**Section 1650.3020 Public Market Searches**

a) The Board authorizes the System's asset allocation targets and asset class structure by recorded vote in a business meeting of the Board conducted in accordance with the Open Meetings Act [5 ILCS 120]. Staff may initiate searches as necessary to implement the System's asset allocation and/or manager structure.

b) At each meeting of the Investment Committee, staff will notify the Board of search activity, including the outcome of all completed searches.

c) With the initiation of a search, staff, working with the consultant, prepares a written candidate profile that lists specific requirements for each search, as described in Section 1650.3017. The candidate profile identifies specific quantitative and qualitative factors, such as:

1) Minimum assets under management;

2) Minimum track record;

3) Risks relative to benchmarks;

4) Return relative to benchmarks over various time periods;

5) Size and tenure of professional staff;

6) Investment strategy and process; and

7) Organizational stability and strength.

d) The candidate profile is posted on the TRS website to allow all interested candidates to review the search criteria and understand how to participate in the search.

e) The candidate profile identifies a specific screening period during which the consultant will screen the Manager Database or other candidate information to identify all managers meeting the criteria of the candidate profile.

f) During the screening period identified in the candidate profile, staff and the consultant identify all candidates in the Manager Database that meet the quantitative criteria specified in the candidate profile.

g) Staff and the consultant review the candidate list to eliminate any managers that fail to meet qualitative screens. All emerging managers, as defined in Section 1‑109.1(4) of the Illinois Pension Code, that meet the minimum criteria of the search will be identified and the most promising emerging manager candidates will be included in the selection process described in this Section.

h) Staff and the consultant further refine the candidate list to identify semi-finalist firms that, based on criteria in the candidate profile, appear to have the highest probability of success over the next three to five years. In the event more information is necessary to narrow the semi-finalist list, a standardized Request for Information (RFI) may be issued to the pool of eligible semi-finalists to facilitate further in-depth analysis by staff and the consultant. Semi-finalists in this case are selected from the RFI submissions.

i) Staff conducts in-person interviews of semi-finalist firms at the System's offices or an alternate location agreed upon by the System and the firm. Semi-finalist candidates must be approved by the applicable Oversight Committee.

j) Following favorable results of the in-person interviews, staff identifies finalist firms for formal due diligence meetings, typically at the candidate firm's offices. Due diligence meetings and finalist recommendations must be approved by the applicable Oversight Committee.

k) Following favorable due diligence review and successful contract and fee negotiations, a finalist candidate is, or candidates are, presented to the applicable Oversight Committee for final approval.

l) Documentation to the applicable Oversight Committee will include a timeline of the search process, a summary of that process, and confirmation that the search was conducted in accordance with TRS policy.

m) With approval of the applicable Oversight Committee, staff is authorized to implement the recommendation.

n) At the next scheduled meeting of the Investment Committee following the commitment, staff will provide the Committee a report of commitment activity.

o) If any eligible managers, as defined in Section 1-109.1(4) of the Illinois Pension Code, meet the minimum criteria of the search, the most qualified emerging candidate will be invited to present as a finalist to the Investment Committee at its next scheduled meeting.

(Source: Amended at 42 Ill. Reg. 13666, effective June 29, 2018)