



MUNICIPAL EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO

Request for Proposal:

Open-End Infrastructure Investment Management Services
August 27, 2018

I. OVERVIEW

The Municipal Employees' Annuity and Benefit Fund of Chicago (the "Fund" or "MEABF") hereby issues a request for proposals ("RFP") from qualified firms (acting in the capacity of a fiduciary to the Fund) that provide open-end infrastructure investment management services. Although subject to modification, MEABF may select up to two mandates totaling approximately \$80 million. A firm submitting a complete proposal that complies with the requirements of the RFP shall be referred to as "Respondent" or "Firm" throughout this RFP. Marquette Associates (the "Investment Consultant" or "Consultant") will assist MEABF with this search.

All forms needed for submitting a response to this RFP are available on the Procurement section of the Fund's website at: <http://www.meabf.org>. Respondents to this RFP are responsible for monitoring the Fund's website for information pertaining to the RFP while the RFP is outstanding.

II. BACKGROUND INFORMATION

MEABF is a defined benefit, single employer benefit plan that was established in 1921 by an act of the Illinois General Assembly to provide disability and retirement benefits to qualified employees of the City of Chicago and the Chicago Board of Education. The sole purpose of the Fund is to pay benefits to its members, which are funded through a combination of member contributions, contributions by the City of Chicago, and investment earnings. MEABF is a component unit of the City of Chicago, and as such, is included in the City of Chicago's financial statements as a pension trust fund. MEABF's net assets total approximately \$4.3 billion as of the date of this RFP. The Fund utilizes external investment managers and is diversified across multiple asset classes. More information regarding MEABF can be found by reviewing the Illinois Pension Code (40 ILCS 5/ Article 8) and MEABF's website at: <http://www.meabf.org>.

It is the public policy of the State of Illinois to encourage the Fund's Board of Trustees (the "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 consultants and external investment managers (40 ILCS 5/1-109.1).

Please review the Fund’s Investment Policy Statement included on its website for more information regarding the Fund’s investment portfolio.

III. RFP TIMELINE

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| 1. Date of Issue: | August 27, 2018 |
| 2. Deadline to Submit Written Questions: | September 10, 2018, 3:00PM CST |
| 3. Q&A Document Posted: | September 14, 2018 |
| 4. Final Responses Due: | September 28, 2018, 3:00PM CST |
| 5. Potential Interviews: | TBD |
| 6. Finalist Notified By: | TBD |

*****The timeline is subject to change. Any changes to the timeline will be posted on the Fund’s website.*****

IV. IMPORTANT DISCLOSURES & NOTICES

1. Neither this RFP nor any response to this RFP should be construed as a legal offer.
2. If it becomes necessary to revise any part of the RFP, or if additional information is necessary for a clarification of provisions within this RFP, prior to the due date for proposals, a supplement will be posted on the Fund’s website. If a supplement is necessary, the Fund may extend the due date to accommodate any additional requirements.
3. MEABF reserves the right to reject any or all proposals submitted.
4. All material submitted in response to the RFP will become the property of the Fund.
5. MEABF is not responsible for any costs incurred by the Respondents in responding to this RFP.
6. All ex parte communications relating to the procurement between the Fund’s staff or Investment Consultant and interested parties, including Respondents, or non-interested parties, shall be prohibited until a contract is entered into and the RFP process is terminated. Furthermore, any communication related to this RFP between a Respondent and any member of the Board or the Fund’s staff is prohibited until a contract is entered into and the RFP process is terminated (the “Quiet Period”). Notwithstanding the prior sentences, the Fund’s staff and Investment Consultant may communicate with a particular Respondent for the purpose of gaining clarification regarding information provided in response to this RFP. Additionally, the Fund’s staff and Investment Consultant may communicate with Respondent for the purpose of existing, normal business matters involving a Respondent and the Fund. Violation of the Quiet Period rules constitutes grounds to reject a submitted proposal.

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7. Respondents are advised that proposal materials are subject to the Illinois Freedom of Information Act (5 ILCS 140/1 *et seq.*). After completion of the RFP, selection by the Fund, and successful negotiation of a contract, if any, proposals submitted may be viewed and copied by any member of the public, including news agencies and competitors. Respondents claiming a statutory exception from the Illinois Freedom of Information Act for information within the Respondents' proposals must identify relevant language as confidential, and identify in the email transmission of the proposal whether confidential information is included. Further, each page of confidential documentation must be labeled as such. The Respondent must also specify which statutory exemption applies for each piece of confidential information. The Freedom of Information Act can be found at the Illinois General Assembly's website (<http://www.ilga.gov/>). Any claim of privilege or confidentiality from disclosure is not definitive. MEABF has the right and legal obligation to determine whether such information is exempt from disclosure under the Illinois Freedom of Information Act. Respondents shall make no claim against MEABF if MEABF discloses any information relating to a proposal that was required to be disclosed pursuant to the Freedom of Information Act.

V. MEABF RFP PROCEDURES

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 should be construed as a legal offer.

All interested Respondents must submit their responses in accordance with the proposal submission instructions below.

Following the deadline for submissions, the Fund's staff shall open the responses and review each for content, quality and compliance with the RFP's requirements. Following the review, the field of candidates will be narrowed to a smaller list of the most qualified Respondents. The Fund's staff reserves the right to meet with representatives of each Respondent to obtain an independent assessment of the Respondent's capabilities and the Fund reserves the right to conduct background investigations of selected individuals or firms prior to awarding a contract under this RFP.

Subject 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.

VI. PROPOSAL SUBMISSION

The Board's Investment Consultant, Marquette Associates shall oversee the RFP process. If a Firm is interested in submitting a proposal, it must submit an electronic copy of the complete proposal by **3:00 PM, CST, September 28, 2018** to the following contact:

SEARCH CONTACT: James Wesner, CFA
Marquette Associates

180 N. LaSalle St.
Suite 3500
Chicago, IL 60601
meabf@marquetteassociates.com
cc: searches@meabf.org

Procedural and substantive questions concerning the RFP must be submitted in writing via e-mail to the Search Contact by **3:00 PM, CST, September 10, 2018**. Responses to questions properly submitted will be consolidated in a single Q&A document and posted on the Fund's website on or about **September 14, 2018**. The Q&A document will not identify the source of the query.

PLEASE NOTE: Respondents WILL NOT receive individualized responses from the Search Contact, in response to questions submitted. Respondents must review the Q&A document posted on the Fund's website to receive answers to all questions submitted.

If the Fund's staff has questions regarding how to interpret a Respondent's proposal, the Fund's staff is authorized to request additional information from that Respondent.

ANY PROPOSAL THAT IS EITHER DETERMINED TO BE INCOMPLETE OR RECEIVED AFTER THE DUE DATE AND TIME WILL NOT BE CONSIDERED.

PROPOSALS MUST CONTAIN THE FOLLOWING DOCUMENTS:

1. Transmittal Letter. A transmittal letter must be submitted on the Respondent's official business letterhead. The letter must identify all documents provided in response to the RFP, and must be signed by an individual authorized to bind the Respondent contractually. **An unsigned proposal shall be rejected.** The letter must also contain the following:
 - A. Statement that the proposal is being made without fraud or collusion; that the Respondent has not offered/received any finder's fees, inducements or any other form of remuneration, monetary or non-monetary, to/from any individual or entity relating to the RFP, the Respondent's proposal or the Board's selection.
 - B. An acknowledgement by the Respondent that the proposal is a firm and irrevocable offer good for one (1) year from the date of the proposal.
 - C. Statement that discloses any current business relationship or any current negotiations for prospective business with the Fund, the Fund's Executive Director, the Fund's staff, Fund's Legal Counsel (Burke Burns & Pinelli, LTD), the Fund's Investment Consultant (Marquette Associates), or any member of the Board.
 - D. Statement that the Respondent is willing and able to perform the services described in the Scope of Services section of this RFP.
 - E. Statement that the Respondent has available the staff and other resources required to perform all services required by the RFP and to provide all required deliverables within the specified time frame.
 - F. Statement that the Respondent meets the minimum qualifications as specified in Section VII of this RFP document.

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- G. Statement that the Respondent is able to enter into a Sideletter Agreement with the Fund that complies with the Illinois Compiled Statutes requirements; (40 ILCS 5/1-113.14 (c))
 - H. The name, title or position, e-mail addresses, and telephone number of the individual signing the transmittal letter on behalf of the Respondent.
 - I. A summary of the proposed fee schedule request.
2. Investment Manager Questionnaire. The Respondent must address the questionnaire items in the RFP in the order in which they appear in the RFP. Further, each question number and question in the RFP shall be repeated in its entirety before stating the response. Any supporting documentation requested in the Investment Manager Questionnaire must be provided and properly identified.
 3. Contractual Standard and Disclosure Certification. The certification must be submitted on the Respondent's official business letterhead. The Respondent must respond to all questions in the order listed in the certification. The certification must be signed by an individual authorized to legally bind the Respondent.
 4. Employee Diversity Table. The Respondent must complete and submit the Employee Diversity Table that is posted along with this RFP. **Please note that it is unacceptable for a Respondent to answer "Not Applicable" or "Respondent does not track such information" in response to the required disclosures provided in the Employee Diversity Table.**

VII. MINIMUM QUALIFICATIONS

Any Respondent submitting a response to this RFP must meet the following minimum qualifications: (Please note that requirements 1 through 4 and 10 are also part of the Contractual Standard and Disclosure Certification that must be completed in its entirety as part of the proposal submission documents).

1. Respondent must be (i) registered as an investment adviser under the Federal Investment Advisers Act of 1940 (15 U.S.C. 80b-1, et seq.) or (ii) a bank, as defined in the Federal Investment Advisers Act of 1940 (15 U.S.C. 80b-1, et seq.). (40 ILCS 5/1-113.14 (b));
2. Respondent must acknowledge in writing that the Firm will act as a fiduciary to the Fund under the Illinois Pension Code. (40 ILCS 5/1-101.4);
3. Respondent must not 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 the Fund for compensation, contingent in whole or in part upon the decision or procurement. (40 ILCS 5/1-145);
4. Respondent must be able to enter into a Sideletter Agreement with the Fund that complies with the Illinois Compiled Statutes requirements; (40 ILCS 5/1-113.14 (c));

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5. The Respondent's key professionals and/or organization shall not have material conflicts of interest with the Fund; its Board of Trustees, the Fund's staff, Custodian, Investment Consultants, or the Fund's Legal Counsel;
 6. Respondent and its employees must have and maintain for the life of any contract all authorizations, permits, licenses, and certifications required by federal and state law to perform the services specified in this RFP;
 7. Respondent must have a track record of at least three years of experience managing assets within the asset class;
 8. Respondent must maintain at least \$5 million of Errors & Omissions Insurance;
 9. Respondent must have at least \$5 billion in Firm assets under management or \$1 billion of assets under management in the particular strategy being submitted for consideration;
 10. Respondent must fully disclose the Diversity Profile & Financial Disclosures and other certifications outlined in the accompanying "Contractual Standard and Disclosure Certification";
 11. Respondent must be willing to comply with all applicable State fiduciary, ethics and diversity laws, including any additional disclosure requirements;
 12. Respondent has reviewed the Fund's Investment Policy Statement, found via the Fund's website, and agrees that, if retained, Respondent can provide investment advisory services in furtherance of that policy;
 13. If retained, Respondent will submit periodic written reports, as requested, for the Fund's review. All returns on investment shall be reported as gross and net of all payments of all fees, commissions, and any other compensation, in addition to any other reporting requested;
 14. Respondent maintains sufficient procedures and capabilities necessary to ensure the timely and accurate backup and full recovery for all computers and other data storage systems related to the Fund's account; and
 15. As of December 31, 2017, and for at least the three (3) most recent continuous years, the Firm must have a verifiable operating history with institutional fund clients with similar size, complexity and asset mix to the Fund.

Failure to satisfy each of the minimum qualifications can result in the immediate rejection of the proposal. The Respondent must address each of the qualifications substantiating how the Respondent satisfies each of the minimum qualifications. The responses shall contain sufficient information as prescribed to assure the Fund of its accuracy. Failure to provide complete information can result in rejection of the proposal.

VIII. SCOPE OF SERVICES

Respondent will directly manage assets for the Fund in an open end commingled investment trust for an actively managed infrastructure portfolio mandate. The investment return objective will be a mutually agreed upon premium over a relevant benchmark, net of fees, over a three to five year time period.

IX. EVALUATION AND SELECTION CRITERIA

The Investment Consultant and the Fund's staff shall review each response received by the RFP submission deadline for content, quality, and compliance with the RFP's requirements. The Investment Consultant and the Fund's staff reserve the right to meet with representatives of each Respondent to obtain an independent assessment of the Respondent's capabilities.

Review of Respondents shall include but not be limited to the following factors:

1. Organization
2. Product, Philosophy, and Process
3. Compliance
4. Performance and Risk
5. Fees
6. Completeness and Quality of Proposal

Following the review process, the Investment Consultant and Fund Staff shall present to the Board a list of all Respondents and profiles of the most qualified Respondents for consideration. The Board may accept, modify, or reject the selected Respondents list. Respondents may be asked to appear before the Board to present the Firm's qualifications.

Following approval by the Board, the Fund will attempt to negotiate an agreement with the selected Firm(s). The agreement shall include requirements from applicable laws, including, but not limited to, the Illinois Pension Code, as amended. If the Fund is unable to negotiate an agreement that is acceptable to the Fund, the Fund reserves the right to award and negotiate with the next most qualified Respondent.

Thank you for your interest in this RFP and MEABF looks forward to your response.