# 

Request for Proposals

Multi-Asset Class Investment Risk Management System

PART 1 -- Introduction and Goal of the Request for Proposals (RFP)

* 1. INTRODUCTION - General Information

The Illinois Municipal Retirement Fund (IMRF) is requesting proposals for investment risk management systems. Risk systems must provide multi-asset class, holdings-based investment risk analysis, inclusive of private markets asset classes.

There is no expressed or implied obligation for IMRF to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

IMRF reserves the right to reject any or all proposals submitted. All proposals submitted will be evaluated by members of the IMRF Staff. Finalist(s) will be asked to make formal presentations of their proposals to the IMRF Investment Committee and/or the IMRF Board of Trustees. Selection of the firm is subject to final approval by the IMRF Board of Trustees.

* 1. GOAL

IMRF is soliciting qualified firms to provide investment risk analytic software and services to its Investment Department Staff. The intent of the contractual relationship will be to establish an ongoing relationship between IMRF and the selected firm for the purpose of providing IMRF with a risk management system.

* 1. QUIET PERIOD

The Quiet Period begins on August 8, 2016, and is the period of time beginning when the Multi-Asset Class Investment Risk Management System RFP is issued and ends when the firm is selected by the Board or the process is declared to be complete.

Respondents shall not contact IMRF Board members during the Quiet Period and should direct all questions and communications to the IMRF Investment Department Staff at InvestmentsResponses@imrf.org.

The purpose of the Quiet Period is to ensure that all respondents have equal access to information regarding the search objective and requirements; to be certain that communications are consistent and accurate; and to make the search process and selection process efficient, diligent and fair.

The Quiet Period will be posted to the IMRF website to prevent inadvertent violations by firms responding to this RFP.

IMRF Board members and members of the Staff not directly involved in this search shall refrain from communicating with the respondents regarding any product or service related to this search during the Quiet Period unless this communication takes place during a formal site visit or interview conducted as part of this search.

An RFP respondent will be disqualified for violating the Quiet Period.

IMRF Trustees and Staff shall not accept or solicit any gift, favor, or service from any third party which has, is, or may do business with IMRF.

Quiet Period FAQ

In general, IMRF has an open door policy to meet with investment managers/service providers. It means that IMRF will meet with managers and they do not need any third party referral.

1) A third party (legislator, other person not specifically affiliated with a manager) contacts IMRF during an active search (not during the quiet period) and encourages IMRF to include Manager X in the search.

During a search, IMRF would not include a manager in the search based on any encouragement from a third party. Depending on the circumstances of the contact from the third party, the manager may get disqualified from further consideration and IMRF would report it to the Board during an open meeting when Staff gives their search summary and recommendations.

2) A third party contacts IMRF regarding Manager X, but there are no active searches (or there are no active searches related to Manager X).

If a third party contacts IMRF regarding Manager X (not during a search) IMRF would tell the third party that the manager has to contact Staff for a meeting. Based on our open door policy, IMRF would meet with the manager. No actual action other than a meeting is guaranteed.

3) IMRF is contacted during the quiet period from a manager that is in the search.

During a quiet period, contact from a manager in the search is treated based on circumstance. The manager could be responding to our questions for more information (which is fine). If they are contacting IMRF regarding a referral from a third party, Staff would tell them that it is not in the scope of RFP contact and they will get disqualified from further consideration if they continue this dialogue. If we end up disqualifying them, we would report it to the Board during an open meeting.

4) IMRF is contacted during the quiet period from a third party regarding a specific manager who is included in a search.

IMRF does not accept conversation from third parties on a manager during quiet period. Staff would tell them that we are in quiet period and can't discuss the search or the manager. If the third party does not discontinue the dialogue, such contact would be reported to any relevant ethics oversight body (such as the Legislative Inspector General, if the third party is a legislator, for example). Depending on the nature of the contact, IMRF may disqualify the manager. Any disqualification and/or ethics officer referral would be reported to the Board during an open meeting.

PART 2 -- Background Information on IMRF

2.1 PLAN DESCRIPTION

IMRF is a defined benefit, public pension plan established and governed by the Illinois Pension Code (40 ILCS 5/1-101 et seq), created for the exclusive purpose of providing retirement, death and disability benefits to employees of local units of government and school districts in Illinois.

IMRF is governed by a Board of eight elected trustees. Four are elected by employers, three are elected by participating members and one is elected by annuitants. The Board appoints an Executive Director who is responsible for all administrative functions and supervision of Staff employees.

The investment risk management software service provider will work directly with the IMRF Investment Department. The Investment Department consists of the Chief Investment Officer and Staff of several Officers and Analysts.

The members of the Board, employees of the Board, and agents thereof stand in a fiduciary relationship to the members of the system regarding the investment and disbursement of any of the monies in the Fund.  In exercising this fiduciary responsibility, the Board is governed by the prudent man rule.

Click [here](https://www.imrf.org/en/investments/policies-and-charter/investment-policies) (https://www.imrf.org/en/investments/policies-and-charter/investment-policies) for the IMRF current Statement of Investment Policy and Real Estate Statement of Investment Policy.

2.2 PORTFOLIO DESCRIPTION

### IMRF’s diversified and global portfolio has a total market value of $34.7 billion (unaudited) as of June 30, 2016. The current IMRF Master Trustee is The Northern Trust Company located in Chicago, Illinois. The current Investment Consultant is Callan Associates.

Within the Public Markets portfolio (DE, IE, and FI), there are 10 commingled fund mandates which equate to $10,570 million or 30.5% of the total fund.

### Portfolio allocations (unaudited) as of June 30, 2016, were as follows:

|  |  |  |
| --- | --- | --- |
|  | Asset Class Target | Current Allocation |
| Large Cap Growth |  | 9.7% |
| Large Cap Value |  | 12.9% |
| Large Cap Passive Core |  | 7.8% |
| Small Cap Growth |  | 4.3% |
| Small Cap Value |  | 4.1% |
| Micro Cap |  | 1.9% |
| Total U.S. Equity | 38% | 40.8% |
|  |  |  |
| International Large Cap |  | 10.3% |
| International Small Cap |  | 1.2% |
| EAFE Passive |  | 5.8% |
| Emerging Markets |  | 1.7% |
| Total International Equity | 17% | 19.0% |
|  |  |  |
| Core |  | 4.8% |
| Core Plus |  | 13.3% |
| Passive Core |  | 8.6% |
| High Yield |  | 1.7% |
| Opportunistic |  | 0.3% |
| Bank Loans |  | 0.9% |
| Emerging Market Debt |  | 0.5% |
| Total Fixed Income | 27% | 30.1% |
|  |  |  |
| Total Real Estate | 8% | 5.4% |
|  |  |  |
| Total Alternative Investments | 9% | 3.9% |
|  |  |  |
| Cash | 1% | 0.8% |
|  |  |  |
| Total | 100% | 100% |

For a complete list of IMRF’s investment managers, please visit <https://www.imrf.org/cmsmedia/files/investments/monthly%20performance%20reports/2016%2006%20callan%20monthly%20performance%20report.pdf?la=en>

## PART 3 -- Services to be performed

IMRF continually seeks to employ investment service providers who possess superior capabilities to assist Staff in the management of the assets for public retirement funds.

## PART 4 -- Qualifications for the Assignment

4.1 Mandatory Minimum Qualifications

Unless otherwise specified, as of the response due date, responders must satisfy all of the requirements outlined below and furnish appropriate documentation accordingly in order to be considered for the contract award:

1. Must be an established firm with all key personnel required to provide the services required and demonstrated experience providing investment risk services to institutional clients such as IMRF.
2. Must utilize models that can process data having the following characteristics: non-normal distributions, non-linear relations, and illiquidity
3. Must provide tools for full reporting and analytical work
4. Must have data and system security

### 4.2 CONTRACT

At the point of contract, a final detailed agreement concerning services and expectations will be agreed upon between IMRF and the successful firm. The terms of the final contract between IMRF and the successful firm will be binding and supersede this RFP.

The following certifications may also be required:

1. Exhibit A: IMRF Disclosure Schedule of Certification
2. Exhibit B: High Risk Home Loan Act Certification
3. Exhibit C: Illinois Governmental Ethics Act Certification

## PART 5 -- Specifications for the Assignment

### 5.1 Scope of Services

IMRF is seeking a qualified firm(s) to provide investment risk management services. The firm(s) selected will be looked upon to provide the following services:

* Provider of multi-asset class, holdings-based investment risk analysis, inclusive of private markets asset classes
* Total risk, active risk, VaR, and factor exposures at the total fund, asset class, manager, and security level utilizing holding-based data
* Decomposition analysis of total risk, active risk, VaR, and factor exposures at the total fund, asset class, manager, and security level utilizing holdings-based data
* Scenario analysis, stress testing, what-if analysis, and risk and performance attribution at the total fund, asset class, manager, and security level
* Ability to report and model illiquid and private markets investments
* Comprehensive client support services and training on both a formal and ad-hoc

basis

### PART 6 -- Requirements and Instructions for RFP Completion

### 6.1 RFP OBJECTIVE

##### A. To provide sufficient information for the preparation of competitive proposals by qualified respondents.

##### B. To provide for a fair and objective evaluation of proposals.

##### C. To result in a contract between the successful respondent and IMRF.

##### 6.2 RFP DUE DATE & DELIVERY

##### The RFP must be completed and submitted in the original format. Responses must be received by IMRF no later than end of business day on August 23, 2016.

#### Please send an electronic copy, five complete hard copies, and one copy via USB drive to:

Ms. Dhvani Shah

Chief Investment Officer

Illinois Municipal Retirement Fund

2211 York Road, Suite 500

Oak Brook, Illinois, 60523

[InvestmentsResponses@imrf.org](mailto:InvestmentsResponses@imrf.org)

#### All proposals must be complete in every respect and must answer concisely and clearly all questions asked in this RFP. Any proposal delivered after the deadline will not be considered.

#### If, in response to this RFP, trade secrets or commercial or financial information are furnished under a claim that they are proprietary, privileged or confidential and that disclosure of the trade secrets or commercial or financial information would cause competitive harm to the person or business, such claim must be clearly made and such information must be clearly identified.  No information will be determined to be proprietary, privileged or confidential unless it is identified and indicated herein.

IMRF reserves the right without prejudice to reject any or all proposals submitted. There is no expressed or implied obligation for IMRF to reimburse for any expenses incurred in preparing proposals in response to this request.

6.3 TIMELINE

While there is no fixed date for the selection of a firm, it is anticipated that the selection of the firm will be completed by December 16, 2016. Following notification to the selected firm, it is expected that contract negotiations will be completed during Q1 2017.

6.4 INQUIRIES

During the evaluation process, the IMRF retains the right to request additional information or clarification from respondents to this RFP. IMRF, at its discretion, may also allow corrections of errors or omissions by respondents.

Inquiries should be submitted via e-mail to [InvestmentsResponses@imrf.org](mailto:InvestmentsResponses@imrf.org). Inquiries must be received no later than August 18, 2016. These questions will be consolidated into a single Q&A document and will be posted on IMRF’s website on or about August 19, 2016.

#### After August 18, 2016, if a question appears unclear to you, please state your interpretation of the question and answer it accordingly.

In all cases, no verbal communications will override written communications.

6.5 DISCLOSURE OF PROPOSAL CONTENT

In submitting a proposal, responders recognize that IMRF is subject to the Illinois Freedom of Information Act and, as such, the proposal may be subject to public disclosure after selection of a firm. 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.

6.6 DISPOSITION OF PROPOSALS

All proposals become the property of IMRF and will not be returned to the respondent. IMRF reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance of the conditions contained in this RFP, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between IMRF and the firm selected.

6.7 SIGNATURE OF RESPONDENT AGENT

The proposal shall be signed by an officer of the responding firm or a designated agent empowered to bind the firm in a contract.

PART 7 -- General Terms and Conditions of the Contract Including Criteria for the Evaluation of Performance

7.1 TERM OF ENGAGEMENT

The term of engagement will be agreed upon during contract negotiations. The contract can be terminated with or without cause by IMRF upon thirty days’ written notice.

7.2 CRITERIA FOR THE EVALUATION OF PERFORMANCE

Performance shall be evaluated based upon successful execution of the services to be performed under the contract.

PART 8 -- Selection Process

IMRF 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 RFP. IMRF reserves the right to reject respondents due to their noncompliance with the requirements of this RFP. Additionally, IMRF reserves the right not to hire or defer the hiring of any firm.

8.1 SELECTION PROCESS

IMRF Staff will objectively review the RFP responses to identify qualified candidates based on the criteria presented in the RFP. IMRF Staff and members of the IMRF Board may interview all, some or none of the RFP respondents and undertake site visits to respondent offices and conduct such other due diligence as is prudent under the circumstances.

Staff will prepare a report and present the report to the Investment Committee during a public meeting of the Investment Committee.

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 Board shall then act on the recommendation of the Investment Committee.

#### During the selection process all respondents to the RFP will be evaluated and ranked based upon:

##### Organization

##### Stability

##### Ownership

* + Experience
  + Depth
  + Research Team
  + Diversity

##### System and Capabilities

##### System Design

##### Risk Models

##### Private Markets Capabilities

##### Customizability

##### Competitive Advantage

##### Implementation and Technology

##### Implementation Process

##### Third Party Relationships

##### Processes and Controls

##### Data Management

##### Security

##### Reporting

##### Client Service

##### Client Support Services

##### Training

##### Fees

##### Fees for Services Requested and Associated Costs

##### Value of Service Provided

Staff is required to identify all minority respondents in the report presented to the Investment Committee. The most qualified minority candidate(s) will be invited to present to the Board or the Investment Committee. Staff must specify the reason when these firms are not included in the recommendation.

IMRF reserves the right to reject any respondents due to noncompliance with the requirements and instructions in the RFP.

PART 9 -- Projected Timeline for Completion of the Multi-Asset Class Investment Risk Management System

9.1 TIMELINE

1. Requests for Proposals issued by IMRF on August 8, 2016.

B. Inquiries for interpretation must be received no later than August 18, 2016.

#### C. Proposals must be received no later than end of business day on August 23, 2016.

#### D. First round interviews are expected to take place in September 26-30, 2016, at IMRF’s office. If needed, second-round interviews will be held on October 7, 11, and 14, 2016, at IMRF’s offices.

E. On-site interviews at respondents’ offices are expected to take place in October 31 – November 4, 2016.

#### F. There is no fixed date for the award of the contract by the IMRF Board of Trustees. It is anticipated that prior to the selection of a risk management system provider, the finalist(s) will be requested to present their firms to the Investment Committee during the meeting tentatively scheduled for December 15, 2016. Following selection, contract negotiations will take place.

## PART 10 – RFP Questionnaire

## 10.1 PROPOSAL PREPARATION INSTRUCTIONS

#### Your firm must provide a thorough answer to each question. Failure to adequately respond may be cause for rejection of the firm’s proposal.

#### 10.2 MANDATORY REQUIREMENTS

#### All questions must be answered completely and in the same sequence. When possible, please avoid referencing attached material and previous answers. *Each answer should stand on its own*. Supporting material must be clearly referenced to the appropriate question. Material which is strictly promotional in nature (beyond the scope of this search) should not be used. The submission of extraneous material may serve to disqualify the firm from further consideration.

#### Please complete the following:

IMRF Request for Proposals

Multi-Asset Class Investment Risk Management System

#### FIRM NAME: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

#### ADDRESS: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

#### \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

#### TELEPHONE #: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

#### FAX #: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

#### CLIENT CONTACT: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

#### TITLE: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

DATE: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

E-MAIL ADDRESS: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. Does your firm qualify as a minority investment manager?

A “minority investment manager” is a qualified investment adviser whose firm’s is a “minority owned business”, or a “female owned business” or “business owned by a person with a disability” as those terms are defined in the Illinois Business Enterprise for Minorities, Females, and Persons with Disabilities Act.

For more clarification on definitions please access [www.ilga.gov](http://www.ilga.gov). The definition of “minority investment manager” can be found in Section 1-109.1 of the Illinois Pension Code and Section 1-113.21 of the Illinois Pension Code. Additional definitions can be found in the Illinois Business Enterprise for Minorities, Females, and Persons with Disabilities Act under Illinois Compiled Statutes, Chapter 30 (30 ILCS 575).

❒ Yes ❒No

If yes, please select your firm’s AUM:

$10 million but less than $10 billion ❒

Equal or greater than $10 billion ❒

Name (Print):\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Title: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Signature: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Organization

1. Provide the name of the firm and its principal office address and telephone number. List any other office locations, the number of employees in each office, and describe the key functions of and services provided by each office. Indicate which office would provide services for IMRF.
2. Indicate when your firm began providing investment risk analytic tools and services, and briefly describe your organization’s background and experience in providing investment risk analytic tools and services to institutional investors and defined benefit public pension plans.
3. Is your firm a parent, subsidiary or affiliate of another firm? Provide full disclosure of all direct and indirect ownership relationships.
4. List the current owners of the firm, indicating percentage ownership of each owner.
5. Have there been any significant changes in ownership, restructurings or key personnel turnover in the past five years? Do you anticipate future significant changes in your organization? Provide your firm’s overall business plan for this particular product over the next three years.
6. Describe how your firm manages growth, including any limits in client to staff ratio.
7. Provide the total number of risk analytics clients your firm currently serves. Please list your top 10 largest clients in terms of assets under management.
8. For the product your firm proposes, please provide the number of accounts gained and lost over the last five years and the reasons for any lost accounts.
9. Provide the client name, address, telephone number, contact name, title, and client type (e.g. Defined Benefit Plan) of three accounts who are active clients using the proposed product that may be contacted as a reference.
10. Provide the client name, address, telephone number, contact name, title, and client type (e.g. Defined Benefit Plan) of three clients that have terminated accounts that may be contacted as a reference.
11. Discuss the financial strength and stability of your firm. Please provide copies of your firm’s annual report and audited financial statements for the past three years. If unable to provide, please explain why. Attach reports as Appendix A.
12. If your firm is required to file Form ADV, provide a complete copy of the firm’s most recent Form ADV. Attach as Appendix B.
13. Describe the level of coverage for errors and omissions insurance and any other fiduciary or professional liability insurance the firm carries.
14. Provide the latest copy of the firm’s SAS70 or SSAE -16 (I&II). Attach as Appendix C.
15. How does your firm meet the unique security requirements of your industry?
16. Please disclose all litigation and arbitration hearings (and their status or resolution) involving your organization within the last five years.
17. Provide the firm’s current business recovery plan, including plans for alternate work sites and data recovery management. Attach as Appendix D.
18. Please give the details of the department responsible to support and serve this potential client relationship. Please include an organizational chart and provide detail of key leadership positions.
19. Provide the number of dedicated staff that is responsible for programming support and/or data management. Please include name, current role, education/credentials, location, years of experience, and total years with the firm.
20. Provide the number of dedicated staff that is responsible for investment-related research. Please include; name, current role, education/credentials, location, years of experience, and total years with the firm.
21. Please provide in detail any relationship the firm has with our current consultant, Callan Associates.
22. Please fill out the following Diversity Profile table for your entire firm and attach as Appendix E.



1. Please complete the following disclosure per Illinois Pension Code Section 1-113.21. Attach as Appendix F.



1. Does your firm have a diversity policy for hiring employees? If so, please attach as Appendix G.
2. What recruitment activities does your firm have in place to ensure a diverse workforce?

System and Capabilities

1. Please provide your firm’s philosophy on monitoring and managing investment risk.
2. Provide a brief timeline of the development of the firm’s risk management system.
3. Please discuss any supportive and/or cooperative efforts required between your firm/product and IMRF’s investment managers, custodian, and consultants in order to establish and maintain this relationship.
4. Provide details of your system, including: web-based or software, asset class capabilities, holdings/returns based models, etc.
5. Does your system support multi-asset class risk modeling based on holdings data? If so, for which asset classes?
6. What internal resources will IMRF need to have in order to fully utilize your system on an ongoing basis?
7. Describe the process and timing for system updates and how it may affect clients’ daily use.
8. How many material iterations has your system gone through since inception? Please summarize the details of each update.
9. Are there any planned future updates to the system that we should be aware of?
10. Please provide details of your equity risk model, including number of risk factors (fundamental, macroeconomic, statistical). Please highlight the most recent updates from an earlier version.
11. Please discuss the process as to how risk factors are added to or removed from your model.
12. Please provide details of your fixed income risk model, including number of risk factors (fundamental, macroeconomic, statistical). Please highlight the most recent updates from an earlier version.
13. How does your risk model handle options, swaps, swaptions, CDS, F/X, futures, forwards, leverage, and other assets that may have non-linear relations or non-normal distributions?
14. How does the system handle data from commingled vehicles or CITs?
15. Please explain how your risk model handles portfolios that own securities in multiple currencies.
16. How does the system analyze investment risk in private equity fund-of-funds and direct investments? Are proxies used? If so, please explain.
17. How does the system analyze investment risk in private real estate fund-of-funds, direct investments, and infrastructure? Are proxies used, if so, please explain?
18. How does the system analyze investment risk in agriculture and timberland investments? Are proxies used? If so, please explain.
19. How does the system analyze investment risk in hedge fund fund-of-funds and direct investments? Are proxies used? If so, please explain.
20. How does the system model liquidity risk within private asset classes?
21. Describe the process for gathering and uploading holdings for private asset classes. (e.g. Private Equity, Real Estate)
22. Does the system incorporate asset-liability risks in total fund’s risk analysis?
23. Please provide details surrounding the system’s performance attribution capabilities.
24. How does the system analyze Value at Risk (VaR) of an investment? Are their multiple methods available to measure VaR?
25. Please provide details of the system’s scenario modeling and stress testing capabilities. Are these models customizable? How often are scenarios updated?
26. What risk metrics are included in the system’s reports? Please list all of the metrics your system calculates and describe the level at which they can be reported on. (e.g. Total Fund, Asset Class, Manager)

Implementation and Technology

* + - 1. Provide an in-depth implementation project outline including steps, tasks, timelines, milestones, deliverables, and timing of getting a new client up and running.
      2. Please provide the server and workstation requirements of your system.
      3. Please describe your experiences with third-party providers including; master trustees, brokers, investment managers, etc., in setting up and maintaining data feeds.
      4. Please list all data vendors and other third-party administrators that your firm currently has relationships with and how often you renew your contracts with them? Are clients affected by contract renewals?
      5. If you have clients that upload data manually, please provide the necessary resources in order for a timely and accurate upload process.
      6. Please describe the processes and controls in place to verify that the data is fully reconciled and accurate from the third-party administrator.
      7. Please provide detail of the verification process that the firm employs in order to ensure data accuracy prior to releasing to clients.
      8. How/Where is client data stored? Are there any data limits or maximum capacity limits we should be cognizant of?
      9. Explain what data security measures are in place to ensure clients that the data they upload is secure.
      10. How often is client data backed up? Where is it stored? Please explain the firm’s disaster recovery process.
      11. What are your capabilities and policies for protecting your data and how is the protection maintained over time?
      12. What external formats are available for data to be exported from your risk system (e.g. Excel, PowerPoint, PDF)? Does your system export raw data as well as standardized reports? Please explain this process.
      13. What type of reporting will the client be able to generate? Please provide detail of the system’s reporting suite.
      14. Are reports customizable? Will the client be able to generate custom reports ad-hoc, or will we work with your firm for this process?
      15. Please provide sample reports of the most popular amongst your client base, specifically Defined Benefit Plan Sponsors.
      16. Is your system capable of providing reports that show the total and active risk decomposition by managers within the asset class? And by asset class within the total fund? If yes, please provide sample reports.
      17. Please provide a sample client risk report. At what frequency will these be able to be generated and disseminated? Please include examples of summary risk reports that may be used by the CIO or IMRF Board of Trustees.

Client Service

1. Provide the number of dedicated client service staff that would serve on this potential client relationship. Please include name, current role, education/credentials, location, years of experience, and total years with the firm.
2. Please detail the typical client services that your firm provides to clients that are similar to IMRF. Do you offer 24/7/365 customer service assistance?
3. Please explain the typical training that your firm offers for new clients.
4. Please discuss ways in which your firm would work with IMRF Investment Staff in order to keep them up to date on the most current topics related to investment risk and analytics.
5. Please describe any educational sessions, user conferences, publications, virtual meetings, or other means that your firm utilizes for keeping clients fully educated on investment related risk topics.
6. Does your firm monitor legislative or regulatory changes affecting investment risk management administration of Defined Benefit Pension Funds?
7. Please describe the process for handling client inquiries related to bugs or other issues with the system.

Fees and Contract

1. Please provide your current fee schedule for investment risk analytics tools and services.

Describe the fee structure in sufficient detail (system and service) and include any fees for implementation.

1. Are fees based upon number of users?
2. Will IMRF incur any additional costs for data licensing or other services that are not included in the fee schedule provided? Are there any additional fees based on reporting frequency or types of securities analyzed?
3. Will you guarantee that the fee schedule provided is the most competitive fee schedule that the firm offers to clients such as IMRF? If not, please explain why.
4. Do you offer government discounts, multi-year contract discounts or any other fee breaks?
5. Do you provide long-term price protection?
6. Please provide a sample contract. Attach as Appendix H.

Please attach the following Appendixes:

1. Financial Reports
2. Form ADV
3. SAS70 or SSAE -16 (I&II)
4. Business Recovery Plan
5. Diversity Profile
6. Illinois Pension Code Disclosure
7. Diversity Policy
8. Sample Contract

Exhibit A

IMRF Disclosure Schedule Certification

For an Investment Advisor or Consultant to be eligible to provide services to the Illinois Municipal Retirement Fund (IMRF), your firm must complete the IMRF Disclosure Schedule Certification, which includes an acknowledgement that your firm is familiar with the provisions of Sections 1-135 and 1-145 of the Code.

All respondents MUST complete this form.



IMRF Disclosure Schedule Certification

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\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ warrants and represents to IMRF as follows:

(Firm Name)

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

(i)

(ii)

(iii)

(iv)

(v)

The following is a true, accurate and a 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 board has no direct contractual relationship with the investment advisers or partnerships.)

*(If none, state “none”)*

IMRF Disclosure Schedule Certification

Page 2 of 2

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ acknowledges that it is familiar with the provisions of

(Firm Name)

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 board 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)

|  |
| --- |
| INVESTMENT MANAGER / CONSULTANT: |
| Company Name: |
| Signature: |
| Printed Name |
| Title: |
| Dated: |

Exhibit B

High Risk Home Loan Act

INSTRUCTIONS

In order for an Illinois finance entity to be eligible to invest or deposit IMRF funds, it must annually certify that it complies with the requirements of the High Risk Home Loan Act (815 ILCS 137). The full text of the Act can be found at www.ilga.gov; click on: Illinois Compiled Statutes; click on: Chapter 815 Business Transactions lastly, click on: 815 ILCS 137/ High Risk Home Loan Act.

An Illinois finance entity is defined by the Illinois Pension Code (40 ILCS 5/1-110.10(a)) as:

*any entity chartered under the Illinois Banking Act, the Savings Bank Act, the Illinois Credit Union Act or the Illinois Savings and Loan Act of 1985, and any person or entity licensed under the Residential Mortgage License Act of 1987, the Consumer Installment Loan Act or the Sales Finance Agency Act.*

Using the definition of an Illinois finance entity given above, please advise us of your status by checking the appropriate box on the certification page. For those entities that are an Illinois finance entity, please also complete the Certification of Compliance *Illinois High Risk Home Loan Act form*.

All respondents MUST complete the first page of this form



High Risk Home Loan Act Certification

Yes, we are an Illinois finance entity as defined in Public Act 095-0521.

(Please complete the Certification of Compliance *Illinois High Risk Home Loan*

*Act* form attached.)

No, we are not an Illinois finance entity as defined in Public Act 095-0521.

(Please skip the Certification of Compliance *Illinois High Risk Home Loan*

*Act* form attached.)

|  |
| --- |
| INVESTMENT MANAGER / CONSULTANT: |
| Company Name: |
| Signature: |
| Printed Name |
| Title: |
| Dated: |

Illinois Municipal Retirement Fund

Certification of Compliance

*Illinois High Risk Home Loan Act*

I, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, serving in the capacity of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, on this \_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 20 \_\_\_\_, being duly sworn and having knowledge of all matters set forth herein, state, affirm and certify as follows:

1. I represent \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, and I am duly

authorized to provide this certificate on its behalf.

2. I am aware of the requirements of Section 1-110.10 of the Illinois Pension Code (40

ILCS 5/1-110.10), as well as the requirements of the High Risk Home Loan Act, (Act),

and any rules adopted pursuant thereto.

3. Under the terms of the Illinois Pension Code, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

is deemed an Illinois Finance Entity.

4. I am aware that no pension fund assets may be handled by the Illinois Finance Entity if

it is not in compliance with the provisions of the High Risk Home Loan Act, including

the filing of a completed certification with the Illinois Municipal Retirement Fund.

5. I certify that \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is in compliance with all the

requirements of the High Risk Loan Act and the rules adopted pursuant to the Act.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(Firm)

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_­­­ \_\_\_\_\_\_\_\_

(Signature)

\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_

(Name of Officer)

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_­­­­\_\_\_\_\_

(Title)

Subscribed and sworn before me by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ on this \_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 20\_\_\_.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Notary

*My Commission Expires:*\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(*Seal*)

(Firm)

State of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ )

County of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ )

Public Act 095-0521Exhibit C

The Illinois Governmental Ethics Act Certification

Under Public Act 096-0006, for an Investment Advisor or Consultant to be eligible to provide services to an Illinois pension fund, it must annually certify that it complies with Public Act 096-0006, The Illinois Governmental Ethics Act.

All respondents MUST complete this form.



The Illinois Governmental Ethics Act Certification

Disclosure Pursuant to Public Act 96-0006

40 ILCS 5/1-113.14(e), enacted by the General Assembly as part of Public Act 96-0006 and effective as of January 1, 2010, provides as follows:

*(e)… each investment adviser or consultant currently providing services or subject to an existing contract for the provision of services must disclose to the board of trustees all direct and indirect fees, commissions, penalties, and other compensation paid by or on behalf of the investment adviser or consultant in connection with the provision of those services and shall update that disclosure promptly after a modification of those payments or an additional payment. The person shall update the disclosure promptly after a modification of those payments or an additional payment. The disclosures required by this subsection (e) shall be in writing and shall include the date and amount of each payment and the name and address of each recipient of a payment.*

Pursuant to the foregoing, the undersigned (“Investment Manager or Consultant”) covenants, warrants and represents to the Trustees of the Illinois Municipal Retirement Fund (“IMRF”) as follows:

1. Investment Manager/Consultant and IMRF are parties to an Investment Advisory Agreement dated **\_\_\_\_\_\_\_\_\_\_\_\_\_** (the “Agreement”), pursuant to which Investment Manager/Consultant provides investment advisory services to IMRF.
2. There have been no direct or indirect fees, commissions, penalties, or other compensation, including reimbursement for expenses, paid by or on behalf of your firm in connection with the provision of services to IMRF pursuant to the Agreement, except as follows: *(If none, state “none”; otherwise state the date and amount of each payment and the name and address of each recipient of a payment)*:

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

1. Investment Manager/Consultant shall update the above disclosure promptly after a modification of those payments or an additional payment.

|  |
| --- |
| INVESTMENT MANAGER / CONSULTANT: |
| Company Name: |
| Signature: |
| Printed Name |
| Title: |
| Dated: |