Illinois Municipal Retirement Fund

Request for Proposals

U.S. Open-Ended Core Real Estate Search

## *PART 1 – INTRODUCTION AND GOAL OF THE RFP*

### 1.1 INTRODUCTION - General Information

The Illinois Municipal Retirement Fund (“IMRF”) is requesting proposals from investment management firms offering U.S. open-ended core private real estate commingled funds. Only United States-focused open-ended core private real estate commingled funds will be considered for this mandate. Debt, public REIT, Fund of Funds and separate account strategies will not be considered. IMRF has at least $100 million to allocate to this mandate. Multiple managers may be considered. Please refer to Part 4 of this RFP for qualifications for the assignment.

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 Investment Department staff (“Staff”) and IMRF’s investment consultant (“Consultant”), Callan Associates. The final candidate(s) will make formal presentations to the IMRF Investment Committee of the IMRF Board (“Board”). Selection of the investment manager(s) is subject to final approval by the IMRF Board.

### 1.2 GOAL

IMRF is soliciting proposals from qualified investment management firms for an investment in a U.S. open-ended core private real estate commingled fund. The intent of the RFP is to establish a contractual relationship between IMRF and the selected firm(s) for the purpose of providing IMRF with U.S. open-ended core real estate investment management services.

### 1.3 QUIET PERIOD

The Quiet Period begins on Wednesday, June 21, 2017, and is the period of time beginning when the investment manager search RFP is issued and ends when the investment management firm(s) is (are) selected by the IMRF Board or the process is declared to be complete.

Respondents should direct all questions and communications regarding this investment management search during the quiet period to Callan Associates at Robinson@Callan.com and IMRF at realassets@imrf.org.

Incumbent investment management firm respondents may communicate with the IMRF Board members during the Quiet Period, but may not discuss this investment management search with IMRF Board members during the Quiet Period. The purpose of the Quiet Period is to ensure that all prospective investment managers 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 investment managers 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 investment management search.

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

Offering or providing anything of value to the IMRF Board members and members of the Staff is prohibited.

**Quiet Period FAQ**

In general, IMRF has an open door policy to meet with managers. 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 that 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 public pension plan established and governed by the Illinois Pension Code (40 ILCS 5/1-101 et seq).

### 2.2 STATEMENT OF INVESTMENT POLICY AND REAL ESTATE STATEMENT OF INVESTMENT POLICY

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.

Within this framework the Board seeks to optimize the total return on the Fund’s portfolio through a policy of diversified investment to achieve maximum rates of return within a parameter of prudent risk as measured on the total portfolio.

IMRF’s current Statement of Investment Policy and Real Estate Statement of Investment Policy can be found at:

<https://www.imrf.org/en/investments/policies-and-charter/investment-policies>

The Statement of Investment Policy and/or Real Estate Statement of Investment Policy are reviewed by the Board on an annual basis and may be amended from time to time by a majority vote of the Board.

### 2.3 PORTFOLIO DESCRIPTION

IMRF’s portfolio is a diversified and global portfolio having a total market value of approximately $37.6 billion as of March 31, 2017. IMRF’s Real Estate portfolio is $2.1 billion in net asset value and approximately $1.1 billion in unfunded commitments as of March 31, 2017. IMRF’s strategic asset allocation targets are as follows:

|  |  |
| --- | --- |
| Asset Class | Strategic Target |
| Domestic Equity | 38.0% |
| International Equity | 16.0% |
| Fixed Income | 29.0% |
| Real Estate | 8.0% |
| Alternative Investments | 8.0% |
| Cash | 1.0% |
| Total  | 100.0% |

IMRF’s real estate portfolio allocation as of March 31, 2017 is as follows:

|  |  |
| --- | --- |
| Asset Class | Net Asset Value |
| Core Real Estate | 53.8% |
| Non-Core Real Estate | 46.2% |

Non-Core Real Estate includes allocations to U.S. Value Add, International Value Add, U.S. Opportunistic, International Opportunistic, REITs and debt strategies.

### 2.4 PORTFOLIO LONG TERM OBJECTIVES FOR THIS ASSIGNMENT:

The investment manager shall invest in a U.S. open-ended core private real estate commingled fund. The primary objective for this account is to outperform the NFI-ODCE index, net of fees over a full market cycle. The account may also be evaluated against a secondary benchmark as deemed appropriate.

## *PART 3 -- Services to be performed*

IMRF continually seeks to employ investment managers who possess superior capabilities in the management of the assets for public retirement funds. IMRF further requires those investment managers selected and working on its behalf to meet the following set of conditions:

1. To recommend actions which in their best professional judgment are in the best interests of IMRF to meet the investment objectives of this RFP. Such recommendations include but are not limited to: (a) the allocation of assets among real estate investments; (b) specific investment opportunities regarding the acquisition, retention or disposition of investments per the Fund’s governing documents.
2. At a minimum, to report to the IMRF, in writing, quarterly financial statements and annual audited financial statements, including capital account balance statement and schedule of investments.
3. Additional responsibilities as detailed in the Side Letter and related documents.

## *PART 4 – Qualifications for the assignment*

Eligible proposals will be from an established firm with all key personnel required to operate the strategy employed.

Only U.S.-focused open-ended core private real estate commingled funds will be considered for this mandate. Debt, public REIT, Fund of Funds and separate account strategies will not be considered.

Eligible funds must be established, open-ended funds that are invested across industrial, multifamily, office and retail property types, and invested across major U.S. metropolitan areas.

Approximately two-thirds of the total return should be derived from income. Eligible funds must allow for quarterly income distributions.

Eligible funds must have a 40% or less stated leverage limitation.

Eligible funds will allow and have a stated policy regarding redemption requests and provide “best efforts” measures if redemptions cannot be made due to unfavorable or adverse real estate market conditions.

Depending on the structure of the investment vehicle, the firm may need to be registered as an investment adviser or a bank as defined under the Investment Advisers Act of 1940.

If selected as a finalist, the firm must agree to act as a fiduciary with respect to the investment vehicle.

If selected as a finalist, the firm must be familiar with and be prepared to comply with Articles 1 and 7 of the Illinois Pension Code. Click on link to view: [Illinois Pension Code](https://www.imrf.org/en/about-imrf/illinois-pension-legislation/illinois-pension-code)

If selected as a finalist, the firm must complete the certifications in Exhibits A, B, C.

## *PART 5 – Specifications for the assignment*

At the point of contract, a final detailed limited partnership agreement will be agreed upon between IMRF and the successful firm(s). The terms of the final contract between IMRF and the successful firm(s) will be binding and supersede this RFP. In addition, IMRF will require the successful firm(s) to acknowledge, in writing, that it is (they are) a fiduciary with respect to the investment vehicle. The following certifications will 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

### 5.1 SAMPLE SIDE LETTER

IMRF’s sample standard side letter is attached. At the time of contract, IMRF expects the attached standard provisions to be part of the side letter. Additional provisions may be added after full review of legal documents and dependent on legal negotiations.



## *PART 6 – RFP OBJECTIVE*

### 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 continuing contract between the successful respondent(s) and IMRF.

D. Must be completed and submitted in original format.

### 6.2 RFP DUE DATE AND DELIVERY

This RFP is available in the Business Opportunities section of the Investments tab on the IMRF website at [www.imrf.org](http://www.imrf.org). **Responses are required to be submitted electronically in their original format to** realassets@imrf.org **and** Robinson@callan.com **no later than end of business day, Wednesday, July 12, 2017.**

#### In addition, four hard copies of the proposal and one electronic copy of the submission on either a USB flash drive or CD-ROM must be received by IMRF no later than end of business day, Wednesday, July 12, 2017. This submission must be addressed and delivered to:

*Illinois Municipal Retirement Fund*

*2211 York Road, Suite 500*

*Oak Brook, Illinois, 60523-2337*

*Attn: Dhvani Shah, Chief Investment Officer*

In addition, an electronic copy of the submission should be provided on either a CD-ROM or USB flash drive to Callan Associates no later than the end of business day, Wednesday, July 12, 2017. This submission must be addressed and delivered to:

*Callan Associates*

*600 Montgomery Street, Suite 800*

*San Francisco, CA 94111*

*Attn: Avery Robinson - IMRF*

**All respondents must also complete or update Callan Associates Manager Questionnaire which can be found on** [www.callan.com](http://www.callan.com)**.** If your firm is not already on the Callan database, please send an e-mail to database@callan.com to request a user name and password. **Callan’s Manager Questionnaire must be completed no later than end of business day, Wednesday, July 12, 2017.**

All proposals must be complete in every respect and must answer concisely and clearly all questions asked in the original format of this RFP.

If you plan to submit multiple products, please submit one RFP response and multiple product specific sections as necessary.

Late proposals will not be accepted.

### 6.3 TIMELINE

While there is no fixed date, it is anticipated that the selection will be completed by November 17, 2017. Please see section 9.1 for a detailed timeline.

### 6.4 INQUIRIES

During the evaluation process, 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 must be submitted to Callan Associates at Robinson@Callan.com and IMRF at realassets@imrf.org.

Inquiries must be received no later than end of business day Wednesday, July 5, 2017. After July 5, 2017, 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 manager. 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 PERFORMANCE REVIEW CRITERIA*

### 7.1 TERM OF ENGAGEMENT

The term of engagement shall commence on the effective date of the contract.

### 7.2 CRITERIA FOR THE POST PERFORMANCE REVIEW

#### Performance shall be evaluated based upon successful execution of the services to be performed under the limited partnership agreement, private placement memorandum and other related documents.

## *PART 8 – SELECTION PROCESS*

IMRF reserves the right to award this contract to the firm(s), 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 for investment management services.

### 8.1 CRITERIA FOR THE POST PERFORMANCE REVIEW

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

Staff and Consultant will select finalist(s) and make a recommendation to the Investment Committee. The finalist(s) will present to the Investment Committee. The Investment Committee will make a recommendation to the IMRF Board. The IMRF 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 on four primary factors:

People - stability of the organization, diversity efforts, ownership structure, and documented experience of key professionals

Process - clearly defined, reasonable, and repeatable investment strategy

Performance - documented ability to meet investment performance benchmarks

Pricing – fee schedule and associated costs are expected to be competitive and will be a significant consideration

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 U.S. OPEN-ENDED CORE REAL ESTATE SEARCH*

### 9.1 TIMELINE

A. Requests for Proposals publicized by IMRF on June 21, 2017.

B. Inquiries for interpretation must be received by end of business day, July 5, 2017.

C. Proposals must be received no later than end of business day, July 12, 2017.

D. First round interviews will be held on August 14-16 and the week of August 21-25, 2017 at IMRF’s office in Oak Brook, Illinois.

E. On-site due diligence meetings are expected to take place on October 2-13, 2017.

F. Finalists are expected to present to the IMRF Investment Committee on Thursday, November 16, 2017.

## *PART 10 – RFP QUESTIONNAIRE: U.S. CORE REAL ESTATE SEARCH*

### 10.1 PROPOSAL PREPARATION INSTRUCTIONS AND MANDATORY REQUIREMENTS

#### A. The questions presented in Sections 10.2 through 10.3 must be answered completely and in the same sequence. Failure to adequately respond may be cause for rejection of a firm’s proposal. Responses to this RFP must be received electronically at realassets@imrf.org and Robinson@callan.com no later than end of business day, July 12, 2017.

B. The emailed response, one digital copy (either a USB flash drive or CD-ROM) and four hard copies of the proposal must be received by IMRF no later than end of business day, July 12, 2017. Please see delivery instructions in Section 6.2.

C. **All respondents must also complete or update Callan Associates Manager Questionnaire, which can be found on** [www.callan.com](http://www.callan.com). If your firm is not already on the Callan database, please send an email to database@callan.com to request a user name and password. Callan’s Manager Questionnaire must be completed no later than end of business day, July 12, 2017.

D. All respondents must provide the following documents if available:

1. Limited Partnership Agreement or Fund Governing Documents (if applicable) – Attach as Appendix A

2. Private Placement Memorandum (if applicable) – Attach as Appendix B

3. Due Diligence Questionnaire (if applicable) – Attach as Appendix C

### 10.2 REQUEST FOR PROPOSAL QUESTIONNAIRE

U.S. core REAL estate search



**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: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

### 10.3 FIRM INFORMATION

A. ORGANIZATIONAL SUMMARY

A1. a. Please indicate your firm’s fiduciary classification. Please check all that apply:

\_\_\_\_\_ Registered Investment Advisor

 (registered under the federal Investment Advisors Act of 1940)

\_\_\_\_\_ Bank

 (as defined in the federal Investment Advisors Act of 1940)

\_\_\_\_\_ Other: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

If your firm is exempt from being a Registered Investment Advisor, please provide your reason for exemption.

b. Please acknowledge that your firm, if chosen, will act as a fiduciary with respect to the investment vehicle.

 ❒ Yes ❒No

A2. Please describe the history of the firm including your real estate investment team, and if appropriate, the history of the parent organization including:

 a. year the firm was founded and/or year the parent was founded.

 b. ownership percentages and names.

 c. description and rationale of previous significant ownership changes

 d. the year the firm began providing investment management services to U.S.

tax-exempt clients, and the nature of the firm’s ownership and specific details with regard to any affiliated companies or joint ventures.

e. whether investment management capabilities were developed in-house or derived through acquisition of talent from another firm. If the latter, indicate when this occurred.

 f. any material changes in your organization (including personnel changes) in the past five years. Please include prior names and the length of time your organization has been in business under its present name.

 g. year your first fund launched.

 h. describe the culture of the organization.

A3. Please provide an organization chart, which diagrams the ownership structure and interrelationships between the parent-subsidiary, affiliate, or joint venture entities. (Attach as Appendix D)

A4. Please provide your firm’s current succession plans. Are there any current plans for founders or other senior members of the firm to retire?

A5. Please provide the location and function of each of your firm’s offices:

 Location Function Number of Professionals

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

A6. Please list your firm’s lines of business and the approximate contributions of each business to your organization’s total revenue. If you are an affiliate or subsidiary of a larger organization, what percentage of the parent firm’s total revenue did your organization generate in each of the last three fiscal years?

A7. Please provide details on the financial condition of your firm. Most recent annual reports filed with the SEC will be acceptable, but any recent material changes should also be included. (Attach as Appendix E)

A8. Are you currently out of compliance with the SEC, DOL, or any other regulatory agency? If yes, please explain. Please provide a copy of your most recent ADV Part I and Part II. (Attach as Appendix F)

A9. Please discuss the overall business objectives of your firm with respect to future growth. Comment on any present or planned areas of emphasis over the near future. Be sure to include in your response:

-total assets or client relationships that will be accepted

- maximum amount of number of clients or assets per portfolio manager or the commingled fund products

 - plans to develop and expand resources

- plans to merge with other firms

- plans to acquire other firms

- plans to spin off subsidiaries

 - plans to be spun off by a parent firm

 - plans for ownership or organizational changes

A10. Please provide the name of the regulatory body overseeing the firm, this product, and the dates of registration.

A11. Over the past ten years, has your organization or any of its affiliates or parent, or any officer or principal been involved in any business litigation or other legal proceedings related to your management or investment activities? If so, provide a brief explanation and indicate the current status.

A12. Does your firm or parent company run or have an interest in a securities brokerage firm or a real estate brokerage firm? Does your firm trade for client accounts through this broker/dealer? If so, to what extent?

A13. Does your firm provide investment management services to U.S. tax-exempt investors? If so, to what extent?

A14. Does your firm permit its staff members to serve on boards of directors of publicly traded companies? If so, are any restrictions placed on this activity and how is their director compensation treated?

B. FIRM PERSONNEL

B1. Please insert your firm’s organizational chart as of March 31, 2017.

(Attach as Appendix G)

B2. Please list all principal officers and portfolio managers (key personnel) in the table format below. Highlight the person(s) who would be responsible for the IMRF account. **Please submit in originally provided format.** (Attach as Appendix H)



B3. Have any senior personnel left the firm in the last ten years? Please complete Tab 3 in the Firm Personnel file above and provide commentary with details such as year started with the firm, departure date, reason for departure, and who replaced them, etc.

B4. If applicable, please describe any plans to increase personnel at the firm and at what levels/positions.

B5. Please discuss the compensation package available to your firm’s professional staff, including any incentive bonuses and how they are awarded. Please be detailed and specific without necessarily disclosing dollar amounts.

B6. What other programs do you have in place to retain key staff? Please be detailed and specific.

C. ORGANIZATION DIVERSITY EFFORTS

C1. Please fill out the Diversity Profile table for your entire firm.

**Please submit in originally provided format.**  (Attach as Appendix I)



C2. Please complete the following disclosure per Illinois Pension Code Section 1-113.21.

(Attach as Appendix J)

 

D. COMPLIANCE

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 of IMRF. If selected, your firm will be required to sign a disclosure form which shall include the date and amount of each payment and the name and address of each recipient of a payment. The investment manager or bank must also promptly update this disclosure after any modification of these payments or after making additional payments or new payments not previously reported.

D1. Does your firm, or parent firm, have Errors and Omissions Insurance? If yes, for what amount? Please attach evidence of your coverage as Appendix K.

D2. Does your firm, or parent firm, have Directors’ and Officers’ Insurance? If yes, for what amount? Please attach evidence of your coverage as Appendix L.

D3. Does your firm, or parent firm, have Fiduciary Liability Insurance? If yes, for what amount? Please attach evidence of your coverage as Appendix M.

D4. Is your firm, or parent firm, bonded? If yes, for what amount? Please attach evidence of your coverage as Appendix N.

D5. Please describe the compliance assessment process, including the time period covered, testing methods, and frequency.

D6. When was the last compliance assessment? Please attach a summary of the report as Appendix O, if possible.

D7. Does the firm have a Chief Compliance Officer? If so, to whom does the CCO report? Does the CCO have other roles at the firm and what resources are available to the CCO? Please provide a biography of the CCO.

D8. When was your firm’s last regulatory inspection (e.g., by the SEC in the United States)? Please attach the inspection results as Appendix P.

D9. Has any regulatory body or market authority issued any orders or other sanctions against your firm in the last ten years? Has your firm received deficiency letters? If yes, please attach with Appendix P.

D10. Is your firm or any affiliate, the focus of any pending or ongoing litigation, formal investigation or administrative proceedings related to money management activities? If yes, please describe.

D11. Have the principals of your firm been under investigation related to money management activities in the last ten years? If yes, please explain.

D12. Have auditors ever issued a qualified opinion on financial statements for any of your firm’s funds? If yes, please explain and attach a copy.

(Attach as Appendix Q, if applicable)

D13. Please identify if your firm prepares the Fund’s financial statements in accordance with U.S. Generally Accepted Accounting Principles (GAAP), or different financial reporting standards including International Financial Reporting Standards (IFRS).

E. INVESTMENT PHILOSOPHY AND PROCESS

E1. Describe your firm’s due diligence process.

1. Describe each step in your due diligence process which would lead to an investment; please include sourcing through Investment Committee approval.
2. Describe the use of third-party vendors in due diligence.
3. How is research integrated in the investment process?
4. Discuss qualitative versus quantitative aspects.
5. Describe the most common critical areas of focus.
6. Describe how you document your process.

E2. Attach an example of an internal investment memorandum pertaining to a recommended investment. (Attach as Appendix R) Attach an example of an internal investment memorandum pertaining to an investment not selected. (Attach as Appendix S)

E3. Are your firm’s acquisition professionals organized by region or property type? Do the same professionals source both core and non-core investments?

E3. Describe your firm’s policies and procedures for ongoing monitoring of investments. Please provide an example of additional steps taken when concerns have been raised.

E4. Describe your competitive advantage and what differentiates your firm relative to your peers for the purpose of this mandate.

E5. Describe your strategy for investing in real estate in the current market conditions.

E6. Describe how your firm’s investment philosophy and process have changed (adapted) over time. Are there market environments where you would expect your strategy to not perform as well?

E7. Describe the use of debt in the fund’s investment strategy including:

1. Maximum leverage at investment and portfolio level.
2. What is the Fund’s leverage target, and has the Fund exceeded its own maximum leverage target?
3. Type of financing (recourse vs. non-recourse; cross collateralization vs. asset-by-asset financing; fixed rate vs. floating rate debt; interest rate hedges).
4. Types of lenders utilized (Insurance Companies, banks, CMBS, etc.).
5. Is the Fund currently in violation of any lender covenants?

E8. Describe your valuation policy. Have there been changes to the valuation policy over the last five years? If so, please explain. Please include your use and frequency of internal and 3rd party appraisals.

E9. Describe the valuation process for quarterly and annual reporting.

E10. Does the Fund have any forward commitments? If so, how much? (Gross) Are these commitments being valued/impacting the Fund’s current performance? If so, please briefly explain this valuation process.

E11. How does your firm deal with competing strategies from other separate accounts or commingled fund vehicles? Please describe your allocation process/rotation policy. Also indicate the number of clients currently in the rotation by strategy and property type.

E12. Does the fund have an Advisory Board? If so, please describe in detail who sits on the Advisory Board, what the role of the Advisory Board is and what specific duties it holds, including any voting rights. Is there a cap on the number of Advisory Board members. Also include if members are elected or appointed.

E13. Please include a copy of the most recent quarterly and audited annual report of your firm’s open-ended commingled fund. (Attach as Appendix T)

E14. If your Fund contributes to IPD, please provide the attribution “dashboard” analysis as of March 31, 2017. (Attach as Appendix U)

***Instructions for Sections F:***

*If you are submitting multiple products, please fill out a new section for each proposal. For example, if you are submitting two commingled funds, please complete section F separately for each commingled fund.*

F. PROPOSED PRODUCT

**(Complete for each commingled fund proposal)**

F1. Please provide the specific name, inception date, currency denomination, currency hedging strategy if applicable, and key terms of the Fund under consideration.

F2. Please provide the portfolio manager’s name, percentage of time dedicated to the fund, date started as portfolio manager, and date started with the firm. Additionally, please list any backup portfolio managers.

F3. Describe the investment strategy of the Fund under consideration. Please be sure to include the following in your discussion:

1. geography
2. property and transaction types
3. average investment size
4. leverage strategy/target
5. the use of local operating partners
6. any levels of land or development exposure

F4. Describe the use of joint venture operating partners.

F5. Describe your firm’s asset and property management capabilities. Please specify if external entities are utilized. If asset or property management functions are provided by internal resources or affiliates, please describe the process of how fees are determined and what assurances can be provided that fees are charged on market terms. How are asset and property management fees disclosed to investors?

F6. What is the investment objective of this product? What is the fund’s performance benchmark?

F7. Provide expected IRR and Multiple on Invested Capital, gross and net of fees if available. Also provide the breakdown of the target return coming from income versus appreciation.

F8. Has the Fund reduced or suspended its income distributions to investors?

F9. Provide the current and maximum allocation to non-core investments, if applicable. Please describe the current types and allocations of non-core investments including development, redevelopment, lease up, etc.

F10. If your firm has other value-add or opportunistic products or separate accounts, would the core fund ever purchase a property from one of your other products or affiliates?

G. AUM AND PERFORMANCE

G1. Please provide your firm’s historical AUM based on the table below:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Total Firm AUM** | **Total Firm Real Estate AUM** | **Total Core Real Estate AUM** | **Proposed Product AUM** |
| March 31, 2017 |  |  |  |  |
| 2016 |  |  |  |  |
| 2015 |  |  |  |  |
| 2014 |  |  |  |  |
| 2013 |  |  |  |  |
| 2012 |  |  |  |  |

G3. Please complete the Fund level, Asset level and Attribution tables using data as of March 31, 2017. **Please submit in originally provided format.** (Attach as Appendix V).



H. SUMMARY

H1. Please complete the Firm/Fund Summary. If submitting multiple proposals, please fill out a separate firm/fund summary for each proposed product.

**Please submit in originally provided format.** (Attach as Appendix W)

****

H2. Please describe the investment status of the fund. Please include gross and net asset values of the fund as of March 31, 2017, and total number of institutional investors. Is there currently an entry or exit queue? Please describe the process for how new investors can get into the fund; and how current investors can exit the fund.

I. REFERENCES

I1. Please provide three references that have invested in the investment strategy you are proposing. Please provide the names, addresses, telephone numbers, fund invested, commitment size and dates the accounts commenced. (Attach as Appendix X)

APPENDICES TO QUESTIONNAIRE

1. Limited Partnership Agreement or Fund Governing Document (if available)
2. Private Placement Memorandum (if available)
3. Due Diligence Questionnaire (if applicable)
4. Organizational Chart – Ownership Structure/Parent Company
5. Financial Statements
6. ADV Part I and II
7. Organizational Chart - Firm
8. Team Personnel Table
9. Diversity Profile – Entire Firm
10. Disclosure per Section 1-113.21 of the Illinois Pension Code
11. Evidence of Errors and Omissions Insurance
12. Evidence of Directors’ and Officers’ Insurance
13. Evidence of Fiduciary Liability Insurance
14. Evidence that Firm is Bonded
15. Compliance Assessment Report (if applicable)
16. Regulatory Inspection Report and Orders, Sanctions, Deficiency Letters, if applicable
17. Qualified Opinion
18. Internal Investment Memorandum – Approved
19. Internal Investment Memorandum – Declined
20. Quarterly and Annual Reports (if applicable)
21. IPD Attribution Analysis
22. Asset and Cash Flow Tables
23. Firm/Fund Summary
24. Reference List

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 Managers / Consultants MUST complete this form.



**IMRF Disclosure Schedule Certification**

**Page 1 of 2**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 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 Certification**

Under Public Act 095-0521, for an Illinois finance entity to be eligible to invest or deposit IMRF funds, it must annually certify that it complies with the High Risk Home Loan Act. An Illinois finance entity is defined in Public Act 095-0521 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.



**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 Managers / Consultants 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:  |