

**ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND  
POLICY AND PROCEDURE**

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**POLICY NUMBER:** PP-2020-11  
**SUBJECT:** PURCHASING POLICY  
**EFFECTIVE DATE:** November 13, 2020  
**AMENDED:**

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**A. INTRODUCTION**

1. This policy is intended to establish guidelines by which the Illinois Police Officers' Pension Investment Fund (Fund) will purchase goods and services. The Executive Director shall maintain detailed purchasing procedures and forms consistent with this Policy.

**B. OBJECTIVES**

2. The objectives of this policy are to ensure that:
  - a. The acquisition of goods and services are made solely in the best interests of the IPOPIF and its municipal pension funds, participants, and beneficiaries.
  - b. The process of screening and selecting providers is diligent, fair, and transparent.
  - c. Quality goods and services are obtained at reasonable cost.

- d. All contracting services are performed by qualified individuals delegated the authority, responsibility, and accountability for those activities, using sound and ethical business practices, in consideration with applicable law.
- e. All purchases are included in the approved fiscal year budget.

### **C. DEFINITIONS**

- 3. Goods. A good or product is a physical or tangible commodity item that is necessary to conduct the operations or administration of the IPOPIF.
- 4. Professional Services. Services which due to their nature or complexity require a high degree of professional skill.
- 5. Request for Bids. A request for bids is the method to be used where IPOPIF is seeking a supplier of goods, where cost will serve as the primary basis for vendor selection.
- 6. Request for Proposal. A request for proposal is the method to be used where the IPOPIF seeks to evaluate several different types of professional services and there are more than one potential supplier of the service. In a Request for Proposal process, specified evaluation criteria, in addition to cost, will be considered when selecting a provider.
- 7. Service providers. Contracted service providers include individuals and/or firms that provide a skill or service necessary for the administrative or investment operations of IPOPIF that is either not provided by IPOPIF staff or that will supplement the IPOPIF staff.
- 8. Sole Source Purchase. A sole source purchase is when there is only one supplier that provides the product or service. This may occur when the product or services are specialized or unique in character.

### **D. GUIDELINES**

- 9. In accordance with its fiduciary duty, the general role of the IPOPIF Board of Trustees in the purchase process is to establish appropriate purchasing policies and satisfy itself that the recommendations and accompanying analysis have been prepared with the requisite level of skill, diligence and care on behalf of the Fund.

10. In purchase of goods and selection of service providers requiring IPOPIF approval, the Executive Director or Chief Investment Officer will provide sound research and analysis concerning potential providers and to make recommendations to the IPOPIF Board of Trustees.

- a. The Executive Director or Chief Investment Officer shall also seek advice and counsel from the IPOPIF Board of Trustees, as required.
- b. Contracts or similar arrangements clearly defining the terms of engagement and the expectations of the Fund will be established for all goods acquired and all service providers engaged by the Fund.

11. Purchasing thresholds:

- a. Purchases of goods and services of less than \$5,000 may be made after the receipt and review of informal quotes and shall be approved by the IPOPIF Executive Director.
- b. Purchases of goods and services in excess of \$5,000 and less than \$20,000 may be made upon receipt of three written quotes and shall be approved by the IPOPIF Executive Director.
  - i. Except that purchases of goods and services from external service providers specified in the Appointment of External Service Providers section of the Board of Trustees Policy (Section B-5) require Board approval;
- c. Purchases of goods and services of \$20,000 or more require a Request for Bid or the Request for Proposal process be used.
- d. A Request for Proposal process may be utilized for professional services in amounts less than \$20,000.
- e. Subdivision of purchases to avoid the thresholds are not permitted.

12. Sole source purchases.

- a. A sole source approach may be permitted under the following circumstances:
  - i. A sole source purchase is when there is only one supplier that provides the product or service.

- ii. A competitive search and selection process will not likely yield a viable alternative to a known service provider. This may occur when the product or services are specialized or unique in character.
- b. A sole source purchase shall be accompanied by a written justification for the sole source purchase that there exists only one feasible source for the good or service.
- c. A sole source purchase of \$20,000 or more requires the approval of the Board of Trustees.

13. Emergency purchases.

- a. An emergency purchase may be justified when:
  - i. there exists a threat to public health or public safety,
    - 1. immediate expenditure is necessary to protect against further loss or damage to property,
    - 2. to prevent or minimize serious disruption in critical IPOPIF services that affect health or safety,
    - 3. to ensure the integrity of IPOPIF records.
- b. A written justification for the emergency purchase must be made.
  - i. Emergency purchases of \$20,000 or more requires the ratification of the Board of Trustees at the next scheduled meeting.

14. Length of Contracts:

- a. The IPOPIF Board of Trustees shall enter contracts for a period of no longer than three consecutive years. The IPOPIF Board of Trustees may extend a three-year contract for (2) consecutive one-year periods. In no event, shall any service contract exceed a five-year consecutive period.

15. Performance Reviews:

- a. All service providers hired by the Fund shall be subject to periodic review to ensure that each provider complies with the terms of engagement and continues to meet the needs of the Fund.
- b. The performance of every contracted service provider will be reviewed at least every three years.

- c. The performance review will include performance opinions from various staff and Board members as deemed appropriate.

## **E. REQUESTS FOR PROPOSAL**

### 16. Guidelines for the use of Requests for Proposals:

- a. The RFP process requires the evaluation of the technical requirements specified and price competition between vendors and service providers.
- b. When an RFP is issued, the Fund shall ensure that all candidates are provided with identical information and service or product requirements.
- c. All Fund RFPs shall clearly state that contracts will not necessarily be awarded to the lowest bidder and shall specify the evaluation criteria to be used in the vendor selection.
- d. The RFP that best meets IPOPIF's needs, with consideration for price, qualification and other relevant factors set forth in the RFP, will be selected.
- e. All RFP proposals will be subject to the Illinois Freedom of Information Act (5 ILCS 140/) "FOIA".

### 17. Issuance Process for the Request for Proposal:

- a. The IPOPIF Board of Trustees shall decide that a professional service is required to meet the needs of IPOPIF.
- b. The IPOPIF Board of Trustees shall approve the search for a provider of the services through the Request for Proposal process, unless an RFP is not required by this policy;
- c. The IPOPIF Board of Trustees shall approve the Request for Proposal and the release of the RFP;
- d. Each request for proposals shall set forth a description and scope of the services being purchased, the material or technical contractual terms and conditions, proposal requirements and limitations and the criteria for evaluating proposals.
- e. A timeline schedule of the issuance and processing of the request for proposal shall be included within each RFP. The period for receiving proposals shall be open for at least fifteen (15) business days.

- f. All RFP's will include contact information for the primary IPOPIF staff member responsible for the RFP process.
- g. All RFP's shall be posted on the IPOPIF website as well as distributed to entities that the IPOPIF identifies as likely to be interested.

18. Additional information regarding the Request for Proposal:

- a. Potential respondents will be allowed to submit questions regarding the RFP and the IPOPIF will respond with answers to these questions. Respondents will not be identified, and all known potential respondents will be provided with the questions/answers.
- b. If information is disclosed to any respondent, it shall be provided to all known potential respondents.

19. Screening Criteria for the Request for Proposal:

- a. The IPOPIF Board of Trustees shall develop sound and rigorous screening criteria to ensure that all candidates are accorded a fair, objective, and thorough review to determine the responsiveness of the respondent. Screening criteria may include, but are not limited to:
  - i. Company experience and track record;
  - ii. Caliber of people assigned to work with and provide service to IPOPIF;
  - iii. Client references;
  - iv. Costs or fees;
  - v. Sound business and ethical practices;
  - vi. Liability coverage;
  - vii. IPOPIF satisfaction with past service, in the case of incumbent providers.
  - viii. Other factors that may be used in the selection process include:
    - 1. Goods or services provided by a vendor with an Illinois base of operations;
    - 2. Qualified minority and women owned business enterprises and businesses owned by a person with a disability.

20. Evaluation of the Request for Proposal:

- a. The IPOPIF Board of Trustees shall develop an evaluation process to be used to solicit, review, and select service providers.
- b. The IPOPIF Board of Trustees, or Committee given the appropriate authority, shall review and evaluate the responses from the interested firms. The field of respondents may be narrowed to a smaller list of the most highly qualified firms.
- c. At this point, the IPOPIF Board of Trustees may conduct further research into the firms on the smaller list of the most highly qualified firms, that may include:
  - i. Interviews with the selected firm(s).
  - ii. Checks of the references provided by the selected firm(s).
  - iii. Due diligence checks and visits to the selected firm(s).
- d. After the further research, the IPOPIF Board of Trustees shall discuss and make a final decision with respect to the engagement of the service provider.

**F. BLACK-OUT PERIODS**

21. A Black-Out Period establishes guidelines for Board of Trustee members and IPOPIF staff when communicating with financially interested parties during the process leading to an award of any contract with IPOPIF.
22. The following guidelines will apply during the process leading to an award of any contract by IPOPIF:
  - a. The black-out period will commence upon the release/publication of a Request for Proposal for a contract with IPOPIF and will end when the contract is signed.
    - i. The Executive Director will ensure that for every solicitation, the initiation, continuation and conclusion of the black-out period is (i) communicated to Board members and IPOPIF staff, (ii) publicly communicated, and (iii) published on the IPOPIF website.

- b. Except as provided below, during the black-out period, Board of Trustee members and IPOPIF staff shall not knowingly communicate with any party financially interested in any prospective contract with IPOPIF regarding the contract, the services to be provided under the contract of the selection process.
- c. During the black-out period if any Board of Trustee member or staff member is contacted by a party financially interested in a prospective contract with IPOPIF, the individual contacted shall refer the party to the IPOPIF Executive Director or Chief Investment Officer identified as the contact person(s) in the RFP.
- d. The black-out period does not prevent a Board of Trustee member from an approved due diligence or conference attendance; however, discussions related to the pending solicitation shall be avoided during these activities.
- e. The black-out period does not apply to communications that are:
  - i. Part of the process expressly described in the RFP.
  - ii. Part of a noticed Board of Trustee or Committee meeting.
  - iii. Related to services currently provided by the respondent under an existing contract with IPOPIF.
  - iv. Incidental, exclusively social and that do not involve IPOPIF or its business.
  - v. Within the scope of the Board of Trustee member or staff member's private business or public office wholly unrelated to IPOPIF and that do not involve IPOPIF or its business.
- f. The provisions of this policy will be communicated to candidates in the RFP document and candidates.
- g. Any respondent who knowingly violates this policy will be disqualified from the search process.

23. Black-out periods end when:

- a. The IPOPIF signs and executes the contractual agreement with a successful respondent bidder; or when,
- b. The black-out period is otherwise ended by the IPOPIF.



24. Nothing in this section is intended to prevent necessary staff members from engaging in needed communications with service providers or potential service providers.

**G. POLICY REVIEW**

25. The Policy is subject to change in the exercise of the Board's judgement.

26. The Board of Trustees will review this policy and procedure at least every two (2) years to ensure that it remains relevant and appropriate and consistent with state and federal laws and regulations

27. In the event of legislative changes to the pertinent sections addressed in this Policy the Board will review the Policy as appropriate.

28. This Policy was adopted by the Board on November 13, 2020.