

**Village of Libertyville Police Pension Fund
Request for Proposal (RFP)
Investment Advisory/Management Services**

1. Introduction

The Board of Trustees (Trustees) of the Village of Libertyville Police Pension Fund (Pension Fund) is requesting proposals from investment advisers to manage a portion of the assets of the Village of Libertyville Police Pension Fund, as described in Section 2 below. The Village is not seeking Investment Consultant Services at this time.

During the evaluation process, the Trustees reserve the right, where it may serve the Pension Fund's best interest, to request additional information or clarification from proposers, or to allow corrections of errors or omissions. At the discretion of the Trustees, firms submitting proposals may be requested to make oral presentations. All costs incurred with the submission of proposals are solely those of the proposer. The Trustees and/or Police Pension Fund will not reimburse any expenses of proposers.

If you have any questions or communications pertaining to this Request for Proposal (RFP), please contact:

Patrice Sutton
Director of Finance/Treasurer
Village of Libertyville
118 West Cook
Libertyville IL 60048
psutton@libertyville.com

Questions must be submitted in writing; email is an acceptable means. Please provide a return email address and phone number for responses.

2. Description of the Pension Fund

The Village of Libertyville Police Pension Fund is a single-employer defined benefit pension plan that covers all sworn police personnel, governed by Illinois Compiled Statutes (40 ILCS 5/3-1). The fund is governed by a five-member pension board. As of April 30, 2016, the Fund's membership consisted of 35 inactive plan members currently receiving benefits, 3 inactive plan members entitled to but not yet receiving benefits, and 38 active plan members. As of December 31, 2016, the Fund has total assets of approximately \$28.8 Million. This RFP is strictly limited to the approximately \$12 million portion invested in fixed income investments.

3. Delivery of Proposals

Please submit proposals by email in PDF format to the Contact. If you wish to supply physical copies in addition to the PDF, send seven copies to the Contact; however, this is not required. The proposals must be received by **5:00 p.m. on April 7, 2017** to be considered. It is anticipated that investment management would begin July 1, 2017.

4. Requirements for Investment Advisor/Manager

I. Investment Advisor/ Manager:

Section 5/1-101.4 of the Pension Code defines an Investment Manager/Advisor as follows:

A) Is a fiduciary appointed by the pension board in accordance with Section 1-109.1 of the Pension Code;

- B) Has the power to manage, acquire, or dispose of any asset of the pension fund;
- C) Acknowledges in writing that he or she is a fiduciary with respect to the pension fund;
- D) Is at least one of the following: (i) A registered investment advisor under the Federal Investment Advisors Act of 1940, (ii) Registered as an investment advisor under the Illinois Security Law of 1953, (iii) a bank as defined in the Investment Advisor Act of 1940, or (iv) An insurance company authorized to transact business in the state of Illinois.

II. Requirements for Written Agreement between Pension Board and Manager/Advisor

Pursuant to Section 5/1-113.5(b), all investment advice and services provided by an investment advisor appointed under this provision must be rendered pursuant to a written contract between the investment advisor and the Board of Trustees. The contract must include all of the following:

- A) Acknowledgment in writing by the investment advisor/manager that he or she is a fiduciary with respect to the assets of the pension fund;
- B) Acknowledgment of the board's investment policy, which should be incorporated into the agreement as an appendix;
- C) Full disclosure of direct and indirect fees, commissions, penalties, and any other compensation that may be received by the investment advisor/manager, including reimbursement for expenses and including such fees, commissions, penalties or other compensation paid by or on behalf of the investment adviser in connection with the provision of services to the pension fund;
- D) A requirement that the investment advisor/manager submit periodic written reports on at least a quarterly basis, reporting all returns on investments, net returns after payment of all fees, commissions and other compensation; and
- E) A requirement that the investment/manager update the disclosure concerning fees promptly after modification of those fees, commissions, penalties or any other payments.
- F) An Illinois Law governing provision.

5. Request for Proposals Response Format

The purpose of this proposal is to demonstrate the qualifications, competence, and capacity of the firms seeking to provide investment management services to the Village of Libertyville Police Pension Fund in conformity with the requirements of this request for proposal. As such, the substance of proposals will carry more weight than their form or manner of presentation. However, the presentation will be considered as an example of the type of work typical of that of the firm. The proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement.

All responses to this RFP must follow the following format:

A. Firm Information

- 1. Name of Firm
- 2. Address
- 3. Name, telephone number, email address and title of individual with authority to commit firm.
- 4. Name, telephone number, email address and title of contract individual.

B. Description of Organization

- 1. Name of Asset Management Organization
- 2. Firm
 - a) The year the firm was founded.
 - b) List specific municipal or government accounts currently under management:
 - (i) Specifically highlight Illinois Police and Fire Pension Fund accounts, and
 - (ii) Specifically detail the total market value of the relationship and the market values of the fixed income and equity portions, and (iii) Highlight the number of years the firm has worked with the Fund.

- c) Number of Illinois Police and Fire Pension Fund accounts that have terminated their relationship with your firm in the last 10 years.
- 3. Portfolio Managers, Relationship Managers and Administrators who would have primary responsibility for the management of this account.
 - a) Name(s) and Title(s)
 - b) Provide biographies of these key personnel.
 - c) Number of accounts under management for the portfolio manager and assigned to the administrator.
 - d) Years of personal Illinois Police and Fire Pension Fund management experience.
 - e) Provide the names, responsibilities and tenure of key members of the Illinois Police and Fire Pension Fund management team that have left the firm within the last 3 years.
 - f) Who will represent your firm at pension board meetings?
- 4. Describe any special expertise and experience your firm has in providing investment advisory services to fire and police pension funds in Illinois.
- 5. Discuss your firm's insurance coverage.
- 6. Describe the competitive advantage your firm enjoys over its competitors.

C. Business Arrangements

- 1. List brokers executing more than 10% of your dollar volume over the last 12 months and disclose their percentages.
- 2. Please disclose and describe all sources of income you receive in connection with investment advisory services to pension funds, either direct or indirect. What third parties will you receive compensation from, including, but not limited to, commissions, 12(b) (1) fees, referral fees, etc.?
- 3. Discuss recommendations for custody. Are you affiliated with this custodian? Do you receive any compensation for this custodian in regard to this client? Are any custodian services delegated to other firms? Itemize all costs that would be incurred by the Fund should it choose to take your recommendations in regard to custody. Describe the ramifications if the Fund prefers to maintain its custodial agreement with PNC.
- 4. Does your firm practice in any underwriting activities, either direct or in arrangements with other financial institutions? Please disclose what bonds or stocks in your current portfolios is the result of such transactions and explain what fees or compensation your firm receives in such transactions.
- 5. Include with your response the proposed specimen investment advisory agreement for Article 3 and 4 fire and police pension boards.

D. Investment Procedures and Approaches

- 1. Briefly describe the philosophy and methodology of your security selection for fixed income. If you feel any of the more common investment "styles" apply to your philosophy, please so indicate.
- 2. Describe your capabilities in developing, implementing and modifying investment guidelines and objectives. What limit would you suggest for maximum issuer exposure?
- 3. To what extent does your firm manage individual bonds, as opposed to choosing other managers as sub-advisors?

E. Investment Performance

- 1. Please submit composite performance data for the last one-year, three-year, and five-year and ten-year periods ending December 31, 2016. Also, provide performance for each full year your firm has managed Illinois Police and Fire Funds through December 31, 2016. Please provide equity and fixed income composite performance separately. Specify if these returns comply with CFA Institute - GIPS performances presentation standards. Fixed income returns should include accrued interest. Indicate the composition of the composite and compare the composite performance against the appropriate market index/benchmark. The composite should contain ONLY Illinois Police and Fire Fund accounts

managed by your firm. Disclose if any Illinois Police and Fire Pension Funds clients were left out of the composite. If so, why were they left out?

2. Please provide an example of your reporting format for quarterly meetings.

3. How much flexibility is there in your reporting format? Can reports be customized at the Pension Board's request? Are there charges for such changes? Within what time frame can requested changes in reporting be made, i.e., at the beginning of the relationship only or anytime changes are needed? Are reports available in electronic format?

4. Describe the benchmark that your firm feels the portfolio should be managed against and why.

5. What would be your expected incremental pre-fee total return versus the benchmark?

F. Fees

1. What is your proposed fee structure, including start-up fees, annual fees, and all other fees?

2. Provide a detailed description of the services to be provided in exchange for the proposed fees?

3. Attach a sample investment contract with fee schedule.

G. Miscellaneous

1. Please provide a list of at least five Illinois Police and Fire Pension Fund client references with contact names, addresses, email addresses and telephone numbers.

2. Please provide a list of formal complaints, sanctions, or litigation against your firm in the last five years.

3. Has your firm, its principal or affiliate ever (i) been the subject of a non-routine Securities and Exchange Commission (SEC) inquiry or investigation or a similar inquiry or investigating for any similar federal, state or self-regulatory body or organization (ii) been a party to any litigation concerning fiduciary responsibility to other investment related matters, or (iii) submitted a claim to your errors and omissions, fiduciary, liability, and/or fidelity bond insurance carrier(s)? If yes to any, please provide details.

4. Provide a list of any/or all affiliates with financial institutions, insurance companies, mutual funds, and/or brokerage firm. Please provide a description of each affiliation.

5. Please state whether you are willing to acknowledge that you are a fiduciary of the pension fund as defined in the 40 ILCS 5/1 – 101.2, Illinois Statutes.

6. Please state whether you agree that the venue for any judicial proceeding shall be the State of Illinois.

7. If requested, what other services could your firm provide (on-site training, etc.) for trustees and staff?

8. Specify how your firm will handle transfer of assets if you will not be using our current custodian. Describe how your firm will assist in transition management.

Pursuant to 40 ILCS Section 5/1-110(d) of the Illinois Pension Code, the manager shall not knowingly cause or advise the Pension Fund to engage in an investment transaction when the investment manager has any direct interest in the income, gains, or profits of the investment adviser through which the investment transaction is made or has a business relationship with that investment adviser that would result in a pecuniary benefit to the investment manager as a result of the investment transaction.

2017 Meeting Schedule (Allen H. Schertz Municipal Building, 200 East Cook Avenue, 3:00 p.m.)

January 10, 2017

April 11, 2017

July 11, 2017

October 10, 2017

ATTACHMENTS

Investment Policy

Libertyville Police Pension Fund Investment Policy

Amended as of October 14, 2014

1. Scope of Investment Policy

This Investment Policy applies to the investment activities of the Board of Trustees of the Libertyville Police Pension Fund. The management and investment of the Pension Fund is statutorily entrusted to the Board of Trustees of the Libertyville Police Pension Fund.

2. Objectives of the Investment Policy

The purpose of this policy is to establish cash management and investment guidelines for the stewardship of the Pension Fund monies. Specific objectives include:

- a) Safety of Principal
The safety of principal is the foremost objective of this Investment Policy.
- b) Liquidity
The Pension Fund's investment portfolio shall remain sufficiently liquid to pay all benefit payments as well as any operating requirements, which may be reasonably anticipated.
- c) Diversification
The Pension Fund shall diversify its investments to minimize risks.
- d) Maximum Rate of Return
The investment portfolio of the Pension Fund shall be designed with the objective of receiving the maximum rate of return consistent with risk limitations identified herein and prudent investment principles.
- e) Public Trust and Prudence
In managing its investment portfolio, the Pension Fund shall avoid any transaction that might impair public confidence in the fund. Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of the capital as well as the probable income to be derived.

3. Responsibility and Delegation of Authority

The establishment of the Investment Policy is the responsibility of the Board of Trustees of the Libertyville Police Pension Fund. The Board of Trustees shall be responsible for implementing the Policy and managing the Pension Fund's portfolio within its guidelines. Investments of the Pension Fund are to be authorized by the Pension Board. The Pension Board may, upon execution of a written agreement, delegate authority to persons for executing investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy. Maintenance of investment records is the responsibility of the Board of Trustees of the Pension Fund.

4. Investment Instruments

The Pension Fund may invest pension fund monies in any type of security pursuant to Sections 1-113.2 through 1-113.4a of the Illinois Pension Code, as may be amended from time to time or pursuant to the guidelines of this investment policy, whichever is more restrictive."

5. Diversification and Maturities of Investments

In order to reduce the risk of default, the investment portfolio of the Pension Fund shall not exceed the following diversification limits:

- a) Not more than 10% of the Pension Fund monies shall be invested in any one entity, provided that such limitation shall not apply to funds invested in cash equivalents, U.S. Treasury securities or agencies held in safekeeping by an authorized custodian.
- b) Funds deposited at an institution shall not exceed 5% of the capital stock and surplus of that entity.
- c) Separate accounts of a life insurance company authorized to do business in Illinois, comprised of common or preferred stocks, bonds, or money market instruments (see g).
- d) Separate accounts of a life insurance company authorized to do business in Illinois, comprised of real estate or loans upon real estate secured by first or second mortgages (see g).
- e) Mutual funds (stocks, bonds or money market instruments) managed by an investment company as defined and registered under the Federal Investment Company Act of 1940 and registered under the Illinois Securities Law of 1953. Investments are allowed in mutual funds that have at least \$250 million in assets and have been in operation for at least 5 years (see g).

f) Direct investments in common or preferred stock must be made through a registered investment advisor with a written contract stating that the advisor is a fiduciary under this plan. This investment policy must also be incorporated in the contract. Stocks purchased must otherwise comply with the requirements set forth in Section 1-113.4a of the Illinois Pension Code as may be amended from time to time.

g) As a general guideline:

Until June 30th, 2012, the total equity investment in separate accounts, mutual funds and direct stock investments shall not exceed 50%. After July 1st, 2012, equity investments shall not exceed 55%. Cash and Fixed Income would be the remaining portion not allocated to the equity investment. Pursuant to the Illinois Department of Insurance and the State Attorney General's guidance, allocations up to 65% in total equities are permitted. However 10% of the allocation must be in mutual funds that meet the following requirements: (A) the mutual fund is managed by an investment company as defined and registered under the federal Investment Company Act of 1940 and registered under the Illinois Securities Law of 1953; (B) the mutual fund has been in operation for at least 5 years; (C) the mutual fund has total net assets of \$250 million or more; and (D) the mutual fund is comprised of diversified portfolios of common or preferred stocks, bonds, or money market instruments.

More specifically:

Assuming a balanced allocation on the equity side of the maximum of 65%, the asset class breakdown for equities is below. The values are a percentage of the total portfolio, not just the equity portfolio.

LC Core Equity	MC Core Equity	SC Core Equity	International Stocks	Emerging Markets	REITs	Commodities	
45%	15%	15%	15%	5%	5%	5%	Max
20%	0%	0%	0%	0%	0%	0%	Min

While adhering to the general sector allocation of the Barclays Government/Credit Benchmark, the more specific allocation guidelines, by asset class, for the fixed income investments are as follows:

Asset Class	Normal Allocation ³	Range of Allocation (Min and Max)
Cash, Money Market, IPTIP accounts ¹	0%	0-10%
Bank Certificates of Deposit ²	0%	0-10%
U.S. Treasury and Agency Securities	30%	25-50%
U.S. Government Agency MBS's	25%	10-30%
Taxable Municipal Securities	0%	0-20%
Corporate Bonds ⁴	45%	20-50%
Fixed Income Equity ⁵	10%	0-15%

Notes:

- ¹ Cash will be maintained to manage cash flow of the Fund or as a transition asset.
- ² Bank certificates of deposit will only be used if market returns are favorable. They will be used as a substitute for the Treasury and Agency portion of the portfolio.
- ³ Under normal market conditions the structure of the portfolio will be within these limits; however, the portfolio manager may diverge from the above suggestions due to abnormal market conditions subject to Board approval.
- ⁴ Please refer to section 5(h) for description of corporate bonds.
- ⁵ See definition in Appendix A

Annually, at the pension board meeting date closest to, but prior to its fiscal year end, the trustees will reassess compliance with the above guidelines and the appropriate action, if needed.

With respect to investments in corporate bonds, bonds rated investment grade by two or more NRSRO's (Nationally Recognized Statistical Rating Organization) are acceptable. If there is a downgrade below investment grade by any one of the NRSRO, the position will be sold in a prudent fashion and within 90 days after the downgrade pursuant to Section 1-113.2(14)(2). Total exposure to corporate bonds shall not exceed 60% of the total fixed income portfolio. Exposure to any one entity shall not exceed 2% of the fixed income allocation. Corporate bond investments must be made through a registered investment advisor with a written contract stating that the advisor is a fiduciary under this plan. To the extent possible, the Fund will attempt to match the maturity schedule of its investments with anticipated cash flow requirements.

6. Investment Goals and Measurements

The investment goal of the Fund is to achieve the maximum rate of return consistent with a minimum degree of risk and prudent investment practices. Measurements against appropriate benchmarks will be made at least quarterly.

7. Prohibited Transactions

Any fiduciary with respect to the Fund shall not cause the Fund to engage in any activity or transaction, which he or she knows or should know that such transaction constitutes a conflict of interest. In addition, any investment instruments not covered by this investment policy (Section 4, Investment Instruments) are strictly prohibited. As of right now, ADRs at this time are prohibited unless the DOI changes its opinion.

8. Qualified Financial Institutions

The Pension Board shall select financial institutions, brokers and consultants in accordance with the requirements of 40 ILCS 5/1-113.5 based on the following criteria:

- a) Security
 - 1) Investments may be made only in banks that are insured by the Banking Insurance Fund of the FDIC.
 - 2) Investments may be made only in those savings and loan associations, which are insured by the Savings Association Insurance Fund of the FDIC.

- b) Statement of Condition

No financial institution shall receive any pension funds unless it has furnished the Pension Board with copies of the last 2 sworn statements of resources and liabilities, which the financial institution is required to submit to its primary regulatory agency.

Once selected, the financial institution shall remit a copy of its statement of resources and liabilities annually to the Pension Board. Not included in this policy are financial institutions that have total assets in excess of \$10 billion.

- c) Services and Fees

Any financial institution selected shall provide normal banking services, including, but not limited to: checking accounts, wire transfers, purchase and sale of investment securities and safekeeping services. Fees for banking services shall be mutually agreed to by an authorized representative of the depository bank and the Pension Board.

9. Conflicts of Interest

All members of the Board of Trustees of the Libertyville Police Pension Fund shall disclose to the Pension Board any material financial interests in financial institutions that conduct business within this jurisdiction, and they shall further disclose any material personal financial/investment positions that could be related to the performance of the Pension Fund's portfolio.

10. Cash Management

The Pension Fund's objective is to invest funds in excess of those needed for the payment of benefits and any other necessary purpose and to maximize revenue from the investment of such available cash. All excess cash shall be maintained in interest bearing accounts.

11. Controls and Custody of Assets

The fund maintains its records on a fund basis of accounting in conformance with generally accepted accounting principles. The fund maintains a trust custodian account that is used to facilitate the trading of eligible investment securities for the Fund. All bank accounts are reconciled to the Fund's books on a monthly basis under the supervision of the Treasurer of the Pension Fund. The Treasurer is named as an authorized signature on all of the Pension Fund accounts.

All disbursements from the Pension Fund shall be authorized by the Pension Board of Trustees and executed by two (2) signatures of which one must be the Treasurer of the Pension Fund and the other must be another Trustee of the Pension Board.

The current investment portfolio and all related records are maintained for public and managerial inspection by the Treasurer. Investments will be issued in fully registered form, when available, and will be held in safekeeping or in book entry form. Public access to the above documents will be by the authorization of the Treasurer.

12. Reporting

The Treasurer or appointed investment advisor shall submit an investment report to the Pension Board of Trustees at all regular Board meetings and at such other times as requested by the President of the Pension Board of Trustees, which shall describe in detail the components of the portfolio in terms of investment securities, maturities, cost, interest rate, and earnings.

13. Schedule of Meetings

The President of the Fund, in concurrence with the other board members, shall annually set the meeting dates of the Fund one year in advance. These dates will be posted so that beneficiaries are aware of the time and place of the meetings.

14. Audit

The Village of Libertyville Police Pension Fund will be audited in conjunction with the annual examination of the books and records of the Village of Libertyville Police Pension Fund by an independent certified public accountant. In addition, the Fund is subject to periodic examination by the Illinois Department of Insurance.

15. Definitions

In order to assist the Trustees, beneficiaries, participants and other interested parties, the terms in Appendix A have been defined for the purpose of promoting understanding of some of the terms which may be used in this policy as applied to investments in general.

16. Amendments to Policy

This Investment Policy can be amended by a majority vote of the Board of Trustees of the Pension Fund at any time.

17. Restrictions

- a) Great Lakes Advisors, LLC (GLA) as a Registered Investment Advisor under the federal Investment Advisors Act of 1940; will be given full discretion to manage stocks and bonds for the Libertyville Police Pension Fund within the guidelines of this approved Investment Policy Statement and all other applicable statutory provisions.
- b) GLA will make recommendations to the Board (for approval) on the Fund's long-term strategic asset allocation model.
- c) GLA will make recommendations to the Board (for approval) on all manager and investment vehicle selection and termination.
- d) GLA will advise the Board on tactical asset allocation recommendations from time to time, but will require Board approval to implement these recommendations within the portfolio.
- e) The Fund will rebalance to the approved long-term strategic asset allocation model, including any existing approved tactical asset allocation recommendations, timely after each quarterly meeting.
- f) New money invested or withdrawn from the Fund between quarterly meetings will be invested/withdrawn timely 'as practical' to the approved long-term strategic asset allocation model, including any existing approved tactical asset allocation recommendations.

18. Adoption

This policy was adopted by the Board of Trustees of the Libertyville Police Pension Fund on April 9, 2013, and amended October 14, 2014. Copies will be distributed to all interested parties.

Signatures

For the Pension Board:

10/14/14
Date

[Signature]
Trustee
[Signature]
Trustee
[Signature]
Trustee

For Great Lakes Advisors, LLC:

By: [Signature]

Appendix A

<u>Accretion</u>	The upward adjustment of the book value (cost of acquisition) of a zero coupon bond.
<u>Accrual Basis</u>	An accounting procedure whereby debits and credits are entered in the books on the date incurred rather than on the date they are paid or received.
<u>Accrued Interest</u>	Interest due on a bond that must be paid by the buyer of a security to its seller.
<u>Agency</u>	A security issued by a corporation sponsored by the U.S. Government.
<u>Annuity</u>	Investment contract sold by a life insurance company.
<u>Basis Point</u>	There are 100 basis points in a full 1 percent. For example, 25 basis points represent $\frac{1}{4}$ of 1%.
<u>Beneficiary</u>	Person who will receive the financial benefits of an asset, subject to certain conditions.
<u>Bills</u>	Short-term securities of the U.S. Treasury sold at a discount from face value. Difference between purchase price and face value represents interest income if held to maturity.
<u>Callable</u>	Security that, at option of the issuer, may be redeemed prior to maturity.
<u>CPI</u>	Consumer Price Index – Government-sponsored index of change in prices for consumer goods and services over a period of time.
<u>Current Yield</u>	Percentage measured by taking annual interest from an investment and dividing by current market value.
<u>Discount Bond</u>	A bond whose dollar price is below its par or face value.
<u>Dollar Cost Averaging</u>	Method of formula investing based on periodic investments, in the same security, of equal dollar amounts.
<u>Federal Funds</u>	Excess reserves of member banks of the Federal Reserve that acts as a central bank and fiscal agent of the U.S.
<u>Fiduciary</u>	Person legally entrusted with the control of assets for the benefit of others.

<u>Illinois Funds</u>	A short-term money market fund for public funds in Illinois, previously called IPTIP (Illinois Public Treasurers' Investment Pool).
<u>Barclays Index</u>	Various indices that quantify total return performance on a group of similarly defined fixed income securities.
<u>Monetary Policy</u>	General term that describes the actions of the Federal Reserve as it controls the supply of money and credit in the U.S. economy.
<u>Mutual Fund</u>	An investment company which pools and invests customer assets.
<u>Par</u>	Used in securities industry to represent any security whose market of offering price is the same as its face value at the time of redemption.
<u>Premium Bond</u>	A bond whose dollar price exceeds its par or face value.
<u>Prime Rate</u>	A preferential rate of interest on short-term loans granted by commercial banks to their most credit-worthy customers.
<u>Separate Account</u>	Term used for variable annuities. Because the risk is borne by the investor in a variable annuity, the issuer may not commingle funds invested in the variable annuity with the general funds of the issuer.
<u>Settlement Date</u>	Date at which a security transaction is completed (a buyer pays for and a seller delivers the security purchased to the buyer).
<u>Standard and Poor's Index</u>	A measurement of the value movement of 500 widely held common stocks. Considered a measurement of average stock market performance.
<u>TIPS</u>	Treasury Inflation Protected Securities. Treasury notes and bonds indexed to inflation.
<u>Total Return</u>	Price change plus interest and/or dividends during a measured period.
<u>Treasury Bill</u>	Short-term debt obligations of U.S. Government that will mature within 1 year.
<u>Treasury Note</u>	Intermediate debt obligations of U.S. Government that will mature within 5 years.

Treasury Bond

Longer debt obligations of the U.S. Government that will mature in 5 years or longer.

Zero Coupon

Debt security issued at a discount from its face value; matures at face value and promises no other cash flow than the payment of the face value at maturity.

Fixed Income Equity

Includes any security classified as fixed income by general market classifications, but considered equity for the purposes of portfolio allocation limitations under the Illinois Pension Code. Examples would include foreign debt (developed and emerging), floating rate debt, high yield, and/or any other debt security not otherwise allowable under 40 ILCS, Section 1-113.2, Subsections 1 through 11. These investments may only be purchased pursuant to 40 ILCS, Section 1-113.4a of the Illinois Pension Code.