

**INVESTMENT MANAGEMENT AGREEMENT**

THIS INVESTMENT MANAGEMENT AGREEMENT (the “Agreement”) made the \_\_\_\_day of \_\_\_\_\_ 20\_\_ by and between \_\_\_\_\_(the “Investment Manager”) and the Board of Trustees of the Metropolitan Water Reclamation District Retirement Fund (the “Board of Trustees” or the “Fund”) a governmental retirement fund established pursuant to the laws of the State of Illinois.

WITNESSETH:

WHEREAS, pursuant to 40 ILCS 5/1-109.1, the Board of Trustees may appoint an investment manager as a Fiduciary to manage (including the power to acquire and dispose of) any assets of the Fund; and

WHEREAS, the Board of Trustees identified a need for an investment manager to manage a certain portion of the Fund’s assets; and

WHEREAS, a description of the services to be performed, the need for services, the qualifications necessary, and the mutually agreed upon performance objectives within the stated guidelines are set forth in this Agreement and the Investment Objectives and Guidelines (Exhibit A) attached to this Agreement;

WHEREAS, in compliance with its policies and procedures, the Board of Trustees voted to appoint the Investment Manager as an investment manager for a portion of the Fund’s assets; and

WHEREAS, the Investment Manager agrees to act as an investment manager in accordance with the terms of 40 ILCS 5/1-101, et seq. and 40 ILCS 5/13-101, et seq. and with the terms of this Investment Management Agreement;

NOW, THEREFORE, the Board of Trustees and the Investment Manager agree as follows:

**Section 1. Appointment of Investment Manager**

- A. Pursuant to 40 ILCS 5/1-109.1, the Board of Trustees hereby appoints the Investment Manager as an investment manager to, in the Investment Manager’s sole discretion, direct the Fund’s Custodian (“Custodian”), to invest and reinvest, subject to Exhibit A (Investment Objectives and Guidelines), such portion of the assets subject to the Custody Agreement (hereinafter referred to as “Trust Assets”) as the Board of Trustees shall decide from time to time, the proceeds from the sale of such assets, and the income due and appreciation attributable to such assets, less any assets the Board of Trustees may withdraw, from time to time. For purposes of this Agreement, any such portion of the Trust Assets shall be referred to as the “Sub-Account”. The Investment Manager shall for all purposes herein provided be deemed to be an independent contractor and, unless otherwise expressly authorized or provided, shall not have authority to act for or represent the Fund or its Board of Trustees in any way or otherwise be deemed an agent of either of them.
  
- B. Notwithstanding the provisions of Section 1(A) above, the Investment Manager shall act hereunder in accordance with the applicable requirements of: the Illinois Pension Code, including but not limited to 40 ILCS 5/1-110, 5/1-110.10, and 1-113; the mutually agreed upon Investment Objectives and Guidelines for the Sub-Account (hereinafter referred to as the “Investment Guidelines”), which are attached and incorporated by reference as Exhibit A and the Board of Trustees’ Broker/Dealer Utilization Policy attached as Exhibit D.

- C. The Investment Manager hereby accepts such appointment and acknowledges that it is a fiduciary with respect to the Fund and the Sub-Account and agrees to provide such investment management services with respect to the Fund in accordance with the Illinois Pension Code and this Agreement.
- D. Subject to this Section, the Investment Manager may, in its full discretion and without obligation on its part to give prior notice to the Custodian or the Board of Trustees: (i) invest in accordance with the Investment Guidelines, and (ii) execute transactions through accounts established by the Custodian at the direction of the Investment Manager with such brokers or dealers as the Investment Manager may in its sole discretion select, except to the extent otherwise directed by the Board of Trustees in writing; provided, however, that all such activities shall be conducted in a manner consistent with the Investment Manager's fiduciary and other obligations hereunder and under Article 1 of the Illinois Pension Code and under the Employee Retirement Income Security Act of 1974 and interpretations thereof and regulations and exemptions thereunder (collectively, hereinafter "ERISA"), even though the Fund is itself exempt from the requirements of ERISA. The Investment Manager may, if authorized by Exhibit A, direct the Custodian to deposit for the Sub-Account original and maintenance brokerage and margin deposits and otherwise direct payments of cash, cash equivalents and securities and other property into such brokerage accounts and to such brokers as the Investment Manager deems desirable or appropriate, provided that such directions are consistent with the terms of this Investment Management Agreement.

The Board of Trustees has directed the Custodian, and the Custodian has agreed, to act in accordance with the instructions of the Investment Manager. Title to all assets in the Sub-Account shall at all times be registered in the name of the Fund, or the name of the Custodian or its nominee for the account of the Fund, and the indicia of ownership of all assets in the Sub-Account shall at all times be maintained in trust by the Custodian. The Investment Manager shall at no time have custody of or physical control over the Sub-Account.

- E. Cash held by the Fund pending direction from the Investment Manager may be invested and reinvested by the Custodian, without instruction or direction from the Investment Manager, in accordance with the Fund's custody agreement with the Custodian.

**Section 2. Investment Guidelines**

The Board of Trustees may from time to time amend the Investment Guidelines. In the event that the Board of Trustees desires to change or modify the Investment Guidelines it shall notify the Investment Manager in writing at least thirty (30) days' prior notice of such change or modification.

**Section 3. Standard of Care**

- A. The Investment Manager shall perform its duties hereunder with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

- B. The Investment Manager, subject at all times to the duties and obligations set forth in this Agreement and the attached Exhibits, shall diversify the assets in the Sub-Account so as to minimize the risk of large losses unless under the circumstances it is clearly prudent not to do so.
- C. The Investment Manager shall discharge its duties hereunder with respect to the Fund and the Sub-Account solely in the interest of, and for the exclusive purpose of providing benefits for, the Fund's beneficiaries.
- D. The Investment Manager shall not engage in any transaction involving the Fund or the Sub-Account that would constitute a non-exempt prohibited transaction under Section 406 of ERISA or 40 ILCS 5/1-110.
- E. The Investment Manager shall use its best efforts to not make investments that would generate unrelated business taxable income for an entity that is exempt under Section 501(a) of the Internal Revenue Code. Any realized unrelated business taxable income will be reported to the Fund by the Investment Manager in a timely manner.
- F. The Investment Manager shall regard as confidential all information regarding the operations and investments of the Fund and shall not disclose such information except as required by law, regulation or in the course of a regulatory examination or by order of a court of competent jurisdiction. Notwithstanding this, the Fund agrees that the Investment Manager may disclose to third parties that the Fund is one of the Investment Manager's clients, but the Investment Manager agrees that such disclosure will be limited to supplying the name of the Fund, the product utilized, and the assets under management.

**Section 4. Representations, Warranties and Covenants of the Investment Manager**

- A. The Investment Manager represents and warrants to the Board of Trustees that it is registered as an investment adviser under the Investment Advisers Act of 1940 or, if applicable, that it is a bank and that it is exempt from the obligation to register as an investment adviser. The Investment Manager shall promptly advise the Fund if at any time during the term of this Agreement there is a change in such status.
- B. The Investment Manager: acknowledges that it is a "fiduciary" with respect to the Fund and the Sub-Account within the meaning of the Illinois Pension Code; warrants that none of the disqualifications described in Section 411 of ERISA apply to the Investment Manager; and specifically agrees to perform all of its duties and obligations under this Agreement as a fiduciary.
- C. The Investment Manager shall secure and maintain a fidelity bond or bonds in the amount of \$TBD, with the Fund as a joint payee pursuant to a rider to the bond. In addition, the Investment Manager shall secure and maintain at all times during the term of this Agreement a bond complying with the requirements of ERISA in the amount of \$500,000.00 with the Fund as the designated insured party. A certificate confirming the bond(s) shall be provided to the Board of Trustees in December of each year.

Unless otherwise agreed to by the parties because the Investment Manager is a bank, the Investment Manager shall secure and maintain errors and omissions/fiduciary insurance in the amount of \$TBD which shall protect the Fund against losses from the negligent acts, breach of fiduciary duties, and errors or omissions of the Investment Manager. A copy of

the Investment Manager's memorandum of insurance shall be provided to the Board of Trustees in December of each year. Any change in coverage or provider shall be reported to the Fund within (5) business days.

- D. The Investment Manager agrees to notify the Board of Trustees and its investment consultant in writing within five (5) business days of any material change in the portfolio management team for the Sub-Account, the loss of any accounts in the strategy, any legal actions instituted against the Investment Manager involving the investment of securities or of any investigations, examinations, or other proceedings commenced by any governmental regulatory agency which are not either conducted in the ordinary course of the Investment Manager's business or conducted as part of an industry sweep or other fact-finding related inquiry.
- E. The Investment Manager will furnish to the Board of Trustees, from time to time, such evidence as the Board of Trustees may reasonably request that the Investment Manager satisfies any of the foregoing requirements. The Investment Manager shall promptly notify the Board of Trustees if it has reason to believe that any of the foregoing representations, warranties or covenants may cease to be satisfied.
- F. In rendering services hereunder, the Investment Manager shall comply with all applicable laws of the State of Illinois and the United States of America, and any applicable governmental or regulatory authority outside of the United States. Regulatory reports required under laws applicable to the Investment Manager by any regulatory authority shall be the responsibility of the Investment Manager.
- G. To the fullest extent permitted under applicable law and notwithstanding any other provision of this Agreement, the Investment Manager shall indemnify and hold harmless the Board of Trustees, and the Fund and its employees, for, from and against losses, damages, costs and expenses (including reasonable attorney's fees) incurred as the result of the Investment Manager's breach of this Agreement, including a breach of fiduciary duty, or an act of negligence or willful misconduct.
- H. The Investment Manager represents that it is not an 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 or a person or entity licensed under the Residential Mortgage License Act of 1987, the Consumer Installment Loan Act, or the Sales Finance Agency Act.
- I. Pursuant to Section 1-113.14(c)(5) of the Illinois Pension Code, the Investment Manager has disclosed in writing the names and addresses of the following persons or entities: (i) any entity that is a parent of, or owns a controlling interest in, the Investment Manager, (ii) any entity that is a subsidiary of, or in which a controlling interest is owned by, the Investment Manager, (iii) any persons who have an ownership or distributive income share in the Investment Manager that is in excess of seven and one-half percent (7.5%), or (iv) serves as an executive officer of the Investment Manager.
- J. Pursuant to Section 1-113.14(c)(6) of the Illinois Pension Code, the Investment Manager has further disclosed the names and addresses of all of its subcontractors, including any third-party marketers, if applicable, and the expected amount of money each will receive under this Agreement. The term subcontractor, as used herein, 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,

and services used to track compliance with legal standards.

- K. All disclosures and representations made by the Investment Manager during the procurement and selection process are adopted and incorporated herein by reference (the “Investment Manager Disclosures”; attached as Exhibit F). The Investment Manager further acknowledges that it shall promptly notify the Fund, in writing, if at any time during the term of this Agreement, the information contained in the Investment Manager Disclosures changes.

**Section 5. Representations and Warranties of the Board of Trustees**

- A. The Board of Trustees represents and warrants to the Investment Manager that the Board of Trustees is a fiduciary authorized to enter into this Agreement and to appoint the Investment Manager as its investment manager in accordance with the terms hereof and that the person executing this Agreement for and on behalf of the Board of Trustees is authorized to do so.
- B. The Board of Trustees represents and warrants to the Investment Manager that the Custodian is the present custodian of the Trust Assets.
- C. The Board of Trustees represents and warrants to the Investment Manager that if another entity should be substituted for the Custodian as custodian of the Trust Assets, the Board of Trustees shall promptly notify the Investment Manager of such substitution and the substituted entity will thereafter be deemed to be the Custodian for purposes of this Agreement.
- D. The Board of Trustees represents and warrants to the Investment Manager that, as a fiduciary, it is responsible for assuring the Fund’s overall Investment Guidelines are prudent for the Fund’s assets.
- E. The Board of Trustees represents and warrants to the Investment Manager that the decision to allocate any Trust Assets to the Sub-Account is the responsibility of the Board of Trustees and is independent of the Investment Manager’s fiduciary responsibilities as established pursuant to this Agreement.
- F. The Board of Trustees represents and warrants to the Investment Manager that the Investment Manager is subject to the Investment Guidelines applicable to the Trust Assets allocated to the Sub-Account only, and not to the Trust as a whole.
- G. The Board of Trustees represents and warrants to the Investment Manager that the Fund is qualified under Section 414(d) of the Internal Revenue Code of 1986 as a governmental plan.

**Section 6. Procedures**

All payments, disbursements, receipts and other transactions in cash or securities in respect of the Sub-Account shall be made directly to or from the Custodian at the direction of the Investment Manager. Instructions from the Investment Manager to the Custodian shall be made in writing sent by first-class mail, electronically as agreed to by the Custodian and the Investment Manager, via facsimile, or, at the option of the Investment Manager, communicated orally and confirmed in writing as soon as practicable thereafter, and the Investment Manager shall instruct all brokers or dealers executing or canceling orders on behalf of the Fund to forward to the Custodian copies of all brokerage confirmations

promptly after the execution or cancellation of transactions.

**Section 7. Reports; Meetings**

- A. The Board of Trustees will cause the Custodian to provide the Investment Manager with monthly reports concerning the status of the Sub-Account, and such reports from the Custodian shall constitute the principal record of the Sub-Account for all purposes of this Agreement, including but not limited to, the calculation of the Investment Manager's fees to be paid.
- B. With respect to the Sub-Account, the Investment Manager shall provide the Board of Trustees and its investment consultant with the reporting requirements identified in Exhibit A and all other reports that the Board of Trustees or its investment consultant may reasonably request from time to time.
- C. The Investment Manager shall provide a monthly reconciliation of the Sub-Account's activity as reported by the Custodian with the records of the Investment Manager. Differences shall be communicated to the Custodian in a timely manner. Resolution of differences is the responsibility of the Investment Manager and the Custodian. The Investment Manager is responsible for notifying the Board of Trustees of unresolved discrepancies between the Investment Manager's records and those of the Custodian for as long as the unresolved discrepancies persist. The records of the Custodian shall be the authoritative source for all purposes under this Agreement.
- D. The Fund requires periodic reporting as identified in Exhibit A, as well as special reports that may be requested periodically. The Fund also encourages the Investment Managers to comply with the "Performance Presentation Standards" set forth by the Association of Investment Management and Research.

**Section 8. Services to Other Clients**

It is understood that the Investment Manager performs investment management services for various clients. The Board of Trustees agrees and acknowledges that the Investment Manager may take action with respect to any of its other clients which may differ from the action, or the timing or nature of action taken with respect to, the Sub-Account, provided that the Investment Manager allocates investment opportunities among clients on a fair and equitable basis and in accordance with applicable federal regulations.

**Section 9. Allocation of Brokerage**

Subject to the following and to the Fund's Broker/Dealer Utilization Policy (Exhibit D), the Investment Manager is authorized to place orders for the execution of securities transactions for the Sub-Account with or through such brokers or dealers as the Investment Manager may select. The Investment Manager may allocate transactions to such brokers or dealers for execution on such markets, at such prices and at such commission rates as in the good faith judgment of the Investment Manager will be in the best interest of the Fund, taking into consideration in the selection of such brokers or dealers not only the available prices and rates of brokerage commissions, but also other relevant factors such as execution capabilities. The Investment Manager represents and warrants to the Board of Trustees that it will not maintain any "soft dollar" arrangements with any brokers or dealers with respect to the Sub-Account.

**Section 10. Log of Brokerage Transactions**

The Investment Manager shall maintain and make available to the Board of Trustees a log of all transactions for the Sub-Account placed through all securities brokerage firms, which log shall reflect the name of the firm, a description of each transaction (including the amount and securities involved), the date and time, if available, of each transaction, and the amount of fees and commissions paid.

**Section 11. Proxy Voting**

As a fiduciary, the Investment Manager shall exercise responsibility for voting all proxies which are solicited in connection with the Sub-Account. The Investment Manager shall also be responsible for making all elections in connection with any mergers, acquisitions, tender offers, bankruptcy proceedings, or other similar occurrences, which may affect the Sub-Account. The Investment Manager will instruct the Custodian to forward to the Investment Manager all communications received by the Custodian including proxy statements and proxy ballots duly executed by the agent/Custodian. If applicable, the Investment Manager agrees to provide the Board of Trustees with an annual statement of the Investment Manager's proxy voting policies and a summary of how the Fund's proxies were cast.

The summary shall include the following information: the company in which the Fund had the right to cast proxies, the meeting date for the vote, the shareholder of record date, the number of shares voted, an issue identification number (if any), the company's board of directors' recommendations, and how the Fund's proxies were cast. The Investment Manager and the Custodian shall reconcile the proxies solicited with the Fund's holdings as of the record date.

The Board of Trustees reserve the right, directly or through policy, to direct the Investment Manager in regard to the voting of a proxy, if they notify the Investment Manager in a timely fashion prior to the voting of such proxy.

**Section 12. Fees**

- A. The Investment Manager's compensation shall be determined in accordance with Exhibit B attached hereto and which shall be payable quarterly in arrears.
- B. Neither the Investment Manager nor any of its affiliates will receive any brokerage commissions on the purchase or sale of Fund assets or any other fees or compensation in connection with services provided hereunder.
- C. The Investment Manager represents with Exhibit C that no other client having the same investment objective, obtained prior to or subsequent to the Fund becoming a client, will be charged a lower fee for an investment management mandate that has substantially the same strategy and restrictions and having assets equal to or less than the assets of the Fund under management with the Investment Manager (determined by reference to assets measured at the end of each calendar quarter). The Investment Manager agrees to promptly notify the Board of Trustees if, in the future, it provides more favorable fees to any such other client. The Investment Manager agrees that, on the effective date of such lower fee, the more favorable fee structure shall be applied to this Fund in lieu of Exhibit B.

**Section 13. Valuation**

When applicable, in computing the market values of equity securities in the Sub-Account listed on any national securities exchange shall be valued as of the close of the market on the valuation date. Listed securities not traded on such date and all unlisted securities regularly traded in the over-the-counter market shall be valued at the last closing price furnished to the Investment Manager by the Financial Industry Regulatory Authority, the National Association of Securities Dealers, Inc., the National Quotation Bureau Incorporated, or any similar organization. Corporate and government bonds shall be valued in such manner as determined in good faith by the Investment Manager to reflect their fair market values. Such valuation may incorporate models prepared by bond valuing services, last sale prices for listed securities and over-the-counter bid prices. Any other securities shall be valued in such manner as determined in good faith by the Investment Manager to reflect their fair market values. Should any dispute arise regarding the valuation of a security or bond, the Custodian shall determine the valuation and the Custodian's valuation will control.

**Section 14. Authority**

The Board of Trustees shall furnish to the Investment Manager certified copies of appointments or designations setting forth the names, titles and authorities of the individuals who are authorized to act on behalf of the Fund with respect to the Sub-Account investments and this Investment Management Agreement, and the Investment Manager shall be entitled to rely upon such information until the Investment Manager receives written notice of a change.

**Section 15. Effective Date; Term; Termination**

This Investment Management Agreement shall become effective on the date signed by the Investment Manager and shall continue in full force and effect until terminated in accordance with this Section.

This Agreement may be terminated by the Board of Trustees by written notice to the Investment Manager effective immediately and by the Investment Manager upon 30 days' advance written notice to the Board of Trustees; provided, however, that at any time without prior written notice, the Board of Trustees may orally direct the Investment Manager to cease its management activities with respect to the Sub-Account, which direction shall be confirmed, in writing, as soon as practicable. Upon a termination, fees of the Investment Manager shall be prorated to the date of termination as specified in the notice of termination.

**Section 16. Delegation of Responsibilities**

The Investment Manager may, if disclosed, retain an affiliate of the Investment Manager to provide administrative services for the Investment Manager, in carrying out its obligations under the terms of this Agreement. Any fees payable to such affiliate shall be paid entirely by the Investment Manager. Such affiliate shall be bound by the Standards of Care set forth in Section 3 and the Representations, Warranties and Covenants set forth in Section 4.

**Section 17. Assignment**



Unless expressly consented in writing thereto, either party's assignment (as defined in the Investment Advisers Act of 1940) of this Agreement shall automatically terminate this Agreement. If the Investment Manager is converted into, merges or consolidates with, or sells or transfers substantially all of its assets or business to another corporation, the resulting corporation or the corporation to which such sale or transfer has been made shall notify the Board of Trustees within (5) business days of such sale or transfer and shall become the Investment Manager hereunder only if the Board of Trustees specifically so consents in writing and subject to the terms of this Agreement.

**Section 18. Prohibition of Placement Fees**

The payment of a placement fee or contingency fee is prohibited. The Investment Manager represents and warrants that no placement fee, finder's fee, commission, referral fee, third party marketing fee, or consideration of any kind has been paid to any individual or entity, other than a bona fide employee working solely for the Investment Manager, resulting from or related to the selection or retention of the Investment Manager by the Board of Trustees. The Investment Manager acknowledges that Section 1-145 of the Illinois Pension Code prohibits a person or entity from retaining a person or entity to attempt to influence the outcome of an investment decision or the procurement of investment advice or services of the Fund for compensation, contingent in whole or in part upon the decision or procurement.

**Section 19. Ethics Statement**

The Fund will provide the Investment Manager with a copy of its policy relating to ethics and conflicts of interest which shall be adopted and incorporated by reference as Exhibit E.

**Section 20. Contacts**

- A. All notices and instructions shall be deemed given when delivered to the respective parties as follows:

Reporting Requirements:

Metropolitan Water Reclamation District Retirement Fund  
Attn: Financial Analyst  
111 E. Erie Street, Suite 330  
Chicago, IL 60611

Notice Requirements:

Metropolitan Water Reclamation District Retirement Fund  
Attn: Executive Director  
111 E. Erie Street, Suite 330  
Chicago, IL 60611

**To the Investment Manager: TBD**

The address or addressee to receive notice for any party may be changed by such party from time to time by giving notice in the foregoing manner.

Any notice required under this Investment Management Agreement may be waived only in writing, including electronically, from the person entitled to the notice.

**Section 21. Entire Agreement; Amendment**

This Agreement as it may be amended in writing, together with the Exhibits annexed hereto, constitutes the entire agreement of the parties hereto; is intended to be the complete and exclusive statement of the terms hereof; and, except as provided in Sections 1 and 2 hereof, may not be modified or amended except by a writing signed by the parties hereto. If any provision of this Agreement is found to be invalid or unenforceable by a court of competent jurisdiction, the other provisions shall be considered severable and enforceable.

**Section 22. Governing Law; Venue**

To the extent not preempted by applicable federal law, this Agreement shall be governed by, and construed in accordance with, the laws of the State of Illinois, without regard to conflict of laws principles. References herein to provisions of law shall be deemed to include a reference to any amendments thereof and any successor provisions thereto. Venue for any litigation relating to this Agreement, including any tort claims arising out of or related to this Agreement, is agreed to be the Circuit Court of Cook County, Illinois, or the U.S. District Court for the Northern District of Illinois, Eastern Division.

**Section 23. Counterparts**

This Agreement may be executed in any number of separate counterparts, each of which shall be deemed an original, but the several counterparts shall together constitute but one and the same Agreement of the parties hereto.

**Section 24. Statutory Provisions**

- A. The Investment Manager certifies to the Fund that it is not barred from being awarded a State of Illinois contract or subcontract because of a conviction or admission of guilt for bribery or for bribing an officer or employee of the State of Illinois or any other state in that officer's or employee's official capacity as provided in Section 50-5 of the Illinois Procurement Code, 30 ILCS 500/50-5.
- B. The Investment Manager certifies to the Fund that it is not barred from contracting with any State of Illinois entity because of a violation of either Section 33E-3 (bid-rigging) or 33E-4 (bid-rotating) of Article 33E of the Criminal Code of 1961, 720 ILCS 5/33E.
- C. As required by 775 ILCS 5/2-105, to the extent this provision applies to the Investment Manager, the Investment Manager agrees to:
  - (i) Refrain from unlawful discrimination and discrimination based on citizenship status in employment and to undertake affirmative action to assure equality of employment opportunity and eliminate the effects of past discrimination;
  - (ii) Comply with the procedures and requirements of the Illinois Department of Human

Rights' regulations concerning equal employment opportunities and affirmative action;

- (iii) Provide such information, with respect to its employees and applications for employment, and assistance as the Illinois Department of Human Rights may reasonably request; and
- (iv) Have written sexual harassment policies that shall include, at a minimum, the following information or a reasonable equivalent:
  - the illegality of sexual harassment;
  - the definition of sexual harassment under State law;
  - a description of sexual harassment, utilizing examples;
  - the Investment Manager's internal complaint process including penalties;
  - the legal recourse, investigative and complaint process available through the Illinois Department of Human Rights and the Illinois Human Rights Commission; and directions on how to contact the Illinois Department of Human Rights and the Illinois Human Rights Commission;

D. The Investment Manager shall maintain, for a minimum of six (6) years after all transactions involving the Sub-Account, adequate books, records, and supporting documents to verify the amounts, recipients, and uses of all disbursements of funds passing in conjunction with this Agreement. The Investment Manager shall further make all such books, records, and supporting documents related to this Agreement available for review and audit as reasonably requested by the auditor of the Fund or by the Illinois Auditor General, shall cooperate fully with any audit conducted by the internal auditor of the Fund or the Illinois Auditor General, and will further provide the internal auditor of the Fund or the Illinois Auditor General full access to all relevant materials. Failure to maintain the books, records, and supporting documents required by this Section shall establish a presumption in favor of the Board of Trustees for the recovery of any funds for which adequate books, records, and supporting documentation are not available to support their purported disbursement.

**Section 25. Miscellaneous**

- A. The Investment Manager shall not be liable for any costs or damages due to delay or nonperformance under this Agreement arising out of any cause or event beyond the Investment Manager's reasonable control, including, without limitation any damages resulting from a computer virus (provided that the Investment Manager has exercised a reasonable standard of care regarding the use of anti-virus software), natural disaster, governmental action, acts of war or terrorist activities.
- B. To help the U.S. government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account, including in connection with this Agreement.

To the extent applicable, the Investment Manager may ask for identifying documents to comply with the requirements of federal law.

IN WITNESS WHEREOF, duly authorized representatives of the Board of Trustees and the Investment Manager have executed this Agreement on the day and year signed by the Investment Manager.

The Board of Trustees of the Metropolitan Water Reclamation District Retirement Fund

By: \_\_\_\_\_  
Name: John P. Dalton, Jr.  
Title: President

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: Mariyana T. Spyropoulos  
Title: Secretary

Date: \_\_\_\_\_

Investment Manager

By: \_\_\_\_\_

Name: \_\_\_\_\_

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

Date: \_\_\_\_\_

METROPOLITAN WATER RECLAMATION DISTRICT RETIREMENT FUND

Exhibit A

Investment Objectives, Guidelines, and Reporting Requirements

**Investment Objective**

**Investment Guidelines**

**Reporting Requirements**

METROPOLITAN WATER RECLAMATION DISTRICT RETIREMENT FUND

Exhibit B

Fee Schedule

The Annual Fee Schedule is as follows:

- basis points (.%) on the first \$ million in assets under management
- basis points (.%) on the next \$ million in assets under management
- basis points (.%) on all assets over \$ million under management

Investment management fees are paid quarterly in arrears (25% of the fee computed above). Assets under management are defined as the sum of the market values of the assets on the last business day of each month within the quarter, divided by three. In any quarter during which the Investment Manager does not have any assets under management for every day of the quarter, the investment management fee shall be prorated by multiplying the fee earned at the end of the quarter, calculated in accordance with the above Schedule, by a fraction, the numerator of which is the number of calendar days during the quarter that the Investment Manager had assets under management and the denominator of which is the total number of calendar days in the quarter.

## METROPOLITAN WATER RECLAMATION DISTRICT RETIREMENT FUND

### Exhibit C

#### MOST FAVORED CLIENT POLICY

The Metropolitan Water Reclamation District Retirement Fund (“the Fund”) is an Illinois governmental retirement fund responsible for providing annuities and disability benefits for the employees and retirees of the Metropolitan Water Reclamation District.

The Investment Manager represents, warrants, and agrees that no client of the Investment Manager (i) who is not an affiliate of the Investment Manager and (ii) who has a separate account investment relationship with the Investment Manager having substantially the same investment strategy and restrictions and having assets equal to or less than that of the Fund’s assets under management by the Investment Manager has a comparably based management fee schedule (i.e., performance or flat fee) which is lower than the fee schedule set forth in Exhibit B of this Investment Management Agreement.

# METROPOLITAN WATER RECLAMATION DISTRICT RETIREMENT FUND

## Exhibit D

### BROKER/DEALER UTILIZATION POLICY

Adopted: December 21, 1994;

Revised: November 28, 2012

The Board of Trustees of the Metropolitan Water Reclamation District Retirement Fund (Fund) encourages the use of registered broker/dealer firms owned by Minority, Females, and Persons with Disabilities, as defined in the Business Enterprise for Minorities, Females and Persons with Disabilities Act, 30 ILCS 575/0.01, et seq., as well as registered broker/dealer firms owned by Veterans. For purposes of this policy, Veterans shall mean veterans of the armed forces of the United States, veterans of any reserve component of the armed forces of the United States, and veterans of the Illinois Army National Guard or Illinois Air National Guard. A Minority, Female, Disabled or Veteran-owned broker/dealer firm is defined as a sole proprietorship, partnership, or corporation that is at least 51% owned, operated and controlled by one or more Minority persons, Females, Disabled persons, or Veterans (MWDV).

To assist the Fund in implementing this policy, we urge all of our investment managers to give consideration to MWDV broker/dealers to “**execute trades**” for our portfolio. The Fund has a preference for MWDV broker/dealers that are certified and headquartered in the state of Illinois. However, our preference should not preclude utilization of MWDV broker/dealers registered and headquartered out of the state. The Fund stresses that the responsibility to achieve the most advantageous financial results and best execution resides with each individual investment manager. The investment manager’s selection of MWDV broker/dealers shall be in accordance with Article I of the Illinois Pension Code (40 ILCS 5/1-101 et seq.), the Investment Act of 1940, and any other applicable securities laws, rules and regulations.

#### **The Fund has established the following annual goals based on its current asset allocation:**

- **Domestic Active Equity Separate Account Managers:** Subject to best execution, each manager shall direct 30% of total commission dollars, on an annual basis, to MWDV broker/dealers.
- **International Equity Separate Account Managers:** Subject to best execution, each manager shall direct 10% of total commission dollars, on an annual basis, MWDV broker/dealers.
- **Fixed Income Separate Account Managers:** Subject to best execution, each fixed income manager shall direct 20% of eligible fixed income trading volume (par) to MWDV broker/dealers.
- **Commingled/pooled Account Managers:** are directed to use their best efforts to execute trades with MWDV broker/dealers.

**Reporting Guidelines:** Whether using an Illinois firm or otherwise, these trades should be identified in the investment manager’s quarterly report to the Trustees. The quarterly commission report shall include the following:

1. Each broker/dealer’s total shares executed, total trading commissions, average commission cost per share.
2. List separately electronic trading broker/dealer’s total shares executed, total commissions and average commission cost per share.
3. List of broker/dealers used for non-directed trades.
4. Research purchased and soft dollar arrangements.

Failure by an investment manager to meet the goals set forth in this policy will be considered as a factor when evaluating overall performance of the investment manager. Policy goals will be reviewed annually.



METROPOLITAN WATER RECLAMATION DISTRICT RETIREMENT FUND

Exhibit E

ETHICS POLICY

Adopted: May 26, 2004

Revised: February 24, 2010

**PREAMBLE**

**WHEREAS**, the Illinois General Assembly enacted the State Officials and Employees Ethics Act (Public Act 93-615, effective November 19, 2003, as amended by Public Act 93-617, effective December 9, 2003 and further amended by Public Act 96-0006, effective April 3, 2009, hereinafter collectively referred to as the Act), which is a comprehensive revision of State statutes regulating ethical conduct, political activities and the solicitation and acceptance of gifts by public officials, fiduciaries, and Employees; and **WHEREAS**, the Act requires all units of local government and retirement systems to adopt resolutions or policies regulating the political activities of, and the solicitation and acceptance of gifts by, the Trustees and Employees of such units “in a manner no less restrictive” than the provisions of the Act; and **WHEREAS**, it is the clear intention of the Act to require public entities to implement regulations that are at least as restrictive as those contained in the Act, and to promote the highest ethical conduct expected of fiduciaries who are responsible for the expenditure of public funds and the protection of retirement benefits;

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE METROPOLITAN WATER RECLAMATION DISTRICT OF GREATER CHICAGO RETIREMENT FUND, AS FOLLOWS:**

**ARTICLE 1 – DEFINITIONS**

For purposes of this Resolution, the following terms shall be given these definitions:

**“Board of Trustees”** means the Board of Trustees of the Metropolitan Water Reclamation District Retirement Fund, which is created, set apart, maintained and administered, in a manner prescribed by Illinois Statute (40 ILCS 5/13).

**“Campaign for elective office”** means any activity in furtherance of an effort to influence the selection, nomination, election, or appointment of any individual to any federal, State, or local public office or office in a political organization, or the selection, nomination, or election of Presidential or Vice-Presidential electors, but does not include activities (i) relating to the support or opposition of any executive, legislative, or administrative action, (ii) relating to collective bargaining, (iii) relating to an Employee’s election to the Board of Trustees, or (iv) that are otherwise in furtherance of the person’s official duties.

**“Candidate”** means a person who has filed nominating papers or petitions for nomination or election to an elected office, or who has been appointed to fill a vacancy in nomination, and who remains eligible for placement on the ballot at a regular election, as defined in Section 1-3 of the Election Code (10 ILCS 5/1-3).

**“Collective bargaining”** has the same meaning as that term is defined in Section 3 of the Illinois Public Labor Relations Act (5 ILCS 315/3).

**“Compensated time”** means, with respect to an Employee, any time worked by or credited to the Employee that counts toward any minimum work time requirement imposed as a condition of his or her employment, but for purposes of this Resolution, does not include any designated holidays, vacation periods, personal time, compensatory time off or any period when the Employee is on a leave of absence. With respect to Trustees or Employees whose hours are not fixed, “compensated time” includes any period of time when the Trustee is on premises under the control of the employer and any other time when the Trustee or Employee is executing his or her official duties, regardless of location.

**“Compensatory time off”** means authorized time off earned by or awarded to an Employee to compensate in whole or in part for time worked in excess of the minimum work time required of that Employee as a

condition of his or her employment.

**“Contribution”** has the same meaning as that term is defined in Section 9-1.4 of the Election Code (10 ILCS 5/9-1.4).

**“District”** means the Metropolitan Water Reclamation District of Greater Chicago, an Illinois special district and unit of local government, whose Employees and retirees are served by the MWRD Retirement Fund.

**“Employee”** means a person employed by the MWRD Retirement Fund, whether on a full-time or part-time basis or pursuant to a contract, whose duties are subject to the direction and control of the Employer with regard to the material details of how the work is to be performed but does not include an independent contractor.

**“Employer”** means the MWRD Retirement Fund.

**“Executive Director”** means the Executive Director of the MWRD Retirement Fund

**“Gift”** means any gratuity, discount, entertainment, hospitality, loan, forbearance, or other tangible or intangible item having monetary value including, but not limited to, cash, food and drink, and honoraria for speaking engagements related to or attributable to government employment or the official position of a Trustee or Employee.

**“Leave of absence”** means any period during which an Employee does not receive (i) compensation for employment, (ii) service credit towards pension benefits, and (iii) health insurance benefits paid for by the Employer.

**“Trustee”** means a person who holds by election or appointment the office of Trustee created by statute (40 ILCS 5/13-701), regardless of whether the individual is compensated for service in his or her official capacity as a member of the Board of Trustees.

**“Political activity”** means any activity in support of or in connection with any campaign for elective office, except for election as a Trustee of the Fund, or for any political organization, but does not include activities (i) relating to the support or opposition of any executive, legislative, or administrative action, (ii) relating to collective bargaining, or (iii) that are otherwise in furtherance of the person's official duties.

**“Political organization”** means a party, committee, association, fund, or other organization (whether or not incorporated) that is required to file a statement of organization with the State Board of Elections or a county clerk under Section 9-3 of the Election Code (10 ILCS 5/9-3), but only with regard to those activities that require filing with the State Board of Elections or a county clerk.

**“Prohibited political activity”** means:

- (1) Preparing for, organizing, or participating in any political meeting, political rally, political demonstration, or other political event.
- (2) Soliciting contributions, including but not limited to the purchase of, selling, distributing, or receiving payment for tickets for any political fundraiser, political meeting, or other political event.
- (3) Soliciting, planning the solicitation of, or preparing any document or report regarding anything of value intended as a campaign contribution.
- (4) Planning, conducting, or participating in a public opinion poll in connection with a campaign for elective office or on behalf of a political organization for political purposes or for or against any referendum question.
- (5) Surveying or gathering information from potential or actual voters in an election to determine probable vote outcome in connection with a campaign for elective office or on behalf of a political organization for political purposes or for or against any referendum question.
- (6) Assisting at the polls on election day on behalf of any political organization or candidate for elective office or for or against any referendum question.
- (7) Soliciting votes on behalf of a candidate for elective office or a political organization or for or against any referendum question or helping in an effort to get voters to the polls.
- (8) Initiating for circulation, preparing, circulating, reviewing, or filing any petition on behalf of a candidate for elective office or for or against any referendum question.

- (9) Making contributions on behalf of any candidate for elective office in that capacity or in connection with a campaign for elective office.
- (10) Preparing or reviewing responses to candidate questionnaires.
- (11) Distributing, preparing for distribution, or mailing campaign literature, campaign signs, or other campaign material on behalf of any candidate for elective office or for or against any referendum question.
- (12) Campaigning for any elective office or for or against any referendum question.
- (13) Managing or working on a campaign for elective office or for or against any referendum question.
- (14) Serving as a delegate, alternate, or proxy to a political party convention.
- (15) Participating in any recount or challenge to the outcome of any election.

**“Prohibited source”** means any person or entity who:

- (1) is seeking official action (i) by a Trustee or (ii) by an Employee, or by the Trustee or another Employee directing that Employee;
- (2) does business or seeks to do business (i) with the Trustee or (ii) with an Employee, or with the Trustee or another Employee directing that Employee;
- (3) conducts activities regulated (i) by the Trustee or (ii) by an Employee, or by the Trustee or another Employee directing that Employee; or
- (4) has interests that may be substantially affected by the performance or non-performance of the official duties of the Trustee or Employee.
- (5) is registered or required to be registered with the Secretary of State under the Lobbyist Registration Act, except that an entity not otherwise a Prohibited Source does not become a Prohibited source merely because a registered lobbyist is one of its members or serves on its board of directors.

**ARTICLE 2 – PROHIBITED POLITICAL ACTIVITIES**

- a) No Trustee or Employee shall intentionally perform any prohibited political activity during any compensated time, as defined herein. No Trustee or Employee shall intentionally use any property or resources of the MWRD Retirement Fund or the District in connection with any prohibited political activity.
- b) At no time shall any Trustee or Employee intentionally require any other Trustee or Employee to perform any prohibited political activity (i) as part of that Trustee or Employee’s duties, (ii) as a condition of employment, or (iii) during any compensated time off (such as holidays, vacation or personal time off).
- c) No Trustee or Employee shall be required at any time to participate in any prohibited political activity in consideration for that Trustee or Employee being awarded additional compensation or any benefit, whether in the form of a salary adjustment, bonus, compensatory time off, continued employment or otherwise, nor shall any Trustee or Employee be awarded additional compensation or any benefit in consideration for his or her participation in any prohibited political activity.
- d) Nothing in this Article prohibits activities that are permissible for a Trustee or Employee to engage in as part of his or her official duties, including duties or activities related to the annual election for Trustee, together with those provided in the MWRD Retirement Fund Rules of Election, or activities that are undertaken by a Trustee or Employee on a voluntary basis which are not prohibited by this Resolution. Nothing in this Resolution shall apply to or restrict the Rules of Election used for Employee-Trustees.
- e) No person in a position that is subject to recognized merit principles of public employment shall be denied or deprived of employment or tenure solely because

he or she is a member or an officer of a political committee, of a political party, or of a political organization or club.

### **ARTICLE 3 – GIFT BAN**

Section 3-1. Gift Ban. Except as permitted by this Article, no Trustee or Employee, and no spouse of or immediate family member living with any Trustee or Employee (collectively referred to herein as “recipients”), shall intentionally solicit or accept any gift from any Prohibited Source, as defined herein, or which is otherwise prohibited by law, resolution or otherwise. No Prohibited Source shall intentionally offer or make a gift that violates this Section.

Section 3-2. Exceptions. Section 3-1 is not applicable to the following:

- (1) Opportunities, benefits, and services that are available on the same conditions as for the general public.
- (2) Anything for which the Trustee or Employee, or his or her spouse or immediate family member, pays the fair market value.
- (3) Any (i) contribution that is lawfully made under the Election Code or (ii) activities associated with a fundraising event in support of a political organization or candidate.
- (4) Educational materials.
- (5) A gift from a relative, meaning those people related to the individual as father, mother, son, daughter, brother, sister, uncle, aunt, great aunt, great uncle, first cousin, nephew, niece, husband, wife, grandfather, grandmother, grandson, granddaughter, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, half-brother, half-sister, and including the father, mother, grandfather, or grandmother of the individual's spouse and the individual's fiancé or fiancée.
- (6) Anything provided by an individual on the basis of a personal friendship unless the recipient has reason to believe that, under the circumstances, the gift was provided because of the official position or employment of the recipient or his or her spouse or immediate family member and not because of the personal friendship. In determining whether a gift is provided on the basis of personal friendship, the recipient shall consider the circumstances under which the gift was offered, such as: (i) the history of the relationship between the individual giving the gift and the recipient of the gift, including any previous exchange of gifts between those individuals; (ii) whether to the actual knowledge of the recipient the individual who gave the gift personally paid for the gift or sought a tax deduction or business reimbursement for the gift; and (iii) whether to the actual knowledge of the recipient the individual who gave the gift also at the same time gave the same or similar gifts to other Trustees or Employees, or their spouses or immediate family members.
- (7) Food or refreshments not exceeding \$75 per person in value on a single calendar day; provided that the food or refreshments are (i) consumed on the premises from which they were purchased or prepared or (ii) catered. For the purposes of this Section, “catered” means food or refreshments that are purchased ready to consume which are delivered by any means.
- (8) Food, refreshments, lodging, transportation, and other benefits resulting from outside business or employment activities (or outside activities that are not connected to the official duties of a Trustee or Employee), if the benefits have not been offered or enhanced because of the official position or employment of the Trustee or Employee and are customarily provided to others in similar circumstances.
- (9) Intra-governmental and inter-governmental gifts. For the purpose of this Act, “intra-governmental gift” means any gift given to a Trustee or Employee from another Trustee or Employee, and “inter-governmental gift” means any gift given to a Trustee or Employee

- by a Trustee or Employee of another governmental entity.
- (10) Bequests, inheritances, and other transfers at death.
- (11) Any item or items from any one Prohibited Source during any calendar year having a cumulative total value of less than \$100.

An educational mission and travel expenses for a meeting to discuss State business are not exceptions to the Gift Ban.

Each of the exceptions listed in this Section is mutually exclusive and independent of every other.  
Section 3-3. Disposition of gifts. A Trustee or Employee, his or her spouse or an immediate family member living with the Trustee or Employee, does not violate this Resolution if the recipient promptly takes reasonable action to return a gift from a Prohibited Source to its source or gives the gift or an amount equal to its value to an appropriate charity that is exempt from income taxation under Section 501 (c)(3) of the Internal Revenue Code of 1986, as now or hereafter amended, renumbered, or succeeded.

#### **ARTICLE 4 – ETHICS ADVISOR**

Section 4-1. The Executive Director shall be designated as the Ethics Officer for the MWRD Retirement Fund. When an ethics question arises that relates to or involves the Executive Director, the duties of the Ethics Officer shall be delegated to a Trustee.

Section 4-2. The Ethics Advisor shall provide guidance to the Trustees and Employees of the MWRD Retirement Fund concerning the interpretation of and compliance with the provisions of this Resolution and State ethics laws. The Ethics Advisor shall perform such other duties as may be delegated by the Board of Trustees.

#### **ARTICLE 5 – PROHIBITION ON MONETARY GAIN FROM MWRD RETIREMENT FUND INVESTMENTS**

No Trustee or Employee nor such Trustee’s or Employee’s spouse shall knowingly have any direct interest in the income, gains, or profits of any investment made on behalf of the MWRD Retirement Fund. No Trustee nor Trustee’s spouse shall become an endorser or surety, or in any manner an obligor for money loaned or borrowed from the MWRD Retirement Fund.

#### **ARTICLE 6 – PROHIBITION ON FRAUDULENT STATEMENTS**

No Trustee or Employee shall knowingly make any false statement or falsify or permit to be falsified any record of the MWRD Retirement Fund in an attempt to defraud the MWRD Retirement Fund.

#### **ARTICLE 7 – PROHIBITION ON CONTINGENT AND PLACEMENT FEES**

No Trustee or Employee 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 the MWRD Retirement Fund for compensation, contingent in whole or in part upon the decision or procurement.

#### **ARTICLE 8 – PENALTIES**

- a) In addition to any other penalty that may be applicable, whether criminal, statutory or civil, an Employee who intentionally violates any provision of of this Resolution is subject to discipline or discharge.
- b) In addition to any other penalty, an officer or Trustee who intentionally violates

any provision of this Resolution may be subject to public censure by the Board of Trustees.

**ARTICLE 9 - STATEMENT OF ECONOMIC INTEREST**

All Trustees, as certified by the MWRD Retirement Fund Executive Director every February 1, and any other Employee designated by the Board of Trustees shall file with the Cook County Clerk, on or before every May 1, a verified written statement of economic interest meeting the requirements of Section 4A-102 of the Illinois Governmental Ethics Act, 5 ILCS 420/4A-102. If an Employee designated by the Board of Trustees to file a statement of economic interest is not otherwise required to file such a statement with the Cook County Clerk, the statement will be submitted to the Board of Trustees. If a Trustee or designated Employee is required to file a statement of economic interest in any other capacity, only one statement containing the necessary information relating to all capacities needs to be filed with the Cook County Clerk. Failure to file an accurate and timely statement of economic interest can result in the Trustee's ineligibility for office.

**ARTICLE 10 - ETHICS TRAINING**

All Trustees shall attend annual ethics training of at least eight (8) hours. Such training shall include training on ethics, fiduciary duty, investments, and any other curriculum important to the administration of the MWRD Retirement Fund, as approved by the Board of Trustees. The Board of Trustees shall certify annually each Trustee's compliance with this requirement by submitting a certification to the Division of Insurance of the Illinois Department of Financial and Professional Regulation, or other designated State entity.

**ARTICLE 11 – TRAVEL**

Travel and related expenses for attending authorized educational and organizational conferences must be approved by a majority of the Board of Trustees prior to the travel or attendance at the education and organizational conferences or seminars and must be in conformance with any travel or educational reimbursement policy adopted by the MWRD Retirement Fund. Only education conferences and seminars relating primarily to the MWRD Retirement Fund's business or administration shall be reimbursable. Additionally, if the reimbursement relates to an educational conference or seminar, the Trustee or Employee must provide a copy of the sponsor's certificate of attendance, if a certificate is available, or must certify that she or he attended at least 75% of the workshops or sessions available, unless good cause is shown for the Trustee's absence.

**ARTICLE 12 - EFFECT OF COURT DECISIONS**

If the provisions of any Article or Section of this Resolution shall be declared unconstitutional or invalid by the final decision of any court of competent jurisdiction, the provision of the remaining paragraphs shall nevertheless continue in full force and effect.

**ARTICLE 13 - EFFECTIVE DATE**

This Amended Resolution shall become effective immediately upon its passage.

METROPOLITAN WATER RECLAMATION DISTRICT RETIREMENT FUND

Exhibit F

INVESTMENT MANAGER DISCLOSURES

4I(i).

4I(ii).

4I(iii).

4I(iv).