

CTA Retiree Health Care Trust

Investment Consulting
Request for Proposals

Advertised Date
April 29, 2025

Proposals Due *via email*
May 30, 2025
3:00 pm, Central Time
psidrys@ctapension.com

55 W. Monroe, Suite 1950
Chicago, IL 60603

INTRODUCTION

The Retiree Health Care Trust (the “Trust”) is requesting proposals from qualified professional firms interested in providing Investment Consulting Services.

The Trust was established in January 2008 and is governed by the Illinois Pension Code. The Board of Trustees (“Board”) of the Trust is made up of seven members who manage the assets of the Trust and authorize payment of health benefits for eligible retirees of the Chicago Transit Authority.

TERM OF AGREEMENT

The contract for the Investment Consultant’s services will be for a 5-year term, but the Trust has the right to terminate the agreement, without cause, upon a 30-day notification.

TIMELINE

RFP Date of Issue:	April 29, 2025
Deadline to Submit Written Questions:	May 16, 2025, 3 pm
RFP Due Date:	May 30, 2025 3 pm
Evaluation of Submissions	May 30 - June 9, 2025
Interviews of Finalists (Tentative):	Week of June 9, 2025
Finalist Notification By (Tentative):	Week of June 16, 2025

SUBMISSION PROCESS

The RFP process will be overseen by an appointed Subcommittee of the Board of Trustees. The RFP is available on the Trust’s website: <http://ctaretirement.org/healthcare-trust/>. Questions concerning the RFP must be submitted via email to the search contact listed below by 3:00 PM Central Time on May 16, 2025.

Any responses received after 3 pm on Friday, May 30, 2025 will not be considered for this search.

SEARCH CONTACT

Paul Sidrys, Executive Director, psidrys@ctapension.com. All questions from prospective bidders should be submitted via email to this address by May 16, 2025, no later than 3 pm. Any questions deemed to be of general interest to all bidders will be posted to the CTA Retirement Plan website beginning May 19, 2025.

PLAN INVESTMENT SUMMARY

As of April 1, 2025, the Trust’s invested assets were valued at approximately \$1 Billion. The Fund’s long-term, expected rate of return is 6.85%. For more detailed information, please visit our website at www.ctaretirement.org.

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 ten flash drives, each containing your response to this request for proposals. Paper responses will not be accepted.

QUALIFICATIONS

In order to be qualified to participate in the RFP process, a respondent must meet all the following qualifying criteria:

1. Agree to act as a fiduciary with respect to the Trust.
2. Be registered as an Investment Advisor with the Securities & Exchange Commission pursuant to the Investment Advisors Act of 1940; such registration must be current. (Must provide most current Form ADV I and II).
3. As of December 31, 2024, the firm must have at least three public fund clients, each with at least \$1B in assets.
4. As of December 31, 2024, the firm must have been in business at least ten years.
5. The primary consultant(s) assigned to the Trust's account must have at least ten years of consulting experience with at least five years as a primary consultant.
6. Carry errors and omissions insurance or a comparable instrument to cover the firm's negligent acts or omissions.

EVALUATION CRITERIA

Each proposal received in response to the RFP will be objectively evaluated and rated according to the Firm's approach and process, staff, experience of Firm, results of reference checks and fees. The proposal will be evaluated by an appointed committee of the Board of Trustees. The firms with the highest scoring proposals will be interviewed by the committee and Staff.

SELECTION

The evaluation process is designed to award the contract to the Respondent whose proposal best meets the requirements of this RFP, and not necessarily to the respondent with the lowest fees. The final selection, if any, will be based on the evaluation committee's recommendation after analysis of the technical, management and cost elements of the proposal and oral presentations.

QUIET PERIOD

The Quiet Period shall begin with the RFP Date of Issue and end when the selection has been made by the Board. The Quiet Period prohibits respondents from communicating with the Board or staff regarding any services relative to this search. During the Quiet Period, the Board and staff cannot accept meals, travel, lodging or any other goods or service of value from the respondents. A respondent will be disqualified for violating the Quiet Period. Questions regarding the search shall be forwarded to the Executive Director.

DISCLOSURE OF PROPOSAL CONTENT

Respondents are advised that proposal materials are subject to the Illinois Freedom of Information Act. The law requires that at the conclusion of 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 only be withheld to the extent permitted by law.

DISPOSITION OF PROPOSALS

All proposals become the property of the Trust and will not be returned to the respondent. The Trust 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

An Investment Consultant shall furnish to the Trust the following described services:

- Serve as a fiduciary and assist the Board and staff in fulfilling its fiduciary responsibilities for the Fund's investments with proper oversight, governance and monitoring of its investment programs.
- Conduct an annual review of the Trust's investment policies, philosophies, processes, procedures and performance.
- Work with staff to develop and recommend (and periodically update) asset allocation and investment strategies for the Trust. The strategies should reflect an assessment of the investment environment with a focus on expected returns and risks, the Trust's risk tolerance, and the investment objectives.
- Attend monthly Board Meetings to provide investment performance reports. All returns on investments must be reported as net of all fees, commissions, and any other disclosed compensation.
- Review custodial operations, transition management procedures, securities lending structure and guidelines. Recommend best practices regarding these professional services, as appropriate, and work with the Trust's third party providers and other investment related professionals as required and appropriate.
- Assist the Trustees and Staff with a Custodial Search if requested.
- Present to the Board comparisons of investment manager performance against Board established benchmarks; relevant peer groups developed by the Trust and the consultant; and established universes maintained by the consultant. Additionally, the investment consultant will develop an evaluation system for investment manager performance.
- Assist the staff in preparing requests for proposal for investment manager searches; review responses, rank responses, interview managers on site, and complete due diligence inquiries where appropriate on investment managers selected by the Trust as finalists for consideration.
- Provide Trustee and staff training materials and programs, on request and provide contemporary investment management information on an ongoing basis.

- The investment consultant may be required to conduct specialized research projects from time to time.
- In the RFP process, the investment consultant will provide examples of the items required above that are currently being provided to other clients.

**SECTION 1
ORGANIZATIONAL BACKGROUND**

1. 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 in excess of 7.5%, and the executive officers of the firm.
2. Please list the locations(s) of your headquarters, branch offices and the primary function of each office. Please also identify the location from which this account would be serviced.
3. What investment consulting services do you provide?
4. Please describe the levels (dollar amounts) of coverage for SEC-required (17 g-1) fidelity bonds, errors and omissions coverage and any other fiduciary coverage which your firm carries. List the insurance carriers supplying the coverage. Will you supply a copy of the insurance policies for review if requested?
5. Have you made any claims in the last five years on the insurance referenced in Question 4?
6. Within the last three years has the firm, any predecessor of the firm, member of the firm or affiliate been the subject of any investigation, 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.
7. Please discuss any conflicts of interest your firm may have in the management of any client accounts. Include any clients, activities of affiliated or parent organizations, brokerage activities, investment banking activities, asset management or any past or current relationships of any kind with Trustees. Include any other pertinent activities, actions, or relationships not specifically outlined in this question.
8. Does your firm provide trust, asset management, or securities brokerage (including commission recapture) services? Does your firm provide those services for any of your consulting clients? If so, please discuss how you manage potential conflicts. (*The Board will not consider hiring an Investment Consultant that would also seek to provide asset management services for the Trust.*)
9. What percentage of the firm's revenues last year was attributable to such trust, asset management or securities brokerage services (including commission recapture)?
10. Does your organization receive revenue from money management firms for services other than advising them on their own benefit plans? Such services would include strategic consulting fees,

conference fees, or fees to be included in databases. If yes, identify the amount and percent of your revenue that is derived from these relationships.

11. Does your organization provide any other services or engage in any other lines of business aside from investment advisory services, trust, investment management, or securities brokerage services? If so, please describe such services and the percentage of last year's revenues that was attributable to such services.
12. Within the past three years, has the firm been involved in any lawsuits concerning the performance of investment consulting or asset management services? If so, please explain.
13. Provide a draft consulting/service agreement required by your firm for the services referred to above. Please indicate whether you will consider modifications to the consulting/service agreement and respond to the following related questions:
 - a. If retained, will your firm agree to incorporate all of your responses to this RFP into your consulting/service agreement?
 - b. If retained, will your firm seek to limit its liability in any way in your consulting/service agreement or otherwise?
 - c. If retained, will your firm seek to include an indemnity from the Trust in your consulting/service agreement?

SECTION 2 PEOPLE/ORGANIZATION

1. What is the total size of your staff? How many of these are investment consultants? Please provide an organizational chart of your firm.
2. Please list all principal officers, consultants, and client service officers by name, providing appropriate biographical information.
3. Do any of your investment consultants have portfolio management or Plan Sponsor experience? Please give details.
4. How is your organization structured to service your accounts (e.g., describe support structure for your consultants)?
5. How many of your current consultants hold the CFA designation? How many have advanced degrees?
6. Please identify the person in your firm that would be responsible for our account on a day to day basis and estimate what percentage of their time would be dedicated to our account.
7. How will continuity of service be maintained?

8. Have any personnel, other than secretarial, support-type staff, left or joined the firm in the last three years? If so, please indicate when and why.
9. Please discuss your organization's compensation and incentive program. Included in your answer, please include information on the following:
 - a. How do you attract, retain, and motivate qualified investment consultants?
 - b. How are professionals evaluated and rewarded?
 - c. What criteria must be met for employees to become vested owners of your firm, if any?
 - d. If no employee ownership program exists at this time are there any plans to include one in the future?
10. 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?

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. Describe the internal structure and organization of your research department.
3. Give examples of how your research has been integrated into your products and services.
4. Do you provide research reports? If so, please include two sample research reports.
5. What tools do you use to evaluate managers and the market? Did you develop these tools in-house or purchase them from outside vendors?
6. Do you provide asset liability studies for your clients? If so, please describe the process you take in conducting these studies and provide a sample study from another large public fund.
7. Describe the educational opportunities provided to your clients' trustees and staff. Describe the qualifications of presenters at recent workshops.
8. Do you keep a database of white papers? If so, is it available to your clients?
9. Give examples of research and use of that research and discuss measurement and reporting for the following risk management issues: portfolio volatility, VaR, Hedging, and Beta management.

10. Please describe your process for monitoring and reporting on market trends. Describe your capabilities for reporting and tracking international trends and influences.
11. Please describe your technology capabilities and relate them to your consulting services or products. Do you provide any custom computer-based analytical tools to your clients? If so, please describe.

SECTION 4
ASSET ALLOCATION & INVESTMENT POLICY

1. Describe in detail your firm's asset allocation process. Be sure to address the development and modification of investment policy statements (provide most recent examples updated within the last year) portfolio structure analysis, and guidelines for investment managers.
2. Provide an outline of the issues and items that would be covered in a typical policy statement.
3. How often does your firm recommend a formal review of asset allocation studies?
4. Describe your methodology for analyzing a client's investment portfolio structure, the mix and type of managers, and the optimal number of managers for multi-million dollar portfolios.
5. Please explain size, composition, and source of your performance measurement database. What indices are used for relative comparisons?
6. Describe the methods you use to verify that a manager continues meeting objectives they were selected to meet, as well as how frequently you interact with managers to assure they are meeting style and other selection criteria standards.
7. Does your firm develop capital markets and asset class return assumptions? If so, how?
8. Describe your firm's capital markets model. Is the model proprietary, or does your firm rely on an outside vendor's model? If your firm relies on an outside vendor, indicate the name of the vendor, name of the model, etc.
9. How does your firm develop inputs to the model? Does your firm develop standard inputs to the model for all clients? Can these inputs be customized based upon individual client views, needs or requirements?
10. 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.
11. Describe your firm's view on rebalancing. Include discussion on targets, ranges, frequency, and implementation methods.
12. What is your firm's position on indexing and enhanced indexing, etc.?
13. Describe your firm's capabilities to perform custodial services evaluations.

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?
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, 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 investment manager searches have you conducted in the last three years? What were the asset classes and investment strategies involved?
9. How many investment management firms are included in your database?
10. What criteria are used to recommend termination of a manager?
11. Do you have a separate minority and women business enterprise database for investment managers? If so, how many firms are included? What are the criteria for inclusion?
12. Does your firm dedicate specific resources to the alternative asset class space? If so, please discuss.
13. Does your organization provide performance measurement and search services related to the alternative asset class? How many searches have been done for alternative investments in the last two years?
14. What other services/vendors does your firm have resources and research available on? (E.g. custody, transition management etc.)
15. Describe your manager research structure (list your firm's researchers and their overall responsibilities) and the resources dedicated to this area?
16. Describe the MWDBE goals used by some of your clients and describe how you help them achieve those goals.

SECTION 6
RISK

1. What is your approach to managing absolute and relative 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? Are they proprietary or outsourced?
5. Describe any risk management capabilities and associated costs that are offered to clients.

SECTION 7
PERFORMANCE REPORTING

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. To what extent can your performance reports be customized to meet a particular client's needs?
4. How often are performance reports produced and delivered? 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.
7. Give an overview of your firm's approach and criteria for placing a manager on a watch list. Under what conditions the manager would be removed from the watch list?

8. Does your firm provide proxy voting services, and does it provide a report? If so, please provide an example.

SECTION 8 OTHER CONSIDERATIONS

1. How does your firm work with emerging minority, female and persons with a disability owned firms within the framework of an overall investment plan?
2. The Trust adopted an Emerging Investment Manager Utilization Program according to the Illinois Public Act 96-0006 which includes goals established for the management of assets by emerging minority, female and, disabled-owned firms. How can your firm assist us in meeting these goals?
3. What are your firm's consulting specialties and strengths? What differentiates your firm from your competitors? What are your firm's limitations?
4. Are you willing to comply with all the provisions of 40 ILCS 5/1-113.14(c)?
5. Why should our Trust hire your firm rather than your competitor(s)?
6. What is your philosophy regarding an investment consultant's relationship with the Board of Trustees, staff, and investment managers? Please describe how you plan on collaborating with each.
7. Are there any fundamental beliefs about capital markets underpinning your firm's investment advice to its clients?

**SECTION 9
CLIENT BASE**

1. Please fill in the table below, indicating the number of your clients that fit into each size and category:

Size (Millions)	Public Pension Funds	Illinois Public Pension Funds	Taft-Hartley Funds	Endowments/ Foundations	Corporate Funds
0 - 50					
51-500					
501-1000					
1001-5000					
Over 5000					

2. Please provide a current list of public fund clients.
3. Please provide at least three public fund references.
4. Please list any clients who have terminated the firm's services within the last 5 years and explain why the services were terminated.

**SECTION 10
FEES**

1. How does your firm determine fees?
2. Does the firm offer an all-inclusive retainer? If so, what services are included?
3. What is your proposed fee for investment consulting services? Provide a breakdown of the fee components for various services. (Soft Dollar Arrangements will not be considered.)
4. Would you charge separately for travel expenses? If so, explain in detail your policy.
5. What other costs or expenses might we incur with your firm?
6. Please provide any complaints against your firm or any individual employee of the firm received by the Securities and Exchange Commission and the National Association of Securities Dealers