



## Firemen's Annuity & Benefit Fund of Chicago Request for Proposal ("RFP")

### SECTION 1 – OVERVIEW

#### 1.1 INTRODUCTION

The Firemen's Annuity & Benefit Fund of Chicago (the "Fund") is searching for an investment adviser from qualified investment advisers ("Respondent(s)" or "Adviser(s)") to manage the following investment mandate in a fiduciary capacity to the Fund:

**U.S. Core Fixed Income. The approximate mandate will be \$50 million, representing a 4.0% target allocation of the total Fund. The mandate will be benchmarked against the Bloomberg Aggregate Bond Index. Proposed strategies should exhibit:**

- The portfolio's average rating will be A or Better by Moody's or Standard and Poor's.
- No more than 10% invested in non-dollar denominated bonds.
- No more than 10% invested in non-investment grade bonds.
- Derivatives permitted to hedge duration, currency, credit risk, and yield curve risk. Derivatives may not be employed to create a levered exposure.
- Duration exposure should fall within a +/-20% range of the index.

A qualifying investment adviser must be a registered investment adviser under the Investment Advisers Act of 1940, or a bank similarly registered. Investment advisers must also certify the responding firm meets the minimum guidelines presented in Section 2 of this RFP. Once selected, the Retirement Board of Trustees (the "Board") requires that each investment adviser provide, in writing within a negotiated side letter, acknowledgment of fiduciary responsibility to the Fund as required in the Illinois Pension Code.

It is the public policy of the State of Illinois to encourage the Fund's Board to increase the racial, ethnic, and gender diversity of its fiduciaries to the greatest extent feasible within the bounds of financial and fiduciary prudence. In furtherance of the Illinois public policy and the requirements of the Illinois Pension Code, it is the goal of the Board to use its best efforts to increase the racial, ethnic, and gender diversity of its fiduciaries, including its external investment managers and consultants (4 ILCS 5/1-109.1). Consistent with that effort, the Board will consider a broad range of candidates and actively consider minority, female and disabled person-owned business enterprises (MWDBE) that also have the required capabilities for this RFP.

The Fund shall conduct the RFP process in accordance with applicable provisions of the Illinois Pension Code, the Fund's Ethics Policy and any other relevant authority under the Illinois Compiled Statutes. The Fund will post notice of this RFP on its website and at least one industry periodical. Neither this RFP nor any response to this RFP shall be construed as a legal offer. All material submitted in response to the RFP will become the property of the Fund. The Fund is not responsible for any costs incurred by the Respondents in responding to this RFP.

The Fund reserves the right to reject any or all proposals submitted. All proposals submitted will be evaluated by members of the Fund's investment staff and the Fund's consultant. Advisers may be asked to make formal presentations of their proposals to the investment staff, Investment Committee and/or the Board. Selection of one or more investment adviser(s) pursuant to this RFP is subject to final approval by the Board.

Pursuant to 40 ILCS 5/1-145 of the Illinois Pension Code, no Respondent shall retain a person or entity to influence (i) the outcome of an investment decision or (ii) the procurement of investment advice or services of the Fund for compensation contingent, in whole or in part, upon the decision or procurement.

## 1.2 TIMELINE FOR AWARD OF MANDATE

<b>Date of Issue</b>	September 18, 2024
<b>Deadline for RFP Questions</b>	October 4, 2024 (Noon CDT)
<b>Q&amp;A Document posted to Fund's website</b>	October 9, 2024
<b>RFP Submission Due Date</b>	November 1, 2024 (3:00 PM, CDT)
<b>Finalist Presentation</b>	January/February 2025
<b>Selection of Adviser</b>	January/February 2025
<b>Tentative Funding Date</b>	TBD

This timeline may be subject to revision. Any changes to the timeline will be posted on the Fund's website.

Any Respondents failing to submit proposals in the timeline provided above (as same may be amended) or Respondents submitting incomplete responses will not be considered.

## **QUIET PERIOD**

A Quiet Period will be in effect during the entire RFP process. The Quiet Period is the period of time beginning when the Board approves the issuance of the RFP and ends after successful contract negotiations with the selected Adviser approved by the Board. 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 Board or staff during the Quiet Period and should direct all questions and communications as directed in Section 1.3 of this RFP. If any Board member is contacted by a Respondent, the Board member shall refer the Respondent to the Fund's consultant, Callan LLC ("Callan").

The Board 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 RFP is permitted. The Quiet Period does not prevent any due diligence communications and meetings, conference attendance or communication with an existing service provider that is also a Respondent; however, discussion related to the pending selection shall be avoided during such activities.

Respondents may be disqualified for violating the terms of the Quiet Period, in the discretion of the Board. Offering or providing anything of value (meals, travel, hotel, etc.) to the Board or staff is strictly prohibited and may result in immediate disqualification.

## 1.3 INQUIRIES

**Verbal inquiries from Respondents will not be accepted. All questions pertaining to this RFP should only be submitted via email to: [fabfcorefixedincome@callan.com](mailto:fabfcorefixedincome@callan.com) and [CIO@fabf.org](mailto:CIO@fabf.org)**

**All inquiries must be received no later than October 4, 2024. Generalized responses to inquiries are expected to be posted to the Fund's website no later than October 9, 2024.**

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

#### **1.4 SUBMISSION OF PROPOSAL**

Callan shall oversee the RFP process in conjunction with the Fund's investment staff. Respondents interested in submitting a proposal must submit their responses in accordance with the proposal submissions instructions below. In addition, interested parties must ensure firm and product information has been submitted to the Callan Manager database in accordance with Section 3.2 of this document.

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

**Soft copy of a RFP submission should be sent to [fabfcorefixedincome@callan.com](mailto:fabfcorefixedincome@callan.com) and [CIO@fabf.org](mailto:CIO@fabf.org). Submissions must be received by 3:00 PM, CDT, November 1, 2024. (No hardcopies are requested.)**

#### **1.5 DISCLOSURE OF SUBMITTED PROPOSALS**

Illinois law requires that at the conclusion of the RFP process, the contents of all proposals may be placed in the public domain and be open to inspection by interested parties consistent with the requirements of the Illinois Freedom of Information Act (“FOIA”). Respondents may include a redacted version of the RFP response that will be submitted in response to any FOIA requests. Trade secrets or proprietary information must be clearly identified as such in the response. The Respondent must also specify which statutory exemption applies for each piece of confidential information identified, consistent with the requirements of FOIA. Any claim of privileged or confidentiality is not definitive, and the Fund has the right and the legal obligation to determine whether such information is exempt from disclosure under FOIA. The Fund reserves the right to make all determinations with respect to whether something is exempt from disclosure pursuant to FOIA and Respondents shall have no claim against the Fund for any materials that the Fund discloses pursuant to its obligations under FOIA.

#### **1.6 SIGNATURE OF RESPONDENT**

The tendered documents, and any clarifications included, shall be signed by an officer of the Respondent or a designated agent empowered to bind the firm in a contract.

### ***SECTION 2 – MINIMUM REQUIREMENTS AND DISCLOSURES***

#### **2.1 MINIMUM REQUIREMENTS**

In order to be considered for selection, the Respondent must provide documented proof via a completed Statement of Certification that the following qualifications, at minimum, are met:

1. Respondent is an investment adviser registered with the Securities and Exchange Commission (SEC) pursuant to the Investment Advisers Act of 1940 or a bank similarly registered.
2. Respondent must agree in writing and without limitation to serve as a “fiduciary” to the Fund in accordance with the Illinois Pension Code (40 ILCS 5/1-101, et seq.) and to act in accordance with all requirements and standards of conduct applicable to fiduciaries (note: the fiduciary acknowledgement is required regardless of the proposed product’s structure)
3. Respondent must have a documented, current and verifiable track record of at least **three (3)** years for managing core fixed income portfolios.
4. Respondent must manage a minimum of **\$1 billion** in core fixed income assets. (Qualified Women, Minority, or Disabled Owned Businesses are exempt and will be evaluated for further consideration at the Fund’s discretion.)
5. The Firemen’s Annuity & Benefit Fund of Chicago’s investment mandate must not represent more than 20% of the Respondent’s total firm assets or 20% of the proposed strategy total assets of the date of Certification. (Qualified Women, Minority, or Disabled Owned Businesses are exempt and will be evaluated for further consideration at the Fund’s discretion.)

Please see Statement of Certification for all requirements.

## 2.2 REQUIRED DISCLOSURES

In order to be considered for selection, the Respondent must complete the Disclosure Statement that includes an acknowledgement that the Respondent is familiar with the provisions of Sections 1-135 and 1-145 of the Illinois Pension Code.

## 2.3 STATEMENT OF INVESTMENT POLICY AND ETHICS POLICY

A copy of the current version of the Fund’s Statement of Investment Policy and Ethics Policy are attached to this RFP.



Investment  
Policy.pdf



Ethics Policy.pdf

## *SECTION 3 – SELECTION AND EVALUATION PROCESS*

### 3.1 – CANDIDATE REVIEW PROCESS

The Fund’s investment staff and its consultant shall review the responses received to identify qualified candidates based on the criteria presented in the RFP and information obtained from Callan’s Manager Database. Callan will identify all RFP’s received from minority, women and disabled person’s business enterprises (“MWDBE”).

Members of the Board, investment staff and consultant may interview all, some, or none of the Respondents. Investment Committee members, investment staff and consultant may undertake site visits to one or more Respondent’s offices, and conduct such other due diligence deemed appropriate.

Fund investment staff and consultant will recommend finalists to the Investment Committee or Board during a public meeting of the Investment Committee or Board, including at least one qualified MWDBE respondent, if appropriate.

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

The Fund reserves the right to award this mandate to the Adviser or Advisers which, in its sole opinion, will provide the best match to the requirements of the RFP, to reject any Respondents due to noncompliance with the requirements and instructions in the RFP and not to hire, or defer the hiring, of an Adviser for the investment management services requested in this RFP.

### 3.2 – CALLAN’S MANAGER DATABASE

All Respondents must accurately submit their information into the Callan database **prior to the response deadline**. Candidates who have incorrectly entered (e.g. – missing performance data & asset levels) their information may not be considered for this award.

Investment return data streams and portfolio composition data should be updated through September 30, 2024.

**To gain access to Callan’s Manager Database  
please visit (<https://questionnaire.callan.com/>)**

**OR**

**Send an email directly to [database@callan.com](mailto:database@callan.com)  
for access details and further instructions**

Neither the Fund nor Callan will be held responsible for any investment adviser who does not gain access and upload their information to the database prior to the response deadline.

## *SECTION 4 – FUND INFORMATION*

### 4.1 PLAN DESCRIPTION

The Fund 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 nearly 9,400 participants.

### 4.2 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 compliance with the Illinois Compiled 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.

#### 4.3 PORTFOLIO DESCRIPTION

The Fund's portfolio is a fully invested, diversified, global portfolio managed entirely by external investment advisers. Total invested assets held by the Fund at the end of August 31, 2024 were \$1.3 billion. The Fund's target allocation, as of August 31, 2024, is as follows:

Broad US Equity	33%
Global ex-US Equity	24%
Core Fixed Income	22%
Real Assets:	
Infrastructure	3%
Global REITs	4%
Real Estate	4%
Private Equity	4%
Private Credit	3%
Liquid Diversifying Assets	3%

### *SECTION 5 –PROPOSAL RESPONSE*

#### 5.1 PRESENTATION REQUIREMENTS:

The questions presented must be answered completely and in the same sequence as provided. Concise, yet thorough responses are appreciated. All responses must include a signed Statement of Certification, answers to the Questionnaire, and a signed Disclosure Statement. Please submit completed documents in .pdf format. Please do not include external links to access the requested documents.

#### 5.2 PRESENTATION FORMAT:

Part 1: Statement of Certification



Statement of  
Certification.docx

Part 2: Questionnaire and Diversity Chart



Questionnaire.docx Diversity chart.xlsx

Part 3: Disclosure Statement



Disclosure  
Statement.docx

### *SECTION 6 – GENERAL TERMS*

## 6.1 INDEMNIFICATION AND STANDARD OF CARE CONTRACT PROVISIONS

The Fund expects a form of the following standard Indemnification and Standard of Care provisions to be included in the legal documents or a side letter, as applicable.

*a. Indemnification:*

To the fullest extent permitted by law, the [insert investment vehicle] shall defend, indemnify and hold harmless each of the Fund, its officers, board members, participants, beneficiaries, employees and agents, and their respective successors and assigns (collectively, the "Indemnified Parties") from and against all liability, loss, damage, cost and expenses, including without limitation reasonable attorney's fees, and all claims, suits, and demands therefore, ("Losses") in respect of or arising from the affairs of the [insert investment vehicle] except to the extent arising as a result of (1) any breach by the of the Standard of Care, (2) negligence, wrongful or intentional misconduct, bad faith or fraud or (3) any violation of applicable law that has a material adverse effect on [insert investment vehicle], provided that the [insert investment vehicle] shall have no liability for indirect or punitive damages.

The General Partner shall indemnify the partnership for any Losses in respect of (1) any breach by the General Partner of the Standard of Care, (2) negligence, wrongful or intentional misconduct, bad faith or fraud or (3) any violation of applicable law by the General Partner that has a material adverse effect on Partnership, provided that the Partnership.

*b. Standard of Care:*

The General Partner acknowledges it is a fiduciary to the Fund and shall discharge its duties under this Agreement with the care, skill, prudence and diligence under circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, and will conduct itself and exercise its authority in accordance with the fiduciary standards set forth in ERISA and the Illinois Pension Code, as amended (the "Standard of Care").

## 6.2 SAMPLE INVESTMENT MANAGEMENT AGREEMENT

The Fund's sample standard Investment Management Agreement is attached. At the time of contract, the Fund expects the attached standard provisions to be part of a negotiated agreement. Additional provisions may be added after full review of legal documents and dependent on legal negotiations. The Fund is willing negotiate terms once the mandate is awarded.



sample IMA.docx

## *SECTION 7 – CLOSING*

On behalf of the Fund's participants, Trustees, investment consultant 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.