



## **County Employees' and Officers' Annuity and Benefit Fund of Cook County - Procurement Policy for Selection and Appointment of Investment Advisers and Consultants**

### **I. Introduction**

The Retirement Board (the "Board") of the County Employees' and Officers' Annuity and Benefit Fund of Cook County (the "Fund") has established this procurement policy (this "Policy") for the selection and appointment of Investment Advisers and Consultants to provide Investment Services to the Fund.<sup>1</sup>

This Policy outlines the open and competitive process established by the Board for selecting and appointing Investment Advisers and Consultants to provide Investment Services and the respective roles of the Board and its committees, Fund Investment Staff and Investment Professionals throughout the search and selection process.

This Policy affirms the Board's long-standing commitment to transparency and making procurement decisions predicated on communication, competitive selection, objective evaluation and inclusion -- all in accordance with the Board's overriding fiduciary obligations and considerations. Further, this Policy is intended to comply with applicable law, including the Illinois Pension Code [40 ILCS 5/9-101 *et. seq.*]. In the event of any conflict, the applicable law will control and modify this Policy accordingly.

#### **A. Exceptions to Policy for Certain Investment Services Procurements**

This Policy does not apply to the following procurements for Investment Services that are/involve:

1. Sole source procurements;
2. Emergency procurements;
3. At the Board's discretion, (i) contracts valued at \$20,000 or less, (ii) that are nonrenewable and (iii) of one year or less in duration; and
4. Also at the Board's discretion, contracts for follow-on funds with the same fund sponsor through closed-end funds and graduations from manager-of-emerging managers portfolio.

All exceptions to this Policy shall be published on the Fund's website and shall include a brief explanation of the reason for the exception.

#### **B. Permitted Application to Investments NOT Otherwise Subject to Policy**

The Board may, in consultation with Fund Investment Staff and Investment Professionals, apply all or any relevant portion of this Policy to investment contracts not involving the selection and appointment of Investment Advisers and Consultants to provide Investment Services.

#### **C. Policy Effective Date; No Modification of Existing Contracts**

This Policy is effective as of the date adopted by the Board, as amended from time to time. This Policy does not amend or otherwise modify the Fund's existing investment contracts, which may only be amended or otherwise modified consistent with their terms. Further, nothing in this Policy is meant to limit the Board's

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<sup>1</sup> Unless otherwise defined in this Policy, all capitalized terms used in this Policy shall have the meanings given such terms in the Illinois Pension Code [40 ILCS 5/1-101 *et. seq.*].

authority to make follow-on investments, modify assets under management of any Investment Adviser or otherwise allocate Fund assets amongst asset categories and/or Investment Advisers, all as the Board deems prudent in light of then-existing circumstances.

## II. Selection of Investment Advisers

### A. In General – Uniform Documentation for Each Search

Uniform documents shall be used for the solicitation, evaluation, and acceptance of Investment Advisers and shall be posted in connection with the search. While the documentation for any one search shall be uniform, documentation may differ from search-to-search based on the specific search criteria, mandate, etc. Documents shall include provisions mandated by applicable law, including, without limitation, the requirements set forth in Section 1-113.14(c) of the Illinois Pension Code [40 ILCS 5/9-1-113.14(c)].

### B. Public Notice of Search

#### 1. *Initiation of Search*

The Board, upon recommendation of the Investment Committee or Emerging Manager Investment Sub-Committee, as applicable, and at an open meeting, shall authorize each search for an Investment Adviser. Such committees may receive the recommendation of Fund Investment Staff and Consultant as to such search and shall approve the search selection criteria and the parameters of the search at such open meeting.

#### 2. *Public Notice and Availability*

Each Investment Adviser search shall be in the form of an RFP or RFI. A copy of the notice for the search shall be made available for public inspection on the Fund's website and the Consultant's website. An RFP will be posted on the Fund's website and published in a relevant trade journal and a publication of general circulation<sup>2</sup> at least fourteen (14) days prior to the response date established in the RFP.

### C. Form of RFP

Each RFP shall contain, *inter alia*, all of the following:

1. A description of the required Investment Services.
2. A date by which responses to the RFP shall be returned to the Fund's designated point of contact. A designated point of contact shall be defined for each search.
3. The qualifying criteria and evaluation factors as approved by the Investment Committee or Emerging Manager Investment Sub-Committee.
4. A copy of the Fund's Statement of Investment Policy.
5. The Fund's standard investment manager agreement, if applicable given the parameters of the search. The RFP shall note that amendments to the Fund's standard investment manager agreement are disfavored and require that any objections thereto shall be detailed in the Investment Adviser's response to the RFP.

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<sup>2</sup> A newspaper then designated as the "state newspaper" by the Director of Central Management Services shall qualify as a "publication of general circulation".

6. A requirement that the response to the RFP shall contain all required disclosures under the Illinois Pension Code and shall include the following:
  - a. the method for charging and measuring fees, based on the assets under management, including disclosure of the direct and indirect fees, commissions, penalties, and other compensation, including reimbursement for expenses, that may be paid by or on behalf of the Investment Adviser in connection with the provision of Investment Services to the Fund;
  - b. the names and addresses of: the Investment Adviser; any entity that is a parent of, or owns a controlling interest in, the Investment Adviser; any entity that is a subsidiary of, or in which a controlling interest is owned by, the Investment Adviser; any persons who have an ownership or distributive income share in the Investment Adviser that is in excess of 7.5%; or serves as an executive officer of the Investment Adviser; and;
  - c. the names and addresses of all subcontractors, if any, and the expected amount of money each will receive under the contract. For purposes of this subsection, “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.

**D. Registration**

Responders to the RFP are advised to become Registered Responders by providing a contact name, mailing address, email address and phone number to obtain a complete set of proposal forms and to enable receipt of necessary addenda.

**E. Questions regarding RFP**

Any questions regarding a specific RFP must be submitted in writing to the designated point of contact for the RFP, in accordance with the timing and other related terms outlined in the RFP. Answers will be provided to all Registered Responders of the RFP.

**F. Quiet Period**

All Responders are subject to the Fund’s Quiet Period which will be effective as of the release date of the RFP until a final selection has been approved by the Board unless the Responder is otherwise notified. In conducting each search, the Board, Fund Investment Staff and the Consultant shall comply with the Fund’s Quiet Period Policy set forth in the Fund’s Investment Policy. While the Quiet Period Policy does not prevent due diligence communications and meetings, conference attendance or communication with an existing Investment Adviser that is also a search candidate, discussion related to the pending selection shall be avoided during such activities.

**G. Modifications**

The Fund reserves the right to reject any and all responses to proposals. The Fund reserves the right to request clarification of information submitted and to request additional information from one or more Responders. The Fund reserves the right to modify the scope of the search with notice and/or terminate the proposed search entirely without notice.

## **H. Responses to RFP; Evaluation**

### *1. Delivery of Responses*

Responses must be submitted to the designated point of contact in accordance with the terms, deadline, form, delivery instructions and other in the RFP.

### *2. Initial Evaluation of Responses*

Each response will be evaluated initially by the Consultant for completeness of proposal, qualification and conformance with the criteria. The Consultant shall open the responses, record them and thoroughly review each for content, quality and compliance with RFP requirements. The Consultant shall prepare preliminary results of all respondents to the search with initial scoring of candidates according to response and qualification. The relative importance of the evaluation factors will vary based on the parameters of the search. The Consultant will document the initial evaluations in reasonable detail and promptly provide such documentation and a summary thereof to the Fund's Investment Staff and, as requested, the Investment Committee.

### *3. Due Diligence*

As specified in Section II.F of this Policy, the Fund's Quiet Period Policy does not prevent due diligence meetings and communications. Candidates may be subject to further due diligence in the form of interviews, on-sites, or reference checks as conducted by the Investment Consultant in coordination with Fund Investment Staff as authorized by the Investment Committee. A summary of such findings will be presented to the Investment Committee for consideration for final selection.

### *4. Recommendation of Finalists*

Based on the due diligence and evaluation factors, the Consultant and the Fund's Investment Staff will present a recommendation, along with a summary of all responses to proposals received. The Consultant and the Fund's Investment Staff will make a recommendation as to the finalists for the search. Finalists may then be invited to appear before the Investment Committee. Additionally, the Consultant will also provide all relevant documentation to the Fund and all provided materials shall become the property of the Fund.

## **I. Emerging Investment Managers**

### *1. Principle.*

It is the policy of the Board to include qualified emerging Minority, Female-Owned Business Enterprises and Businesses Owned By A Person With A Disability in the Fund's Investment Manager search process and to objectively evaluate all qualified Investment Manager candidates regardless of race, gender or handicap. The Fund encourages the Consultant to proactively outreach to Emerging Investment Managers and to employ search and selection practices that support the Fund's long-standing commitment to identify and utilize Emerging Investment Managers.

### *2. Search and Selection Process.*

Nothing in this Section prohibits an Emerging Investment Manager from participating in any RFP, so long as the Emerging Investment Manager meets the criteria set forth in the RFP. If an Emerging Investment Manager meets the criteria in the RFP, then that Emerging Investment Manager shall receive an invitation by the Investment Committee to present as a finalist. If there are multiple Emerging Investment Managers

that meet the qualifying criteria set forth in the RFP, then the Consultant or the Board may choose the most qualified firm or firms to present to the Investment Committee. Emerging Investment Managers also may be selected pursuant to the same process outlined in this Policy in a search solely for Emerging Investment Managers as authorized and directed by the Emerging Manager Investment Sub-Committee. In addition, the Board may also increase an allocation pursuant to criteria established by the Emerging Manager Investment Sub-Committee and/or award an Emerging Investment Manager a direct mandate with the Fund in the form of a graduation from its Emerging Manager-of-Manager portfolio.

3. *Qualifications.*

The Emerging Manager Investment Sub-Committee will establish and communicate criteria for the selection of Emerging Investment Managers as relates to searches, follow-on allocations or graduations. This may include guidelines for determining acceptable certifications to establish an Investment Adviser's status as a Minority Owned Business, Female-Owned Business, or Business Owned By A Person With A Disability.

**J. Making/Effecting Selection; Notice of Selection**

1. *Selection from Finalists*

The Board will accept or modify the recommendation and make the final decision with respect to any selection/appointment resulting from the search. The Board may select one or more Investment Adviser candidates, as appropriate.

2. *Negotiation of Contract*

The Board and its agents shall negotiate the final terms of the investment manager agreement or the terms of such other agreement or subscription documents as may be necessary to effect the selection/appointment. Should the Board and its agents fail to successfully complete a contract with any selected candidate, the Board may select another candidate from among the remaining finalists.

3. *Consideration of Best Value*

Nothing in this Policy shall prohibit the Board from making a selection that represents the best value based on qualifications, fees and other relevant factors established in the RFP.

4. *Notice of Contract; Public Documentation*

Following successful completion of the related contract(s), the Board's decision shall be public information and shall be posted on the Fund's website. Such notice shall include the name of the successful Investment Adviser(s), the total amount applicable to the contract(s), the basis for determining the total fees to be paid, and a disclosure approved by the Board describing the factors that contributed to the selection of the Investment Adviser(s). Following selection and completion of the contracts, all documents created as part of a RFP, including the responses by prospective Investment Advisers, may be considered public records and may be made available for inspection and copying as provided in Section 3 of the Illinois Freedom of Information Act, 5 ILCS 140/1, et seq.

### **III. Selection of Consultant**

#### **A. In General; Substantially Same Process as Investment Adviser Search**

The search process for a Consultant shall be a competitive proposal process that is substantially the same as that outlined in this Policy for an Investment Adviser search, except that the Fund's Investment Staff will perform the functions otherwise designated to the Consultant in the RFP process.

#### **B. 5-Year Limitation**

The Fund shall not enter into a contract with a Consultant that exceeds 5 years in duration. No contract to provide consulting services may be renewed or extended. At the end of the term of such contract, the Consultant is eligible to compete for a new contract.

#### **C. Written Contract**

Investment Services provided by a Consultant shall be rendered pursuant to a written contract between the Consultant and the Fund. The agreement shall be in compliance with all applicable laws, including, without limitation, the provisions of the Illinois Pension Code [40 ILCS 5/9-101 et. seq.].

#### **D. Registered Investment Adviser or Bank Requirement**

To provide Investment Services to the Fund, a Consultant must be a registered as an investment adviser under the Federal Investment Advisers Act of 1940 [15 U.S.C. 80b-1, et. seq.] or a bank, as defined in the Federal Investment Advisers Act of 1940.

ADOPTED: MAY 20, 2009

AMENDED: MARCH 2024  
DECEMBER 2023  
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MARCH 2018