



METROPOLITAN WATER RECLAMATION DISTRICT RETIREMENT FUND

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INTRODUCTION

The Metropolitan Water Reclamation District Retirement Fund (the “Fund” or “MWRDRF”) is requesting proposals from qualified investment consulting firms (“Firms” or “Investment Consultants”) interested in providing general investment consulting services to the Fund’s Board of Trustees and to assist the MWRDRF investment staff for a period up to, but not exceeding, five (5) years.

The search process is in accordance with the Fund’s Procurement Policy for Investment Consultants which can be viewed on our website at www.mwrdrf.org/do-business-with-us/. Additionally, the Fund’s Formal Investment Policy and all other policies are available on our website. **Firms responding to this RFP are responsible for monitoring the Fund’s website for information pertaining to the RFP while the RFP is outstanding.**

The Fund reserves the right to reject any or all submitted proposals. The Fund will not reimburse any expenses incurred in preparing proposals in response to this request.

All proposals will be evaluated by the Fund’s investment staff. Firms may be asked to make formal presentations of their proposals to the MWRDRF Board of Trustees. Selection of the Investment Consultant is subject to final approval by the Board of Trustees.

BACKGROUND INFORMATION

The Fund is the administrator of a single employer defined benefit plan, established by the Illinois General Assembly in 1931 and is governed by the Illinois Pension Code (40 ILCS 5/1-101 and 5/13-101 et Seq.). The sole purpose of the Fund is to provide earned annuities and disability benefits to eligible employees and elected officials of the Metropolitan Water Reclamation District of Greater Chicago (“District”) as well as Fund employees.

The Fund is governed by a seven-member Board of Trustees (“Board”) and administered under the direction of an Executive Director appointed by the Board.

The MWRDRF’s net assets total approximately \$1.4 billion as of the date of this RFP. The Fund utilizes external investment managers and is diversified across multiple asset classes. The Board invests the Fund’s assets according to the Prudent Person Rule. This rule requires a Trustee, who is a fiduciary by way of title, to discharge their duties with the care, prudence, and diligence that a prudent person acting in a like capacity and familiar with such matters would use in a similar situation.

TERM OF AGREEMENT

The term of the contract shall not exceed five (5) years in duration. No contract with an Investment Consultant may be renewed or extended. At the end of the five-year term of the contract, the contract shall be re-bid. MWRDRF may terminate the agreement at any time upon written notice of termination to the Investment Consultant. The Investment Consultant may terminate the agreement upon ninety (90) day written notice to the Fund.

**REQUEST FOR PROPOSAL
INVESTMENT CONSULTING SERVICES 2024**

INVESTMENT SUMMARY

MWRDRF's current asset allocation, as of December 31, 2023, is as follows:

	Invested Assets	Target Allocation	Actual Allocation
Domestic Equities	\$ 574,000,000	38.0%	39.3%
International Equities	271,000,000	17.0%	18.6%
Global Equities	74,000,000	5.0%	5.1%
Fixed Income	385,000,000	25.0%	26.4%
Real Estate	121,000,000	10.0%	8.3%
Private Credit	15,000,000	5.0%	1.0%
Cash	20,000,000	0.0%	1.4%
Totals	\$1,460,000,000	100.0%	100.0%

The Fund's Actuarial Assumed Rate of Return is 7.0%. For more detailed information on the portfolio, please review the Investment Section of the Fund's website at: <http://www.mwrdrf.org>.

TIMELINE

RFP Date of Issue:	February 2, 2024
Deadline to Submit Written Questions:	February 23, 2024, 4:00PM CST
RFP Due Date:	March 1, 2024 4:00PM CST
Proposal Evaluation (Tentative):	TBD
Finalists Notification By (Tentative):	TBD
Finalists Presentations	TBD
Projected Contract	TBD

***** The timeline is subject to change. Any changes to the timeline will be communicated to all known Firms and posted on the Fund's website. *****

SUBMISSION OF QUESTIONS

Questions regarding the RFP must be submitted via email to the search contact by 4:00 PM Central Standard Time on February 23, 2024. All questions received will be combined into a single Q&A document. The responding document will be posted, without identifying the questioner, on the Fund's website at www.mwrdrf.org within five business days.

SUBMISSION OF RFP

An electronic copy of the RFP responses should be sent to the identified Search Contact with RFP noted on the subject line no later than March 1, 2024. Any incomplete proposal or responses received after the deadline will not be considered for this search.

SEARCH CONTACT

Brian A. Gillespie, Investment Officer,
GillespieB@mwrdrf.org
MWRDRF
111 E Erie Street, Suite 330
Chicago, IL 60611

REQUEST FOR PROPOSAL INVESTMENT CONSULTING SERVICES 2024

QUALIFICATIONS

To be qualified to participate in the RFP process, Firms must meet the following qualifying criteria:

1. Agree to act as a Fiduciary with respect to the Fund in accordance with the Illinois Pension Code (40 ILCS 5/1-101.2).
2. Be an investment advisor duly registered with the Securities & Exchange Commission pursuant to the Investment Advisors Act of 1940 and that such registration is current.
(Please provide Form ADV I and II)
3. As of December 31, 2023, the Firm must have been in business at least five years.
4. As of December 31, 2023, the Firm must have at least two public fund clients.
5. The primary consultant(s) assigned to the Fund's account must have at least five years of consulting experience with at least two years as a primary consultant.
6. Carry errors and omissions and other relevant liability insurance.

EVALUATION CRITERIA

Each proposal received in response to the RFP will be objectively evaluated regarding the Firm's investment approach and process, staff, experience of Firm, results of reference checks and annual cost. The proposal will be evaluated by the Fund staff. Based on the evaluation, certain Firms will be considered for presentations to the Retirement Board.

SELECTION

The evaluation process is designed to award the contract to the Firm whose proposal best meets the requirements of this RFP, and not necessarily to the Firm with the least cost proposal.

Selection of the Investment Consultant is subject to final approval by the Fund's Board as a whole, not by individual Board members.

QUIET PERIOD

According to the Fund's Investment Consultant Procurement Policy, a **Quiet Period** shall commence on the posting of the RFP on the Fund's website and end when the selection has been made by the Board and a contract has been consummated.

Firms shall not contact Retirement Board members during the Quiet Period and should direct all questions and communications to the Search Contact identified in this RFP.

The incumbent Investment Consultant may communicate with the Retirement Board members during the Quiet Period but may not discuss the Investment Consultant Search with them. The purpose of the Quiet Period is to ensure that the process of selecting an Investment Consultant is efficient, diligent, and fair. A Firm may be disqualified for violating the Quiet Period.

DISCLOSURE OF PROPOSAL CONTENT

Firms are advised that proposal materials are subject to the Illinois Freedom of Information Act, 5 ILCS 140. The law requires that after the selection process, the contents of all proposals be placed in the public domain and be open to inspection by interested parties. Trade secrets, confidential or proprietary information must be clearly identified as such in the proposal and will not be released to the extent permitted by law.

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Disposition of Proposals

All proposals become the property of the Fund and will not be returned. The Fund 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.

Scope of Work

The Investment Consultant services to the Fund shall include the following:

1. Coordinates and/or assists with a review of each Investment Manager.
2. Attend monthly Board meetings and Special meetings as required.
3. Provides accurate, timely monthly, quarterly, and annual reporting relative to the investment performance (net of fees, trade quality, portfolio characteristics (issue by issue basis), style-based benchmarks, and activities of the Fund's Investment Managers.
4. Performs comprehensive formal asset allocation studies every three to five years.
5. Monitors Investment Managers compliance with their investment mandate and the terms of their Investment Management Goals and Guidelines with the Fund.
6. Coordinates and/or assists with the formal evaluation of the various investment professionals retained by the Fund, including recommendations regarding the hiring, retention, reduction and/or dismissal of any of the Fund's investment professionals including coordinating/consulting relative to transitioning of assets.
7. Coordinates and/or assists with investment manager searches, including the analysis of the portfolios of prospective investment managers.
8. Advises and educates the Trustees and Investment Staff relative to risk considerations, recent market changes, asset allocation issues, and any other significant issues facing the investment community.
9. Assists with the development and periodic review of the Fund's Investment Policy.
10. Shall not directly or indirectly receive benefit from recommendations made to the Fund and shall always comply with the Fund's Ethics Policy and with the Firm's Ethics Policy.
11. Works internally and with business partners to ensure that viable continuity plans are in place that provide for the resumption of business in the event of an unforeseeable disaster.
12. Acts in a Fiduciary capacity.
13. Provide Trustee and staff training programs, on request, based on contemporary investment management information on an ongoing basis.
14. Provide other services that may be reasonably asked of an Investment Consultant by a public pension plan.

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PROPOSAL

All proposals must be complete in every respect and must answer concisely and clearly all questions proposed by this RFP. Incomplete proposals will be disqualified.

Please provide primary contact information below for us to contact if there are any questions with the proposal.

Firm Name: _____ Phone: _____

Mailing Address: _____

Primary Contact: _____

Email Address: _____

**SECTION 1
ORGANIZATIONAL BACKGROUND**

1. Ownership Structure:

Independent Advisor Bank Affiliated Broker Affiliated
 Insurance Affiliated Mutual Fund Company
 Other (Please Describe)

Employee Ownership _____% Non-employee Ownership _____%

2. Please give a brief history of the firm

- a. The year organized.
- b. The year the firm began providing investment consulting services to clients.
- c. List any acquisitions of other consulting firms.

3. Per 40 ILCS 5/1-113-14, please list the name and address of any entity that is a parent of or owns a controlling interest in the responding firm, any persons who have ownership or distributive income share in the firm that is greater than 7.5%, and the executive officers of the firm.

4. Please list the location(s) of your headquarters, branch offices and the primary function of each office.

5. Which of your firm's offices would service this account? Which specific services would be provided by which offices?

6. Please provide a listing of applicable insurance coverage maintained with relevant coverage limits for fidelity bonds, cyber liability insurance, errors and omissions insurance, and any other fiduciary coverage that your firm carries. List the insurance carriers supplying the coverage and their related AM Best rating.

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7. Please include a copy of your most recent ADV Part I and II.
8. Within the last five years has the firm, any predecessor of the firm, or a member of the firm:
 - a. Been the subject of any stop order, consent decree censure, reprimand or any other disciplinary action by the SEC, NASD, NYSE, ASE, or any other state or federal regulatory agency? If yes, please explain.
 - b. Is any employee or any of your affiliates (*including third party vendors*) currently the subject of *any* current investigations, which there are no formal charges yet rendered? If yes, please explain.
9. Please discuss any conflicts of interest your firm may have in the management of this relationship. Include any activities of affiliated or parent organizations, brokerage activities, investment banking activities or any past or current relationships of any kind with Retirement Board members.
10. Please provide a copy of your firm’s most recent policies and procedures addressing business continuation and disaster recovery.
11. Does your firm provide investment management services, brokerage services or generate other revenue sources outside of investment consulting? If so, to what extent?
12. Does your firm have an employee ethics policy, code of conduct policy regarding conflicts of interest and/or any similar policies? If so, please make these available upon request.
13. How many investment management firms are listed in your database? Please complete the table.

Asset Class	Firms in database
Domestic Equities	
International Equities	
Global Equities	
Fixed Income	
Real Estate	
Private Credit	
Infrastructure	
Hedge Funds	
Private Equity	
Total	

14. Do you have minority and/or women owned businesses or businesses owned by persons with a disability identified within your database? If so, how many firms are included? What are the criteria for inclusion? Please provide a list of minority and/or women owned businesses or businesses owned by persons with a disability found in your database.
15. Does your firm permit its staff members to serve on Board of Directors? If so, are any restrictions placed on this activity and how is their director compensation treated?

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16. Please list the services your firm provides and the percentages of revenue to the firm:

Type of Service	AUM (\$ millions)	Revenue (\$ thousands)	% of Total
Investment Consulting			
Asset Management			
Brokerage			
Other			
Total			

**SECTION 2
PEOPLE/ORGANIZATION**

1. Please complete the following table regarding your firm's professional characteristics.

Male

	Caucasian	African American	Woman	Asian	Hispanic	Native American	Disabled	Total
Senior/Mgmt.								
Consultants								
Sales & Client Services								
Office/Clerical								
Other Non-Professionals								

Female

	Caucasian	African American	Woman	Asian	Hispanic	Native American	Disabled	Total
Senior/Mgmt.								
Consultants								
Sales & Client Services								
Office/Clerical								
Other Non-Professionals								

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2. Is your firm a certified minority, woman, or person with a disability owned enterprise? If so, please provide certification.

3. Please list all principal officers, consultants, and client service officers by name that would work on our account. This information should be provided in the format below. Please attach full biographies.

Name	Office Location	Title	Years of Experience	Years with Firm	Most Advanced Education/ College Degrees	Type of Experience *

*Public Pension Plans or other Institutional Investors.

4. For each consultant identified above as having primary responsibility for the Fund, please disclose:
 - a. Any previous experience providing services to a public pension plan.
 - b. Total assets and number of clients advised.
 - c. Any other duties assigned to that person.

5. Please describe your firm’s back-up procedures in the event the primary consultant assigned to this account should leave the firm or is not available to attend a scheduled meeting.

6. Have any key personnel left or joined the firm in the last three years? If so, please indicate when and why.

7. Please discuss your firm’s compensation and incentive program. Included in your answer, please include information on the following:
 - a. How are professionals evaluated and rewarded?
 - b. What criteria must be met for employees to become vested owners of your firm, if any?
 - c. If no employee ownership program exists now are there any plans to include one in the future?

8. Please describe your succession plan and how it will be executed when there is a major change in the company structure regarding a majority shareholder/equity owner or senior officers with the company. Have you had to execute any portion of this succession plan since your firm started marketing investment services to clients?

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**SECTION 3
RESEARCH**

1. Describe your firm's approach to investment (market, manager, strategy) research. Please indicate relationships with researchers or academics outside of your firm.
2. Give examples of how your research has been integrated into your products and services.
3. What tools do you use to evaluate managers and the market?
4. Describe the educational opportunities provided to your clients' Trustees and Staff. Describe the qualifications of presenters at recent workshops.
5. Does the firm regularly produce research papers that are shared with clients?
6. Does the firm keep a database of white papers?
7. Does the firm conduct regular research focused conference calls for clients? If so, how many are typically conducted each year? Briefly describe the topics discussed on these calls.

**SECTION 4
ASSET ALLOCATION & INVESTMENT POLICY**

1. Describe your firm's asset allocation process. Be sure to address the development of investment policy statements (provide most recent examples updated within the last year) portfolio structure analysis, and guidelines for investment managers.
2. How often does your firm recommend a formal review of asset allocation studies?
3. How does your firm develop capital markets and asset class return assumptions?
4. Detail all asset classes with which your firm has experience. In addition, please detail all asset classes with which you have assisted your clients in implementing.
5. Describe the firm's philosophy for portfolio construction of a public pension plan.
6. Describe your firm's view on rebalancing. Include discussion on targets, ranges, frequency, and implementation methods.
7. What is your firm's position on active vs passive management?
8. What is your firm's position on alternative investments?

**SECTION 5
INVESTMENT MANAGER SEARCH**

1. Does your firm maintain an in-house database of investment managers? If not, how do you obtain manager data? How many managers are in the database? What asset classes are covered?

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2. Describe how your firm or your vendor gathers, verifies, updates, and maintains the data collected on managers for the database.
3. If you have an in-house database, do you sell it to third parties? How do you receive compensation?
4. Do you charge investment managers any direct or indirect fees to be included in your database, participate in any sponsored conferences, be included in searches, or if they are successful in being selected as a manager for one of your clients? What are the fees?
5. Describe how you categorize equity managers by style.
6. Describe in detail your firm's ongoing manager due diligence process. What are some of the key issues that you examine?
7. Describe your firm's manager search process.
8. How many manager presentations, on average, are conducted on-site each year? How many manager presentations, on average, are conducted in your offices each year?
9. Give an overview of your firm's approach and criteria for placing a manager on a watch list. Under which conditions would a manager be removed from the watch list?
10. Does your firm dedicate specific resources to the alternative asset class space? If so, please discuss.
11. What other services/vendors does your firm have resources and research available on? (e.g., custody, transition management etc.)
12. Describe your manager research structure (list your firm's researchers and their overall responsibilities) and the resources dedicated to this area?

**SECTION 6
RISK**

1. What is your approach to managing investment risk?
2. Describe your general approach to controlling risk, e.g., do you favor the use of asset weight limits or risk limits, or a combination?
3. How does your firm monitor risk?
 - a. List what measurements are used when evaluating risk.
 - b. At what level are these risk measurements used: total portfolio, asset class, asset style, investment manager?
 - c. Which measurements are most important in the analysis of risk?
 - d. Discuss your views on investment manager tracking error.
4. What sort of risk budgeting, manager structuring tools and processes does your firm utilize?
5. Describe any risk management capabilities and associated costs that are offered to clients.

**SECTION 7
PERFORMANCE REPORTING**

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1. Describe your firm's performance reporting and evaluation services.
2. What methods and sources of data do you use in calculating investment performance of a client's portfolio? Do you reconcile your calculated performance with investment managers and custodians? Describe this process.
3. Briefly describe current quality control procedures for data.
 - a. How is the accuracy of data received from the custodian and investment managers verified?
 - b. How often does this verification take place?
4. Include a sample performance evaluation report in the appendix of your response.
5. Discuss the performance attribution your firm can provide.
6. Describe how benchmarks are chosen or developed. Describe your custom benchmark capabilities.

**SECTION 8
OTHER CONSIDERATIONS**

1. Discuss experience in monitoring Illinois based businesses?
2. Discuss any databases and the ability to develop relationships for the Fund with regards to Illinois based managers.
3. How does your firm work with emerging minority, female and persons with a disability owned firms within the framework of an overall investment plan?
4. The Illinois Sustainable Investing Act (30 ILCS 238) states a public agency shall prudently integrate sustainability factors into its investment decision-making, investment analysis, portfolio construction, due diligence, and investment ownership to maximize anticipated financial returns, minimize projected risk, and more effectively execute its fiduciary duty. How does your firm help clients meet this requirement?
5. Illinois Pension Code (40 ILCS 5/1-109.1(9)) states that it is the public policy of the State of Illinois to encourage trustees to use minority investment managers in managing Fund assets to the greatest extent feasible within the bounds of financial and fiduciary prudence. The Fund has adopted a Minority Investment Manager Utilization Policy. Refer to our website at www.mwrdrf.org to review the Fund's MIM Utilization Policy. How can your firm assist the Fund in meeting these goals?

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6. Public Act 100-0542 amends the Illinois Pension Code to require investment consultants to provide annual disclosures. Per 40 ILCS 5/1-113.22, please complete the following table for calendar year 2023.

The total number of searches for investment services made by the consultant in the prior calendar year (2023).	
The total number of searches for investment services made by the consultant in the prior calendar year that included a MWDBE firm.	
The total number of searches for investment services made by the consultant in the prior calendar year in which the consultant recommended a MWDBE firm.	
The total number of searches for investment services made by the consultant in the prior calendar year that resulted in the selection of a MWDBE firm.	
The total dollar amount of investments made in the previous calendar year with a MWDBE firm.	

7. What are your firm's consulting specialties and strengths? What differentiates your firm from your competitors? What are your firm's limitations?
8. Why should our Fund hire your firm rather than one of your competitors?

**SECTION 10
CLIENT BASE**

1. Enter number of institutional retainer clients in each category:

Size (\$Millions)	Public Pension Funds	Illinois Public Pension Funds
501-1000		
1001-5000		
Over 5000		

2. Please provide a current list of retainer public fund clients over \$500M AUM.
3. Please provide three public fund references.

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**SECTION 11
FEES**

1. The Fund will evaluate fee proposals based on full retainer services which shall include manager searches. The retainer fees quoted in this proposal must be in force for the entire five-year contract duration. **Please refer to the list of services (scope of work) required beginning on page four.** Items 1 through 14 should all be included in the annual retainer amount.

	Year 1	Year 2	Year 3	Year 4	Year 5	Total for Contract Period
Annual retainer						
Other services not included in items 1 through 14. Please specify.						

2. The Fund requires that the investment firm certifies that “no finder’s fee or finder’s commission or any other consideration has been, or will be paid to any individual or organization, other than a bona fide employee working solely for the investment firm, resulting from the establishment of this investment management relationship with the Fund.” Would your firm be able to make this certification?

Certification

I certify that the Firm meets the terms of the RFP including all the qualification listed on page three.

I certify that at the time of submitting this RFP that there are no past or present litigation(s) or regulatory actions against the Firm or any current employees.

I certify that I am an officer authorized to contractually bind the Firm.

Signature

Title

Name

Date

Email Address: _____