# Background

Meketa is soliciting responses from qualified firms to develop a short list of transition management providers for one of our large public fund clients, the Illinois State Board of Investment (“ISBI”). The client may utilize this short list of providers to assist in executing manager transitions in its investment portfolio. These transitions may involve several types of securities, including global equities, global bonds, bank loans, exchange-traded and OTC derivatives, and currencies, among others. The goal is to retain a focused group of transition managers that, on demand, can transition portions of the client’s investment portfolio. As of December 31, 2024, the client’s investment portfolio was valued at approximately $27 billion. The table below highlights the Plan’s policy targets and relevant benchmarks/market proxies as of January 1, 2025.

# Policy Portfolio

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|  |  | Long-term Asset Class Policy Weight | Corresponding Benchmark |
| **Global Equity** | **Public Equity** | 42% | MSCI ACWI IMI |
| **Private Equity** | 11% | Cambridge PE and VC benchmark (qtr lag) |
| **Global Credit** | **Multi-sector Credit** | 2% | ICE BofA/ML US High Yield IndexCredit Suisse Leveraged Loan Index |
| **Private Credit** | 10% | Hamilton Lane Private Credit Benchmark (qtr lag) |
| **Real Assets** | **Real Estate** | 10% | NCREIF-ODCE + 60bps |
| **Infrastructure** | 3% | CPI +3.5% |
| **Rate Sensitive Fixed Income** | **Core Fixed Income** | 9% | Bloomberg US Aggregate Bond Index |
| **TIPS** | 3% | Bloomberg US TIPS Index |
| **Treasury** | 10% | Bloomberg Intermediate Government Bond IndexBloomberg Long Term Government Bond Index |

# Timeline

Any Questions due by Friday, May 9 by 5 pm CST.

Responses to Questions will be posted on Meketa’s website on Tuesday, May 13.

RFP Submissions Due: Tuesday, May 20, 2025, by 12:00pm CST.

Respondents should be prepared for potential interviews between May 22, 2025, and May 27, 2025.

# Scope

The successful firms will provide transition management services as described below, and in accordance with ISBI’s transition policy, which can be found [here](https://www.isbinvestment.com/wp-content/uploads/2017/11/Transition_Policy.pdf):

1. The transition(s) will be completed at the discretion of the firm utilizing all their trading facilities. This should include internal and external crossing systems and any other trading strategies that minimize market impact and transaction costs while providing best execution.
2. Prior to execution of the trade, the firm will conduct a pre-trade analysis estimating the overall cost of the transition.
3. Upon receiving the assets, the firm is responsible for all corporate actions affecting the portfolio(s).
4. The firm will provide a daily account of all trading activities pertaining to specific transitions to the client via email to personnel identified by the client.
5. The firm will conduct periodic conference calls as deemed appropriate by the client.
6. Upon completion of the transition(s), the firm will prepare a written summary and evaluation analysis of the transition process.

**Certification Of Minimum Qualifications**

**Minimum Qualification Requirements:**

**Respondents must satisfy each of the following minimum qualifications for this RFI to be given further consideration. Failure to satisfy each of the requirements or failure to provide complete information will result in the immediate rejection of the proposal.**

Please circle “YES” or “NO” where indicated. If evidence is requested, please provide complete documentation.

1. Respondent has reviewed the Board’s Transition Management Policy, Vendor Disclosure Policy, and Diversity Policy and agrees to be bound by these Policies and any reporting or disclosures required therein.

YES NO

1. If selected to manage a transition, Respondent agrees to serve as a fiduciary, as defined by the Illinois Pension Code.

YES NO

1. Respondent is registered as a broker-dealer with the SEC and FINRA, as well as any other SRO. If yes, please provide evidence of Respondent’s registrations (i.e. Form BD) with Respondent’s proposal.

YES NO

1. Respondent and its personnel have all other authorizations, permits, licenses, and certifications required by federal and state laws and regulations to perform the services specified in this RFI at the time Respondent submits a response to the RFI.

YES NO

1. HRespondent has provided transition management services to at least three public funds over the last three years. If so, please provide the fund name and assets.

YES NO

1. Respondent has a dedicated transition management unit with a minimum of three years of experience managing transitions of client portfolios in Fixed Income, U.S. Equities, and Non U.S. Equities. If so, please provide documentation.

YES NO

1. Respondent conducted at least $5 billion in transition management services during calendar year 2024 and conducted an aggregate of at least $15 billion in transition management services from 2021– 2024.

YES NO

1. Respondent has the ability to trade on an agency basis for ISBI.

YES NO

1. Respondent maintains sufficient procedures and capabilities necessary to ensure the timely and accurate backup and full recovery for all computers and other data storage systems related to an ISBI account(s).

YES NO

1. Respondent has carefully reviewed the description of expectations for its transition management services and agrees that Respondent can provide services consistent with the Board’s expectations.

YES NO

IF RESPONDENT PROVIDED A “NO” RESPONSE TO ANY OF THE MINIMUM QUALIFICATION REQUIREMENTS ABOVE, RESPONDENT SHOULD NOT SUBMIT A PROPOSAL TO THE BOARD.

PLEASE CERTIFY THE RESPONDENT’S SATISFACTION OF THE MINIMUM QUALIFICATIONS BY PROVIDING THE RESPONDENT’S AUTHORIZED SIGNATURE BELOW.

*Authorized Signer Name*: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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

*Respondent Firm*: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

*Signature*: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

*Date*: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

# I. General Information

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| Firm Name: |  |
| Address: |  |
| City: |  | State: |  | Zip: |  |
| Contact Name: |  | Phone: |  |
| Title: |  | Fax: |  |
| E-mail: |  |

# II. Firm Information

1. When was the firm’s inception date/ inception date of your firm offering transition management to the U.S. market?

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1. Where is the firm located (include headquarters and satellite offices)?

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1. What is the firm’s ownership structure? Note any recent (within the last three years) or pending changes in ownership structure. Does the firm qualify as minority and/or women owned per IL pension code (40 ILCS 5/1-109.1(4) and 40 ILCS 5/1-109.1(9))?

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1. Please provide a brief description of any past or pending regulatory action, litigation or other legal proceedings involving the firm’s transition management group or any registered employees and/or principals.

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1. What types of liability insurance (e.g. Errors and Omissions) and other forms of coverage does your firm carry to protect your clients? Please provide dollar amounts and proof of coverage.

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1. Please provide an organization chart with all investment professionals involved exclusively on your transition management team. Please note and provide details on any changes to the team within the past three years.

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1. Indicate the number of personnel changes within the transition management group for the past four calendar years ending 12/31/2024 in the table below. Please breakout turnover by functional areas. Discuss the causes and impact of any turnover.

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| --- | --- | --- | --- | --- |
| Transition Mgmt Group | 2021 | 2022 | 2023 | 2024 |
| Gain | Loss | Gain | Loss | Gain | Loss | Gain | Loss |
| Traders |  |  |  |  |  |  |  |  |
| Trading Coordinators |  |  |  |  |  |  |  |  |
| Risk Management |  |  |  |  |  |  |  |  |
| Operations |  |  |  |  |  |  |  |  |
| Client Service |  |  |  |  |  |  |  |  |

1. Please complete the following table, as it relates to portfolio transitions in 2024:

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| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Public DB | Corp DB | Taft-Hartley | End/Fdn | DC | Mutual Funds | Other |
| Number of Clients |  |  |  |  |  |  |  |
| Number of Transitions |  |  |  |  |  |  |  |
| Number as Fiduciary |  |  |  |  |  |  |  |

1. How many transitions of the following sizes have been carried out between 2020 and present?

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| Year | Size ($M) |
| 0-250 | 251-1,000 | 1,001+ |
| 2020 |  |  |  |
| 2021 |  |  |  |
| 2022 |  |  |  |
| 2023 |  |  |  |
| 2024 |  |  |  |

1. Please complete the following table, as it relates to portfolio transitions:

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| --- | --- | --- | --- | --- | --- |
| Total ($M) Round Trip | As of12/31/24 | As of12/31/23 | As of 12/31/22 | As of 12/31/21 | As of 12/31/20 |
| U.S Equity assets transferred |  |  |  |  |  |
| Non-U.S. Equity assets transferred |  |  |  |  |  |
| Fixed Income assets transferred |  |  |  |  |  |
| Derivative assets transferred |  |  |  |  |  |
| Total No. of transitions |  |  |  |  |  |
| Number of Retainer Clients / Panels |  |  |  |  |  |
| Avg. pre-trade cost estimate (in bps) |  |  |  |  |  |
| Avg. post-trade actual cost (in bps) |  |  |  |  |  |
| Percentage of transitions fallingoutside expected range of cost (%)(more than two standard deviation event) |  |  |  |  |  |

1. How much of your firm’s revenue is derived from proprietary trading versus transition management? Additionally, please state what percentage of the firm’s overall revenues are derived from Transition Management and other beta management services. Given the recent industry closures, it is important that we know whether firms that we do business with have a commitment to the TM industry.

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1. Where is the transition team based? Note HQ and location of all TM employees.

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1. Does the transition team work separately from other trading groups within your firm (and are they dedicated solely to transition management)? How are potential conflicts (i.e., information leakage) avoided between these two groups? Is there a dedicated compliance team within the transition group?

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1. Please state your firm’s ethics policy.

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1. How do you ensure that employees follow this ethics policy?

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1. How are violations of the firm’s ethics policies handled?

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1. Is your firm willing to act as a named fiduciary for transitions? If not, please describe how best execution is maintained for the client during the transition. Please specify how your firm classifies this fiduciary role (ERISA, 40-Act, etc.).

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1. What is your firm’s approach to cyber security and data integrity?

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1. What is your disaster recovery policy? Are there back-up capabilities for your systems in case of malfunction or disaster?

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1. Describe your willingness/capabilities in transitioning portfolios with only fund vehicles (i.e., no separate accounts).

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1. Are you willing to consider the transitioning of smaller/less complex portfolios as part of a broader strategic relationship – both from a minimum account size and a pricing standpoint?

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1. Are you willing to project manage? How do you approach fees for project management work?

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# III. Process

1. Please describe your firm’s philosophy toward transition management.

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1. Detail your firm’s distinct competitive advantages? What material differences are there between your firm’s transition services and that of your competitors? Do you believe that your capabilities distinguish you in any particular asset class and why?

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1. What areas do you perceive your transition offering as weaker relative to your peers?

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1. If applicable, please describe your team’s expertise as it relates to currency management and execution. How is currency exchange handled during the transition? Do you disclose the entire value of revenues received by your firm during the execution process?

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1. Please detail the step-by-step transition process utilized by your firm. Include a detailed description of your transition platform.

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1. Please provide a sample post-trade and pre-trade report and analysis.

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1. Identify the different sources of liquidity that you have access to during a transition event. Describe broadly the quality/efficacy of these liquidity sources (cost, anonymity, liquidity in certain types of securities, etc).

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1. Describe the order routing process and explain how you prioritize execution venues.

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1. How does your firm define best execution? Does the firm utilize third party services to verify best execution?

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1. Do you utilize crossing during transitions? What is the firm’s philosophy on crossing, both internally, and externally through dark pools. Please elaborate.

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1. Describe in detail any changes or refinements made to the firm’s transition management process over the past five years.

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1. In what ways is your firm able to provide exposure to asset classes and any extended transitions (i.e., futures, synthetics, ETFs, etc.)?

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1. Please describe how you work with other brokerage firms or transition managers.

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1. Please describe your experience working with MWDBE brokers. How many times did you use an MWDBE broker in 2024? Please include details on what percentage of trading volume and commissions was allocated to MWDBE brokers over the transitions in 2024 and which asset classes the transitions took place.

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# Additional Information

Please provide a list of any current Meketa Investment Group clients for which you have conducted a transition event in the past 3 years or are part of a panel (please distinguish between each).

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Please list three clients similar in size and asset allocation to our client as references for whom you have provided transition services. Include client name, address, name and telephone number of contact person, and portfolio size.

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