment Consultant.

Submission of a proposal indicates acceptance of the conditions contained in this RFP, unless clearly and specifically noted in the proposal submitted.

5.4 SIGNATURE OF RESPONDENT

The tendered proposal, and any clarifications to that proposal, shall be signed by an officer of the submitting firm or a designated agent empowered to bind the firm in a contract. All proposals received electronically must be submitted by an officer of the responding firm.

5.5 TIMELINE FOR AWARD OF CONTRACT

While there is no fixed date for the award of a contract, it is anticipated that the selection of a consultant will be completed by February 2011. Following notification of the selected firm, it is expected that successful contract negotiations will be completed by March 2011, subject to actions by the Fund and its Board of Trustees.

SECTION 6-- SELECTION PROCESS

Investment staff shall objectively review the Request For Proposals received to identify qualified candidates based solely on the criteria presented in the RFP. Investment staff will identify all RFP's received from minority, female and disabled person's business enterprises ("MFDBE").

Trustees and investment staff members may interview all, some, or none of the RFP respondents. Investment Committee members and Fund investment staff may undertake site visits to respondent offices, and conduct such other due diligence the Fund's Investment Committee deems appropriate.

Investment staff will recommend finalists to the Investment Committee during a public meeting of the Investment Committee, including at least one qualified MFDBE respondent, if available.

The Investment Committee may interview finalists and will determine if a recommendation for the award of a contract will be made to the Board of Trustees. The Trustees shall then act on the recommendation of the Investment Committee.

The Fund reserves the right to award this contract to the firm which, in its sole opinion, will provide the best match to the requirements of the Request for Proposal, to reject any respondents due to noncompliance with the requirements and instructions in the RFP and not to hire or defer the hiring of any firm for investment consulting services.

SECTION 7 -- GENERAL TERMS AND CONDITIONS OF THE CONTRACT

Upon selection of the Investment Consultant by the Fund's Board of Trustees, a final detailed agreement concerning services and performance expectations will be agreed upon between the parties as provided in the Investment Consulting Contract (Exhibit 5). The terms of the final contract between the parties will be binding and supersede this RFP.

A completed Disclosure Schedule, attached as Exhibit 6, will also be required.

SECTION 8 -- REQUEST FOR PROPOSAL QUESTIONNAIRE

The questions presented must be answered completely and in the same sequence as provided. Supporting material must be clearly referenced to the appropriate question. Promotional and/or marketing material should not be used. Submission of such material may disqualify the firm from further consideration.

Respondents must provide a concise, yet thorough answer to each question. Failure to adequately respond may be cause for rejection of the firm's proposal.

SECTION 9 -- CLOSING

On behalf of the Fund participants, Trustees and investment staff, the Firemen's Annuity & Benefit Fund of Chicago thanks you for your interest, time and effort in responding to this Request For Proposal.

Firemen's Annuity & Benefit Fund of Chicago
Request for Proposal ("RFP")
Investment Consulting, Performance and Risk Measurement Services

FIRM NAME: _____
ADDRESS: _____

TELEPHONE : _____
FAX : _____
CLIENT CONTACT: _____
TITLE: _____
DATE: _____
E-MAIL ADDRESS: _____

ORGANIZATION

1. Indicate your fiduciary classification. Check all that apply:

_____ Registered Investment Adviser (Investment Advisers Act of 1940)

_____ Affiliate of Fiduciary
(Name and Classification): _____

_____ Other: _____
2. Give a brief history of the organization including:
 - a. the year formed,
 - b. the nature of the firm's ownership,
 - c. specific details with regard to any affiliated companies or joint ventures,
 - d. an organization chart (Attachment A) which diagrams the ownership structure and interrelationships between the parent-subsubsidiary, affiliate, or joint venture entities,
 - e. the year investment consulting services to U.S. public plan sponsors began.
3. Is your organization certified as a minority owned business, a female owned business or as a business owned by a person with a disability, as these terms are defined in the Illinois Business Enterprise for Minorities, Females, and Persons with Disabilities Act?
4. Is your firm, parent or affiliate, a broker/dealer? Does your firm and/or any affiliate trade for client accounts through this broker/dealer? If so, to what extent?
5. List each line of business and the contribution of each business to the organization's total revenue. If an affiliate or subsidiary of an organization, what percentage of the parent

firm's total revenue does your subsidiary or affiliate generate?

6. Provide details on the financial condition of the organization. Most recent annual reports filed with the SEC if available, are preferred. Any recent material changes to financial condition should also be included. Include a copy of the most recent ADV Part II (Attachment B), if available.
7. Discuss the organization's objectives regarding future growth, including:
 - a. maximum assets or maximum client relationships that will be accepted,
 - b. maximum limits on asset amounts or number of clients per consultant,
 - c. plans to develop and expand resources,
 - d. plans to acquire or merge with other firms,
 - e. plans to spin off subsidiaries or be spun off by a parent firm
 - f. plans to eliminate investment consulting business line.
8. Are you engaged in providing investment management services? If so, what proportion of total revenues earned is related to investment management services? Provide a list of current clients contracting for investment management services. Provide the total revenue received for such services for each of the past five years.
9. Are any investment managers clients? If so, for what products? Provide a list of investment management firms that are clients and the total revenue received from such firms for each of the past five years.
10. Are staff members permitted to serve on Boards of Directors for commercial entities? If so, are any restrictions placed on this activity? How is Director compensation treated?
11. Are any commissions, fees (direct or indirect), revenue sharing, or any soft dollar compensation paid to the organization? If so, list aggregate sources and amounts for each of the last five years.
12. Provide a Conflict of Interest Policy and a description of policy enforcement procedures (Attachment C).
13. In the last ten years, has the organization or any of its affiliates or parent, or any officer or principal been involved in any civil or criminal litigation or other legal proceedings related to any consulting or investment activities? If so, provide a brief explanation and indicate the current status and/or outcome.
14. **For selected finalists only**, provide a copy of the most recent policies and procedures addressing business continuation and disaster recovery. (Attachment D).
15. **For selected finalists only**, provide the insurance carrier and level of insurance coverage carried for errors and omissions, fidelity, fiduciary and liability. Provide proof of insurability. (Attachment E).

CLIENTS ADVISED

1. Complete the following chart for all accounts advised as of December 31:

	2005	2006	2007	2008	2009
Total clients					
Total assets					

2. Complete the following chart for all public defined benefit plan accounts advised as of December 31:

	2005	2006	2007	2008	2009
Total Public Plan clients					
Total Public Plan assets					

3. Complete the following chart for all other client accounts advised as of December 31:

	2005	2006	2007	2008	2009
Total Corporate clients					
Total Corporate assets					

	2005	2006	2007	2008	2009
Total Foundation/ Endowment Clients					
Total Foundation/ Endowment Assets					

	2005	2006	2007	2008	2009
Total Taft- Hartely clients					
Total Taft- Hartely assets					

	2005	2006	2007	2008	2009
Total High Net Worth /Family Office clients					
Total High Net Worth /Family Office assets					

4. Provide the number, name(s) and asset value(s) of all terminated institutional client relationships in the past three years, with reasons for the termination. Provide the name, contact, title, and telephone number of three clients which have terminated the relationship in the last three years (**finalists only**).

- Provide the name, address, phone number, contact name, and title of five U.S. public employee retirement system consulting clients as references (**finalists only**).

PERSONNEL

- List the total number of persons employed:

TOTAL EMPLOYEES	_____
Consultants	_____
Research Analysts	_____
Performance Measurement	_____
Other Professional	_____
Support/Clerical	_____
- List the total number of persons employed at the location which will service this account:

TOTAL EMPLOYEES	_____
Consultants	_____
Research Analysts	_____
Performance Measurement	_____
Other Professional	_____
Support/Clerical	_____

- Provide the location, function and services of each of your offices. Which offices would service this account? List all principal officers, consultants, and client service officers by name, providing appropriate biographical information (Attachment F). Highlight the person(s) who would be responsible for the Fund account.

Name	Office Location	Title	Total Years of Experience	Years With Firm	Most Advanced Degree

- Have any senior personnel left within the last three years? If so, indicate when, why and how many. For personnel who have left, indicate job titles, years with the firm and departure date(s). Explain how departures were replaced (external hire, internal promotion, position vacant or eliminated).
- Provide an Employee Diversity Profile table for your organization, and for the specific office which will service the Fund (Attachment G).
- Discuss the compensation package available to the professional staff, including any incentive bonuses and how they are awarded. Be detailed without disclosing specific salary data.
- What programs are in place to retain key staff? Be detailed and specific.
- Briefly describe the internal training procedures for consultants, research analysts, and performance measurement specialists.
- For the primary consultant(s) identified above, and for any person serving as backup, provide detailed biographies. (Attachment H).

10. For the primary consultant(s) listed above, disclose the total assets and current number of clients advised, and any other duties assigned to that person.
11. Will the primary consultant(s) always be available for monthly Investment Committee meetings? How available will the primary consultant(s) be for meetings with current or prospective Fund investment managers?
12. Briefly describe any back-up procedures used in the event the primary consultant(s) assigned to the Fund should cease employment or is unavailable to attend a scheduled meeting.
13. What is the average client to consultant ratio?
14. What specific methods are employed to keep staff current in regard to continuing education and changing market conditions?

DATABASE and RESEARCH

1. Excluding all mutual funds and ETFs, provide a breakdown of investment managers in the databases by asset class (domestic equity, foreign equity, fixed income, private equity, hedge funds, commodities, real estate, and derivatives). How many investment managers within the databases are located outside of the U.S.?
2. Are minority, female and disabled persons business enterprises identified within the investment manager databases? If so, how many MFDBE firms are included? Is it a separate database? What are the criteria for inclusion as an MFDBE? Provide a list of MFDBE managers (Attachment I).
3. Briefly describe the process of populating the investment manager databases. What fees, or other consideration, if any, are received from investment managers wishing to be included in the database?
4. Are the investment manager databases proprietary? Would Fund investment staff have database access? Are any of the investment manager databases provided by a third party? If so, which ones and by whom?
5. Are the databases sold, leased or available by subscription to third parties? If so, what type of compensation is received? What percent of total revenue is generated by the sale, lease, or subscription of the databases?
6. Briefly describe the manager rating system. Describe what factors result in a ratings upgrade/downgrade.
7. Briefly describe any on-going due diligence process. What critical issues are examined in the due diligence process?
8. How many manager presentations, on average, are conducted on-site each year? How many manager presentations, on average, are conducted in your offices each year?
9. Briefly describe the asset classes evaluated within your alternative asset category. Which alternative asset class evaluations are considered strengths/weaknesses?

10. Briefly describe the due diligence process in alternative assets? What critical issues are examined in the due diligence process? How does it differ from the due diligence process in the traditional asset classes?
11. How many alternative asset manager presentations, on average, are conducted on-site each year? How many alternative asset manager presentations, on average, are conducted in your offices each year?
12. Have any rated alternative managers been the subject of criminal or regulatory enforcement during the past three years? If so, list. During the past three years, have any client funds been lost due to alternative manager criminal or regulatory action? If so, list the number of clients and dollar amounts affected?

GENERAL CONSULTING

1. Briefly describe your investment philosophy and process, including the approach to formulating goals and objectives. Provide a brief description of the modeling concepts and methodology used to perform asset allocations (mean-variance, efficient frontier, multifactor analysis, portfolio optimization, value at risk...). Describe the decision-making process and the titles/responsibilities of the individuals involved in each step of the process.
2. What is the customary range of target allocations for equities, fixed income and alternative assets currently being recommended to clients? How, why and when were these recommended ranges adjusted in response to the recent market stresses?
3. What expected risk and return assumptions are currently being used in the portfolio asset allocation modeling? Specify the assumptions for each asset category. How, why and when were these assumption recommendations changed over time?
4. Briefly describe your approach to developing and maintaining the Statement of Investment Policy.
5. What are the three most critical issues public defined benefit plans currently face? What recommendations have you made to address these issues?
6. Provide specific examples, with dates if possible, of recent forward thinking recommendations. What process is followed in promoting adoption of suggested changes? Provide instances where your advice led to changes in a client's asset allocation or investment managers.
7. Have any of your clients participated in the U.S. Treasury TALF or PPIP programs? If so, how many clients and at what total dollar amount? If not, why not?
8. What actions were recommended to clients to mitigate the financial duress recently experienced? When were these recommendations made? What, if any, fundamental changes in your investment approach have occurred due to the recent market turmoil?
9. What methods are utilized to keep the Fund's Trustees and Investment staff abreast of significant developments in the capital markets?

10. What is your preferred level of client involvement in formulating policy, goals, asset allocation and investment manager decisions? How are client initiatives received and perceived? Provide examples, if any, of client initiatives implemented.
11. What allocation is generally recommended for passive investments (domestic and foreign, equity and fixed income), non-U.S. dollar denominated assets and alternative investments? What is your position on concentrated portfolios, currency allocations and currency hedging and derivative overlay strategies in a public plan portfolio?
12. Briefly describe the capabilities associated with the evaluation and monitoring of securities lending programs. Briefly describe the capabilities associated with the evaluation and monitoring of short term investment funds (STIF) or other cash management programs.
13. How often should a formal asset allocation review be conducted? Should informal asset allocation reviews be conducted? If so, how often? If not, why not?
14. Briefly describe the investment manager search process, including involvement in the investment manager RFP process. Is compliance with the Fund's Procurement Policy an issue? Do you have "broadcast/blast" email capabilities?
15. Briefly describe the significance of investment manager fee structures, including the use and structure of performance based fees. How much emphasis is given to fee structure when recommending investment managers for hire?
16. Indicate the number of investment manager searches conducted on behalf of public defined benefit plan clients during the last three years:

	<u>Number</u>	<u>Dollar Amount</u>
U.S. Equity	_____	_____
U.S. Fixed Income	_____	_____
International Equity	_____	_____
International Fixed Income	_____	_____
Emerging Markets	_____	_____
Alternative Investments	_____	_____
MFDDBE	_____	_____
17. Outline the criteria used to make manager hiring and termination recommendations.

PERFORMANCE and RISK MEASUREMENT

1. Briefly describe the process of obtaining portfolio and performance data from the Fund's custodian and investment managers.
2. Briefly describe current quality control procedures for data. How is the accuracy of data received from the custodian and investment managers verified? How often does this verification take place?
3. What process is employed for investment return reconciliation between your firm and the managers? What is the average timeframe for resolution?
4. Discuss the timing of reliable performance data and report availability. Is online performance information available?

5. Provide a description of the methodology used to measure and monitor existing investment performance. What criteria are used to evaluate investment manager and portfolio performance? How are benchmarks chosen? Can benchmarks be customized?
6. Provide a sample of the quarterly reporting package (Attachment J). Is the reporting package customizable? Are there additional charges for customization of reports? When are reports available after quarter end?
7. Are GIPS performance presentation standards employed?
8. Briefly describe the performance reporting procedures used for illiquid and alternative investments. Briefly describe any supplemental analysis provided for these asset classes, if any.
9. Is the performance database sold, leased or made available to other entities by subscription? If so, what percentage of total revenue has been derived from performance measurement services over the last three years?
10. Briefly describe your performance attribution capabilities for all asset classes, foreign and domestic. Does the quarterly reporting package contain attribution analysis at the total fund, asset class and investment manager level?
12. List what measurements are used when evaluating risk. At what level are these risk measurements used: total portfolio, asset class, asset style, investment manager? Which measurements are most important in the analysis of risk?
13. Briefly describe your capabilities for providing multifactor sensitivity analysis to individual investment managers and to the overall portfolio.
14. Briefly describe your position on investment manager tracking error.
15. Briefly describe your position on volatility. Are semi-standard deviation measurements by individual managers and to the overall portfolio available? Do you measure individual manager's contribution to the overall risk profile of the total portfolio?
16. Briefly describe your position regarding the use of value at risk measurements.
17. Please comment on the use of risk parity strategies when constructing a portfolio?

FEE PROPOSAL

Prepare a fee proposal for bundled general investment consulting and performance and risk measurement services for the Firemen's Annuity & Benefit Fund of Chicago. The fee quotation should be inclusive of all administrative, third party, travel, and other incidental costs of providing the Services to be Performed described in Section 3.

The fee proposal should be quoted as annual retainer fee (in dollars and basis points) for each year of a five year period. Provide a list of services included in the annual retainer fee proposal. Provide a list of all services and costs which may be performed in conjunction with an investment consulting engagement with the Fund not included in the annual fee retainer proposal. Specific items include, but are not limited to:

- a. minimum base fee,
- b. preparation of investment manager Requests for Proposal,
- c. conducting investment manager searches,
- d. conducting transition manager or securities lending manager searches,
- e. conducting an asset/liability study,
- f. unrated/unapproved investment manager surcharges, if any,
- g. meetings with current/prospective investment managers,
- h. client referred investment managers to populate databases,
- i. other charges/incidental costs not previously listed.

For cost and fees not included in the annual retainer quote, describe how such costs are calculated. Are such fee calculations reviewable by the Fund?

Are fees negotiable?

Discuss any performance fee methodologies you want the Fund to consider.

EXHIBITS TO QUESTIONNAIRE:

Exhibit 1	Illinois Pension Code
Exhibit 2	Current Ethics Policy
Exhibit 3	Procurement Policy
Exhibit 4	Statement of Investment Policy
Exhibit 5	Investment Consultant Contract (attached)
Exhibit 6	Investment Consultant Disclosure Statement (attached)

ATTACHMENTS TO QUESTIONNAIRE:

Attachment A	Organizational Charts
Attachment B	ADV Part II (or Comparable Report)
Attachment C	Conflict of Interest Policy
Attachment D	Business Continuation and Disaster Recovery Policy (finalists only)
Attachment E	Proof of Insurability (finalists only)
Attachment F	Listing of Principal Officers
Attachment G	Employee Diversity Profile
Attachment H	Biographies of Primary and Backup Consultants
Attachment I	Listing of MFDDBE investment managers
Attachment J	Quarterly Report Sample

EXHIBIT 5

Investment Consulting Agreement

Preliminary; subject to change

INVESTMENT CONSULTING AGREEMENT

Whereas, this Investment Consulting Agreement (“Agreement”) is made and entered into as of _____, ____ by and among _____, a ____-____ (“Consultant”), and the Firemen’s Annuity and Benefit Fund of Chicago, an Illinois public pension fund (Client”); and

Whereas, effective as of April 3, 2009, the State of Illinois did enact Public Act 96-0006 which instituted numerous amendments to the Illinois Pension Code, including a requirement that investment consulting agreements contain certain terms and provisions; and

Whereas, Client desires to retain Consultant to provide investment consulting services to Client and Consultant agrees to provide such investment consulting services to Client on the terms and under the conditions set forth in this Agreement.

Now, therefore, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

- I. **ENGAGEMENT OF CONSULTANT.** Client hereby agrees to retain Consultant to perform the “Services” set forth in Section II of this Agreement and Consultant, having the expertise and experience to perform such Services, agrees to perform such Services. Consultant accepts its appointment as an investment consultant and acknowledges that it is a fiduciary with respect to the investment advice it provides to Client. The Services provided by Consultant to Client are not exclusive and Consultant shall be free to render similar services to others so long as such other services do not impair its ability to perform hereunder. Consultant shall be free to retain such employees as it may determine and assign to them such responsibilities, including responsibilities relating to the performance hereunder, as it may determine. It is understood and agreed that the relationship between the parties hereto shall be that of independent contractors and nothing herein shall be construed to constitute or appoint Consultant or its officers and employees as an agent of Client. Consultant represents to Client that it is a registered investment adviser under the Investment Advisers Act of 1940 (15 U.S.C. §80b-1 et seq.) and that it will remain registered throughout the term of this Agreement.
- II. **SERVICES.** The Services to be performed by Consultant for the Client will include, but not be limited to, the following:
 1. Assist in the development and on-going review and maintenance of the investment policy, goals, objectives and portfolio asset allocation.
 2. Conduct Investment Manager searches as authorized by the Investment Committee. As a matter of Trustees’ policy, the Fund’s Investment Consultant is directed to actively seek

qualified Emerging Investment Managers whenever conducting a search for Investment Managers. Pursuant to Section 1-109.1 of the Pension Code it is the public policy of the State of Illinois to encourage the trustees of public employee retirement systems to use qualified Emerging Investment Managers in managing assets of their respective plans to the greatest extent feasible within the bounds of financial and fiduciary prudence. The Investment Consultant, in conjunction with Fund investment staff, will conduct the investment manager search and coordinate and communicate directly with the investment managers, pursuant to the Fund's Procurement Policy, adopted June 1, 2009.

3. Provide research and/or due diligence reports on each of the Fund's investment managers. Evaluate investment manager performance in terms of effective implementation of investment strategy, actual performance versus established return and risk benchmarks, organizational stability, adherence to the investment contract and compliance with investment guidelines and restrictions.
4. Measure and monitor the performance and risk of the investment managers. Prepare and present quarterly summaries of investment manager activities and performance. Calculate investment performance (gross and net of fees) and risk measurements at the total fund, asset class, investment style, and manager levels. Reconcile discrepancies in performance returns calculated by the investment manager, Fund custodian and Investment Consultant.
5. Communicate advice on matters of policy, manager research, manager performance and capital market conditions to the Investment Committee and investment staff.
6. Review Fund investment history, historical capital markets' performance and the contents of the Statement of Investment Policy with all Trustees, as necessary.
7. Provide continuing asset/liability allocation review and specific recommendations.
8. Communicate with all investment related professionals retained by the Fund as required or prudent. This shall include, but is not limited to, notifying investment managers of "watch list" status, changes to the investment guidelines, and requested appearances before the Investment Committee.
9. Attend the following meetings:
 - a. monthly Investment Committee meeting,
 - b. biennial Investment Manager Symposium,
 - c. presentations by current or prospective investment managers,
 - d. staff planning sessions, as necessary,
 - e. other occasions, as necessary.
10. Other duties or services as can be reasonably requested of an Investment Consultant.

III. INFORMATION AND STATEMENTS. Client shall provide or cause to be provided to Consultant information, including periodic financial statements and periodic written statements of assets and transactions, as Consultant may reasonably request from time to time in the performance of its Services, and Consultant may rely on such reports without further inquiry or review. Consultant agrees that it and its officers and employees will treat as confidential any information received from Client except as may be required to be disclosed (i) in connection with performing its Services to be rendered hereunder or (ii) by law or legal process. It is understood and agreed that Consultant, in the preparation of its

reports, does not assume responsibility for the accuracy of any information furnished by Client, the selected investment advisor(s) or any other person, firm or corporation. All documents, including reports and all other work product produced by Consultant under this contract, will become and remain the property of Client.

Consultant will provide to Client, on an annual basis, information as to the racial, ethnic, and gender diversity of its consultants and senior staff, as well as all other employees within the organization.

IV. REPRESENTATIONS AND WARRANTIES.

- (a) Consultant represents to Client that no person or entity has been retained by Consultant to attempt to influence Client's selection of Consultant to provide the Services contemplated by this Agreement.
- (b) Consultant has disclosed to Client, in writing, any direct and indirect fees, commissions, penalties and other compensation, including reimbursement of expenses, that may be paid by or on behalf of Consultant in connection with the provision of Services to Client. Consultant agrees to update its disclosure promptly after any modification of any such payment or any additional payment is made.
- (c) Consultant has disclosed to Client, in writing, the names and addresses of (i) any entity that is a parent of, or owns a controlling interest in, Consultant; (ii) any entity that is a subsidiary of, or in which a controlling interest is owned by, Consultant; (iii) any person who has an ownership or distributive income share in Consultant that is in excess of 7.5% and (iv) any person who serves as an executive officer of Consultant.
- (d) Consultant acknowledges receipt of the Client's policy for increasing the racial, ethnic and gender diversity of its fiduciaries, including its investment consultant, and shall use its best efforts to conform to said policy in its employment decisions.
- (e) Consultant acknowledges receipt of the Client's Ethics Policy and agrees to be bound by same in connection with the provision of Services to Client.

V. TERM AND TERMINATION. The term of this agreement shall commence on _____, _____ and shall terminate on _____, _____, (the "Initial Term Date") unless earlier terminated by either party. In addition, at Client's sole option, it shall have two (2) one-year options to extend the term of the Agreement beyond the Initial Term Date. In no event shall the term of this Agreement exceed five (5) years in duration. Either party may terminate this agreement (i) upon 30-days written notice by either party to the other party, (it) upon written notice by either party in the event of its inability to perform its obligations (other than payment of the compensation due as provided in Article V below) notwithstanding its best efforts, caused by actions or requirements making performance impossible or unfeasible, where the actions or requirements are from non-affiliated entities not a party to this agreement, or (iii) upon written notice by either party at any time if the other party fails to materially perform its obligations hereunder. Upon termination, Consultant shall bill Client on a pro-rata basis for any services performed through the date of termination.

VI. COMPENSATION TO CONSULTANT.

1. Consulting Fee. For so long as it provides ongoing services rendered under this agreement as described in Article II, Client shall pay Consultant a fee. The fee may be adjusted by Consultant upon expiration of this contract and approved by Client. The current fee is set forth on the schedule of fees attached as Exhibit A. Consultant may amend and restate Exhibit A on an as-needed basis to reflect its current fee subject to the approval of Client, and shall provide Client with such amended and restated Exhibit A. All fees are billed quarterly, in arrears, and are payable immediately.
2. Other Services. If Consultant is required to perform other services not contemplated herein, then Client and Consultant shall agree upon what additional compensation shall be due for the provision of such additional services. If Client and Consultant agree upon an additional payment amount for the additional services, then a written addendum to this Agreement shall be prepared and executed and delivered by both parties prior to the Consultant providing the additional services.

VII. NOTICES. Any notices, demand, or communication required or permitted hereunder shall be in writing and shall be deemed duly given for all purposes upon: (i) the actual receipt by the recipient, if notice is given by personal delivery or any method not described below; (ii) one business day after deposit of notice, if notice is given by reputable overnight commercial courier service for next day delivery; (iii) four business days after mailing, if notice is given by U.S. mail, postage prepaid; and (iv) when sent, if notice is given by facsimile or e-mail and a confirmation copy of such notice is simultaneously sent by personal delivery, U.S. mail, or reputable overnight commercial courier service. Notices shall be addressed to Consultant at _____ and to Client at 20 S. Clark Street, Suite 1400, Chicago, Illinois 60603, Attention Executive Director, with a separate notice to the Chief Investment Officer, or at such other address as shall be specified in each case in a written notice duly given.

VIII. ACKNOWLEDGEMENT AND CONSENT OF USE OF CLIENT'S NAME. The Client acknowledges, consents to, and authorizes Consultant to use the Client's name in Consultant's brochures, marketing or advertising materials. The Client understands that Consultant's use is only for the purpose of showing other potential clients that the Client uses the consulting services of Consultant. Consultant shall not disclose any other information about the Client or its account assets without the Client's written consent.

IX. MISCELLANEOUS.

1. Compliance With Law. The parties shall comply in all material respects with any and all applicable Federal, State and local laws and regulations as the same exist and may be amended from time to time. Notwithstanding any other provision herein, any action of a party that is required by law or regulation shall not be deemed a breach of this agreement.
2. Governing Law. This Agreement shall be governed by and construed according to the laws of the State of Illinois without reference to choice-of-law or conflict-of-law principles.
3. Severability. If, for any reason, any provision of this agreement is held to be

unenforceable, the remainder of the provisions of this agreement as may remain otherwise intelligible shall nonetheless be valid and enforceable to the maximum extent allowed by applicable laws except to the extent that the intent of this agreement is frustrated thereby.

4. No Third-Party Beneficiaries. This agreement is for the sole benefit of the parties hereto, and nothing in this agreement is intended nor shall be deemed to confer any rights, remedies, or benefits to, or be enforceable by, any other individual or legal entity.
5. Amendments. This agreement may not be amended, modified, or repealed except by a written amendment or other document signed by both of the parties hereto; provided, however, that Consultant may amend and restate Exhibit A with Client's prior written consent on an annual basis to reflect its current fee for Services.
6. Entire Agreement. This Agreement constitutes the entire agreement among the parties hereto and contains all the agreements among such parties with respect to the subject matter hereof and supersedes any and all other agreements, either oral or written, between such parties with respect to the subject matter hereof.
7. Assignment. Neither party may assign this agreement without the prior written consent of the other party.
8. Binding Effect. This agreement shall be binding upon, and inure to the benefit of the parties hereto and their respective successors and assigns.
9. Third Party Contractors. Consultant will not utilize the services of a subcontractor to fulfill its obligations under this contract without prior approval of Client. Notwithstanding any provision herein to the contrary, Consultant is aware of Client's policy to encourage the utilization of emerging investment managers, as subcontractors, where the opportunity arises. If Consultant utilizes a subcontractor, Consultant shall promptly notify Client, in writing, of the name and address of such subcontractor and the expected amount of money such subcontractor is expected to receive under the contract. For purposes of this section, "subcontractor" shall not be deemed to include any third parties offering services to the Consultant that are not directly related to the investment of assets or the provision of investment advice.
10. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have entered this Investment Consulting Agreement on the
____ day of _____, _____.

[CONSULTANT]

By: _____
Name: _____
Title: _____

FIREMEN'S ANNUITY AND BENEFIT FUND
OF CHICAGO

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

Exhibit A

Schedule of Fees

Period:

Investment Consultant Disclosure Statement

The Consultant warrants and represents to Firemen's Annuity & Benefit Fund of Chicago (“the Fund”) as follows:

1. There are no direct and indirect fees, commissions, penalties, and other compensation, including reimbursement for expenses, that may be paid by or on behalf of the Consultant in connection with the provision of services to the Fund, except as follows:

(If none, state “none”)

2. The following is a true, accurate and complete list of the names and addresses of (i) the Consultant; (ii) each entity that is a parent of, or owns a controlling interest in, the Consultant; (iii) each entity that is a subsidiary of, or in which a controlling interest is owned by, the Consultant; (iv) all persons who have an ownership or distributive income share in the Consultant that is in excess of 7.5%; and (v) each person who serves as an executive officer of the Consultant:

(i)

(ii)

(iii)

(iv)

(v)

3. The following is a true, accurate and complete list of the names and addresses of all subcontractors, if applicable, and the expected amount of money each will receive under the contract, including an acknowledgment that the contractor 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 “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 the Trustees has no direct contractual relationship with the investment advisers or partnerships.)

(If none, state “none”)

4. The Consultant acknowledges that it is familiar with the provisions of Sections 1-135 and 1-145 of the Code, which read in their entirety as follows:

Sec. 1-135. Fraud. Any person who knowingly makes any false statement or falsifies or permits to be falsified any record of a retirement system or pension fund created under this Code or the Illinois State Board of Investment in an attempt to defraud the retirement system or pension fund created under this Code or the Illinois State Board of Investment is guilty of a Class 3 felony. (40 ILCS 5/1-135)

Sec. 1-145. Contingent and placement fees prohibited. No person or entity shall retain a person or entity to attempt to influence the outcome of an investment decision of or the

procurement of investment advice or services of a retirement system, pension fund, or investment Trustees of this Code for compensation, contingent in whole or in part upon the decision or procurement. Any person who violates this Section is guilty of a business offense and shall be fined not more than \$10,000. In addition, any person convicted of a violation of this Section is prohibited for a period of 3 years from conducting such activities. (40 ILCS 5/1-145)

By: _____

Its: _____

Date: _____