

## EXHIBIT A: PROPOSED FORM OF AGREEMENT

### **INVESTMENT CONSULTING AGREEMENT**

This Agreement is made and entered into as of \_\_\_\_\_ by and between \_\_\_\_\_ ("Consultant"), and Municipal Employees' and Officers' Annuity and Benefit Fund of Chicago, an Illinois Public Pension Fund ("Client").

- I. **ENGAGEMENT OF CONSULTANT.** Client hereby agrees to retain Consultant to perform the "Services" set forth in Section II of this Agreement and Consultant agrees to perform such Services. The Services of Consultant to Client are not exclusive and Consultant shall be free to render similar services to others so long as such other services do not impair its ability to perform hereunder. Consultant shall be free to retain such employees as it may determine and assign to them such responsibilities, including responsibilities relating to the performance hereunder, as it may determine. It is understood and agreed that the relationship between the parties hereto shall be that of independent contractors and nothing herein shall be construed to constitute or appoint Consultant or its officers and employees as an agent of Client.
- II. **SERVICES.** The Services to be performed by Consultant for the Client may include the following:
  1. **Systems Review.** Consultant will conduct an initial, comprehensive review of the current investment program. The review will include the following:
    - (a) an assessment of the program's current design;
    - (b) a review of the current portfolio structure;
    - (c) an evaluation of the current investment manager lineup; and a written report containing observations and recommendations for the program where appropriate.
  2. **Development of Investment Policy and Guidelines.** Consultant will meet with the representatives of Client to develop written investment policies and guidelines that will govern future management of the client's assets. In formulating such policies and guidelines, Consultant will consider the following:
    - (a) current financial condition of Client and its future plans;
    - (b) the Client's liabilities, liquidity and distribution needs;
    - (c) level and nature of contributions;
    - (d) desired investment policy and risk profile;
    - (e) the risk tolerances and preferences of the Client; and
    - (f) quantitative asset allocation analysis and portfolio optimization techniques.

3. Selection of Investment Manager(s). Consultant will assist the Client in selecting an investment manager(s) if and when needed. Consultant's assistance will consist of:
  - (a) reviewing its database for potential investment managers that provide the services being considered by the Client;
  - (b) discussing and reviewing with the Client the qualifications of potential investment managers;
  - (c) if requested, analyzing investment manager(s) identified by the Client and performing complete due diligence on each such investment manager(s);
  - (d) interviewing potential investment manager(s) and reviewing with the Client the results of such interview(s);
  - (e) recommending potential investment manager(s) to the Client, as necessary; and
  - (f) organizing final presentations by the investment manager(s) and assisting the Client in the final selection of an investment manager(s).
  
4. Performance Evaluation. On a calendar-quarter basis, Consultant will calculate the rates of return for each component of the Client's investment program. Consultant will prepare quarterly written reports that will include:
  - (a) an analysis and summary of the most recent events in the financial markets;
  - (b) an analysis of the allocation of Client's investments across asset classes and/or managers and changes in that allocation; and
  - (c) a review of the investment results of all managers, funds and asset classes in the context of their objectives and benchmarks, comparison to peers within Consultant's performance database, along with specific commentary on factors affecting performance.

Performance reports will be distributed to the Client no later than 45 days after quarter-end.
  
5. Meetings. Consultant will attend the monthly meeting of the Client and make every effort to attend any special meeting called by the Client where Consultant's presence is requested to discuss the investment program.
  
6. General Consultation. Consultant will accommodate all reasonable requests for information and/or analysis of a general nature.

III. INFORMATION AND STATEMENTS. Client shall provide or cause to be provided to Consultant information, including periodic financial statements and periodic written statements of assets and transactions, as Consultant may reasonably request from time to time in the performance of its Services, and Consultant may rely on such reports without further inquiry or

review. Consultant agrees that it and its officers and employees will treat as confidential any information received from Client and will not release any Client information without the prior approval of the Client, except as may be required to be disclosed (i) in connection with performing its Services to be rendered hereunder or (ii) by law or legal process. It is understood and agreed that Consultant, in the preparation of its reports, does not assume responsibility for the accuracy of any information furnished by Client, the selected investment advisor(s), the master custodian, or any other person, firm or corporation.

- IV. **TERM AND TERMINATION.** The term of this agreement shall commence on \_\_\_\_\_, 2013 and shall continue to \_\_\_\_\_, 2018 unless terminated by either party. This agreement may be terminated upon 30-days written notice by the Client or upon 90-days written notice by the Consultant. Upon termination, Consultant shall refund any prepaid fees to Client on a pro-rata basis, and Consultant may deduct from that sum before payment any amounts that Client owes to Consultant.
- V. **REPRESENTATIONS OF CONSULTANT.** Consultant warrants, represents and certifies to Client as follows:
- (a) There are no direct and indirect fees, commissions, penalties and other compensation, including reimbursement of expenses that may be paid by or on behalf of Consultant in connection with the provision of services to Client.
  - (b) Attached hereto as Exhibit B is a true, accurate and complete list of the names and addresses of (i) Consultant; (ii) each entity that is a parent of, or owns a controlling interest in, Consultant; (iii) each entity that is a subsidiary of, or in which a controlling interest is owned by, Consultant; (iv) all persons who have an ownership or distributive income share in Consultant that is in excess of 7.5% and (v) each person who serves as an executive officer of Consultant.
  - (c) Consultant by signing this Agreement, covenants that Consultant has no public or private interest, direct or indirect, and shall not acquire directly or indirectly any such interest, which does or may conflict in any manner with the performance of Consultant's services and obligations under this Agreement. Any such conflict shall be disclosed to Client and Client shall determine whether such conflict is cause for termination of this Agreement.
  - (d) Consultant agrees that it shall abide by and follow all applicable policies of Client during the term of the Agreement, including without limitation the Investment Policy Document.
  - (e) Consultant agrees that it shall notify Client of any potential conflict of interest between Consultant's investment consulting obligations to Client and its investment management services, if any, including, without limitation, written notice to Client if Consultant is at any time recommending to Client and investment manager with whom Consultant has a business relationship or from whom the Consultant receives any form of compensation or remuneration.

- (f) Consultant agrees to provide such certifications on an annual basis as requested by Client, including, without limitation, an annual certification that Consultant is in conformance with SEC Rule 206(4)-5.

VI. **CONFIDENTIALITY; PROPRIETARY INFORMATION.** In connection with the performance of its services under this Agreement, Consultant will hold any confidential information it receives concerning Client in strict confidence, and will not disclose any such information to any third party except as necessary in connection with the performance of its duties on behalf of Client or as required by applicable law. Consultant will be relieved of the undertaking of this section with respect to any Client information which is made public through no fault of Consultant.

VII. **CLIENT WORK PRODUCT.** All documents, including reports and all other work product produced by Consultant under this Agreement, will become and remain the property of Client. All information obtained by Consultant concerning matters of Client is confidential and shall remain confidential.

VIII. **COMPENSATION TO CONSULTANT.**

1. Consulting Fee. For so long as it provides ongoing services rendered under this agreement as described in Article II, Client shall pay Consultant a fee. The current fee is set forth on the schedule of fees attached as Exhibit A. All fees are billed quarterly in arrears and are payable within 45 days of the end of the quarter.
2. Other Services. If Consultant is required to perform the other services not contemplated herein, then Client shall pay Consultant additional compensation in an amount to be agreed upon in writing between Consultant and Client:

IX. **INDEMNITY.** Consultant agrees that it will indemnify and hold harmless Client of, from and against any and all costs, claims, losses, demands or liabilities (including legal fees and amounts paid in settlement) with respect to the acts, transactions, duties, obligations or responsibilities of Consultant or any other person, agent, firm or corporation working with or for the Consultant. The Consultant shall not indemnify Client for any loss, damage, liability, cost or expense arising from fraud, willful violation of law, gross negligence, bad faith, breach of fiduciary duties, willful misconduct, or willful breach of this Agreement committed by the Client.

X. **NOTICES.** Any notices, demand, or communication required or permitted hereunder shall be in writing and shall be deemed duly given for all purposes upon: (i) the actual receipt by the recipient, if notice is given by personal delivery or any method not described below; (ii) one business day after deposit of notice, if notice is given by reputable overnight commercial courier service for next day delivery; (iii) four business days after mailing, if notice is given by U.S. mail, postage prepaid; and (iv) when sent, if notice is given by facsimile or e-mail and a confirmation copy of such notice is simultaneously sent by personal delivery, U.S. mail, or reputable overnight commercial courier service. Notices shall be addressed to Consultant at:

*Consultant Name*  
*Street Address*

City, State ZIP

and to Client at:

Municipal Employees' and Officers' Annuity and Benefit Fund of Chicago  
321 North Clark Street, Suite 700  
Chicago, IL 60654

or at such other address as shall be specified in each case in a written notice duly given.

XI. **ACKNOWLEDGEMENT AND CONSENT OF USE OF CLIENT'S NAME.** The Client acknowledges, consents to, and authorizes Consultant to use the Client's name in Consultant's brochures, marketing or advertising materials. The Client understands that Consultant's use is only for the purpose of showing other potential clients that the Client uses the consulting services of Consultant. Consultant shall not disclose any other information about the Client or its account assets without the Client's written consent.

XII. **MISCELLANEOUS.**

1. **Fiduciary Responsibility.** Consultant recognizes it is a fiduciary on behalf of the Client in accordance with 40 ILCS 5/1-109 and shall discharge its duties with respect to the Client solely in the interest of Client's participants and beneficiaries.
2. **Compliance With Law.** The parties shall comply in all material respects with any and all applicable Federal, State and local laws and regulations as the same exist and may be amended from time to time. Notwithstanding any other provision herein, any action of a party that is required by law or regulation shall not be deemed a breach of this agreement. Client will be notified immediately in writing if Consultant is unable to comply with any and all applicable Federal, State and local laws and regulations during the term of this agreement.
3. **Governing Law.** This Agreement shall be governed by and construed according to the laws of the State of Illinois without reference to choice-of-law or conflict-of-law principles.
4. **Severability.** If, for any reason, any provision of this agreement is held to be unenforceable, the remainder of the provisions of this agreement as may remain otherwise intelligible shall nonetheless be valid and enforceable to the maximum extent allowed by applicable laws except to the extent that the intent of this agreement is frustrated thereby.
5. **Insurance.** Consultant will at all times during this agreement carry a reasonable level of professional liability and workers compensation insurance and provide the Client with an accord certificate evidencing the coverage for their file.
6. **No Third-Party Beneficiaries.** This agreement is for the sole benefit of the parties hereto, and nothing in this Agreement is intended nor shall be deemed to confer any

rights, remedies, or benefits to, or be enforceable by, any other individual or legal entity. In addition, Consultant states that no third-party placement, marketing, solicitors, finders, consulting, or other contingent fees were paid based on the Client's execution of this Agreement.

7. Amendments. This Agreement may not be amended, modified, or repealed except by a written amendment or other document signed by both of the parties hereto.
8. Entire Agreement. This Agreement constitutes the entire agreement among the parties hereto and contains all the agreements among such parties with respect to the subject matter hereof and supersedes any and all other agreements, either oral or written, between such parties with respect to the subject matter hereof.
9. Assignment. Neither party may assign this Agreement without the prior written consent of the other party.
10. Binding Effect. This Agreement shall be binding upon, and inure to the benefit of the parties hereto and their respective successors and assigns.
11. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have entered this Agreement on the date first written above.

*(Consultant)*

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

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

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

Municipal Employees' and Officers' Annuity and Benefit  
Fund of Chicago

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

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

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

**Exhibit A**

**Schedule of Fees**

**Period: From \_\_\_\_\_, 2013 To \_\_\_\_\_, 2018**

Consultant has agreed to provide the Client with consulting services as described in Article II of the Investment Consulting Agreement dated \_\_\_\_\_, 2013. For purposes of Section V.1., from \_\_\_\_\_, 2013 to \_\_\_\_\_, 2018, Consultant's annual fee shall be \$\_\_\_\_\_. Consultant will review its fee agreement with Client upon expiration of this Schedule.

Consultant's fees are billed quarterly, in advance, and are payable immediately.

Consultant states that the consulting fee is the firm's sole source of compensation from the Client. Consultant receives no commission or fee, directly or indirectly, arising from the execution of this agreement.

ACKNOWLEDGED:

*(Consultant)*

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Municipal Employees' and Officers' Annuity and Benefit Fund of Chicago

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_