**Section 1650.3035 Private Market Real Estate Separate Account Searches**

a) Each year, staff, working with the consultants, prepares an annual tactical plan for the management and allocation of the System's real estate portfolio. The tactical plan establishes investment guidelines, including the allocation to TRS's separate account advisors. The Board approves the annual tactical plan by recorded vote in a business meeting of the Board conducted in accordance with the Open Meetings Act [5 ILCS 120].

b) Staff may initiate searches as necessary to implement the System's real estate tactical plan and/or fill vacancies within the manager structure.

c) Following authorization by the applicable Oversight Committee, staff, working with the consultant, prepares a standardized RFI that lists specific requirements for the search. The RFI 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 RFI is posted on the TRS website (https://www.trsil.org) to allow all interested candidates to review the search criteria and understand how to participate in the search.

e) The RFI identifies a specific timeline for interested candidates to submit their responses to the RFI.

f) Following the RFI deadline, staff and the consultant identify and rank all candidates' submissions that meet the quantitative criteria specified in the RFI.

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 RFI, appear to have the highest probability of success over the next three to five years.

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) Any finalist firm that successfully passes due diligence review and fee and contract negotiations is presented to the Oversight Committee for consideration.

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

m) If any eligible emerging 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 manager candidate will be invited to present as a finalist to the Investment Committee.

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