



**Responses to questions for the Firemen's Annuity & Benefit Fund of Chicago ("FABF")  
Request for Proposal (RFP): Core Fixed Income**

*(Please note that similar questions have been grouped together.)*

1. *Is there a possibility that a passive, pooled fund approach (benchmarked to the Bloomberg Aggregate Index) would be considered?*

**Answer:** No, FABF is seeking an active manager for this mandate.

2. *Would you consider a geographically targeted approach (i.e. reinvesting in the greater Chicago area) as long as it remained prudently diversified within the confines of the mandate? Would you consider a strategy with a duration managed around the Bloomberg Intermediate Aggregate Index?*

**Answer:** We will consider any strategy that meets the criteria listed in Section one (1) of the RFP.

3. *Statement of Certification: The document states that by responding to the RFP, all statements below it are TRUE, including: "There are no past or present litigation or regulatory actions against the Adviser or any current employees of the Adviser at the time of submitting the Response to the Request for Proposal. (Please disclose any exceptions)"*

*What would be the requirement a firm would need to meet in order to meet the exception (materiality) and where would that be noted? On the statement/in the RFP/etc.?*

**Answer:** Please disclose any litigation on the Statement of Certification. We do not have a materiality limit related to litigation. Aspects of litigation that we consider include timing, personnel involved, and the nature of the litigation.

4. *With respect to the MWDBE trading requirement, would FABF want to see at least 15% on an annual basis allocated to MWDBE firms and if best efforts don't yield that level of execution, what percentage of trading opportunities would need to be provided in the quarterly reporting?*

**Answer:** It is the goal of the Fund to have at least 15% of its fixed income transactional amounts be placed with MWDBE broker/dealers. Program success is measured in aggregate. Individual managers are also tasked with achieving the MWDBE brokerage goal of 15% as measured annually. There is no target for quarterly achievement. Any failure to achieve the annual goal requires explanation to the Trustees, either through a written memorandum or an in-person presentation, as determined by the Trustees.

5. *Does the FABF of Chicago have preference for a separate account or collective fund structure for this mandate? Will you consider a commingled fund?*

*Does FABF have a preference with respect to investment vehicle (e.g. separate account vs commingled)? Is there a preferred vehicle/ structure type (SMA, Fund, etc.)?*

**Answer:** FABF would prefer a separate account for this mandate. However, if separate account minimums will not be met, a collective fund structure would be considered.

6. *If proposing a commingled fund, please confirm that we should attest to the items specific to a separate account (sample IMA, certain reporting requirements, etc.) for now though they do not apply to a commingled fund.*  
*We will not be able to tailor to the Fund's MDBWE requirements since we are proposing a commingled fund. Please confirm whether we should still attest in the min qualifications that we will comply with the Fund's MWDBE brokerage policy.*  
*As we are proposing a commingled fund many of the reporting items may not be available, is it understood that the line item in the Statement of Certification, "The Adviser understands and will comply with...the Fund's reporting requirements...", is certified only as applicable to commingled funds?*  
*We note that one of the certifications relates to complying with the MWDBE brokerage policy, is this applicable to commingled vehicles?*  
**Answer:** If proposing a commingled fund, please modify the Statements of Certification to reflect any necessary qualifications. FABF's brokerage policy would not apply to a commingled fund investment.
7. *Would the Fund consider an Emerging Managers of Managers for this mandate?*  
**Answer:** Yes, FABF would consider an Emerging Manager of Managers account for this mandate provided that the requirements are met and that full transparency of the underlying managers can be provided in the regular reporting.
8. *IMA Section 4.4: Fees, Commissions or Payments; Third Party Marketing Agreements.*  
*Can you please provide more detail on the types of direct or indirect fees, commissions, payments, or other compensation in scope/not in scope under this section?*  
*IMA Section 5.2: Disclosure of Fees received. Can you please provide more detail on the types of direct or indirect fees, commissions, payments, or other compensation in scope/not in scope under (ii)?*  
**Answer:** Under Illinois Pension Code Section 1-113.14 (c) investment advisers must disclose the direct and indirect fees, commissions, penalties, and other compensation, including reimbursement for expenses, that may be paid by or on behalf of the adviser in connection with the provision of investment services to the FABF. Please disclose any fees that will be charged to a separately managed account or a commingled fund. Such fees may include management fees, commissions, audit fees, administrative fees, research fees, placement fees, consulting fees, legal fee, travel expenses, director fees, etc. This disclosure ensures transparency and that FABF is aware of all financial costs tied to the investment service the adviser is providing.
9. *Regarding 6.1 Indemnification, could you please confirm whether this indemnification is a mandatory requirement? Additionally, is there any room for adjustments or potential exclusion of this clause?*  
**Answer:** The indemnification standard suggested in the RFP is not a statutory or regulatory requirement. However, it is consistent with FABF's policies and procedures to ensure that it is taking steps to protect its assets and to uphold the fiduciary standards required under the Illinois Pension Code (40 ILCS 5/1 *et seq.*) Thus, it would still be acceptable to propose an indemnification standard that is different from what is asked for in the RFP.
10. *Could you provide a template of the Annual Compliance Certificate and Diversity Chart and Statement ahead of certifying that we can comply with these reporting requirements.*

**Answer:** FABF will not provide templates at this time. The Diversity Chart that is included in this RFP is the same chart that is required annually. The Annual Compliance Certificate is a document that includes all the disclosures that are required with this RFP. Please add qualifying language (ie “subject to review”) to the Statement of Certification that you require.

11. *Would an internally managed mutual fund that is registered with the SEC under the Investment Company Act of 1940 -- not an investment adviser registered under the Investment Advisers Act of 1940 -- meet the minimum qualifications?*

**Answer:** No. The purpose of the RFP is to identify an investment adviser to manage fixed income assets for FABF. In accordance with 40 ILCS 5/1-101.4, an Investment Adviser is required to be one of the following: (i) registered as an investment adviser under the federal Investment Advisers Act of 1940 (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 Illinois. If FABF invested in a mutual fund, FABF would require the investment adviser of the mutual fund to serve as a fiduciary to FABF.

12. *Would the Firemen’s Annuity & Benefit Fund of Chicago consider a core fixed income commingled fund, that both concentrates its investments in high credit quality multifamily investments and finances the development of workforce/affordable rental housing built with 100% union labor (in geographic locations like Chicago), meet the minimum requirements of the Fund and therefore be considered as an investment option pursuant to the RFP?*

**Answer:** No, an investment in multifamily/affordable housing would not meet the requirements of a Core Fixed Income investment with FABF.

13. *As it pertains to Section 6.2 Sample Investment Management Agreement in the RFP guidelines, are investment managers permitted to submit clarifying language to the Sample IMA with our RFP submission?*

**Answer:** Red-line edits to the IMA are not required. Please add any clarifying language to the Statement of Certification to indicate which items in the IMA will need to be negotiated. (Please note that the fiduciary requirement is non-negotiable.)

14. *Given your requirements to be a fiduciary to the plan, would you allow managers to submit a Mutual Fund for consideration?*

**Answer:** Mutual funds may be considered. If FABF invested in a mutual fund, FABF would require the investment adviser of the mutual fund to serve as a fiduciary to FABF.

15. *Can you please confirm if the RFPs are strictly **public** fixed income or if it includes **private** fixed income?*

**Answer:** Private fixed income will not be considered for this search.

16. *If a firm wishes to participate in the process for both core bond and core plus mandates, should the firm submit two separate proposals or combine into one?*

**Answer:** Please submit two separate proposals.

17. *Does the committee prefer to see data as of 9/30/24 or is there another date we should use when responding?*

*Could you please confirm whether you are requesting the historical allocations on a calendar-year basis or if you prefer the data based on the trailing year as of September for each of the last 10 years?*

**Answer:** Data requested includes (1) Callan's database – investment return data streams and portfolio composition data should be updated through September 30, 2024 (2) Questionnaire - Strategy performance vs. benchmark as of 9/30/24 (YTD,1,3,5,7,10,SI); historical data as of calendar year end.

18. *What is the alpha and tracking error targets of the core mandate?*

**Answer:** Alpha and tracking error targets have not been specified for this mandate.

19. *The RFP mentions the option for the mandate to be split amongst multiple managers, what would the allocation be to each manager if the mandate was split?*

**Answer:** The allocation has not been determined should the mandate be split.

20. *Are firms required to be a certified by MWBE entity by the state of Illinois or will certification by another entity be accepted?*

**Answer:** MWDBE firms are not required to be certified by the State of Illinois. Other certifications may be accepted.

21. *Is there a fee cap for this mandate?*

**Answer:** No fee cap has been set for this mandate.

22. *Re: diversity chart included in the RFP -Is this the most up to date version? If not, would you prefer to receive the data as of Dec 31, 2023*

**Answer:** Please provide the most current available data for the Diversity table.

23. *Is there flexibility to include Fitch ratings when calculating the portfolio's average quality?*

**Answer:** Yes, Fitch ratings may be used when calculating the portfolio's average quality.

24. *Would net notional exposure arising from interest rate futures be allowed under the guidelines?*

**Answer:** Yes, it is expected that derivatives will be used.