

INVESTMENT MANAGEMENT AGREEMENT

THIS INVESTMENT MANAGEMENT AGREEMENT (“Agreement”), made the _____ day of _____ 20__, by and between _____ (the “Investment Manager”) and the Board of Trustees of the PUBLIC SCHOOL TEACHERS’ PENSION AND RETIREMENT FUND OF CHICAGO (“Fund”), a governmental retirement system established pursuant to the laws of the State of Illinois.

WITNESSETH:

WHEREAS, pursuant to 40 ILCS 5/1-109/1, the Board of Trustees may appoint one or more investment manager(s) or investment adviser(s) (herein referred to as “Investment Manager”) as fiduciaries to manage, including the power to acquire and dispose of, any assets of the Fund; and

WHEREAS, the Board of Trustees identified a need for an investment manager to manage a certain portion of the Fund’s assets; and

WHEREAS, a description of the services to be performed, the need for services, the qualifications necessary, and the plan for post-performance review are set forth in the Investment Guidelines attached to this Agreement; and

WHEREAS, in compliance with its Procurement Policy, the Board of Trustees voted to appoint the Investment Manager as an investment manager for a portion of the Fund’s assets based on the Fund’s need and the Investment Manager’s qualifications; and

WHEREAS, the Investment Manager agrees to act as an investment manager in accordance with the terms of 40 ILCS 5/1-101, et seq. and 40 ILCS 5/17-101, et seq. and with the terms of this Agreement;

NOW, THEREFORE, the Board of Trustees and the Investment Manager agree as follows:

Section 1. Appointment of Investment Manager

- A. Pursuant to 40 ILCS 5/1-109.1, the Board of Trustees hereby appoints the Investment Manager to exercise its sole discretion and authority to direct The Bank of New York Mellon (“BNY Mellon”), as Master Custodian pursuant to the Master Custody Agreement entered into effective January 1, 2015, between the Board of Trustees, the Treasurer of the City of Chicago, and BNY Mellon, to invest and reinvest in cash, cash equivalents, stocks, bonds, or other securities, and other instruments, of such portion of the Fund’s assets (hereinafter referred to as “Master Trust assets”) as the Board of Trustees shall decide from time to time, the proceeds from the sale of such assets, and the income due and appreciation attributable to such assets, less any assets the Board of Trustees may withdraw from time to time. For purposes of this Agreement, any such portion of the Master Trust assets shall be referred to as the “Sub-Account”. The Investment Manager shall for all purposes be deemed an independent contractor, and, unless otherwise expressly authorized or provided, shall not have authority to act for or represent either the Fund or the Board of Trustees in any way or otherwise be deemed an agent of either the Fund or the Board of Trustees.
- B. The Investment Manager hereby accepts its appointment and acknowledges that, at all times, it will act as a fiduciary in accordance with the Illinois Pension Code and this Agreement with respect to the Fund and the Sub-Account.
- C. Subject to this Agreement, the Investment Manager may, in its full discretion and without obligation on its part to give prior notice to the Master Custodian or the Board of Trustees: (i) buy, sell, exchange,

convert, tender and otherwise trade in any stocks, bonds or other securities or instruments permitted by the Investment Guidelines; and (ii) execute transactions through accounts established with such brokers or dealers as the Investment Manager may in its sole discretion select, except to the extent otherwise directed by the Board of Trustees in writing; provided, however, that all such activities shall be conducted in a manner consistent with the Investment Manager's fiduciary duties under Article 1 of the Illinois Pension Code, under this Agreement, and under the Employee Retirement Income Security Act of 1974, interpretations thereof and regulations and exemptions thereunder (collectively, hereinafter "ERISA"), even though the Fund itself is exempt from the requirements of ERISA. The Board of Trustees has directed the Master Custodian, and the Master Custodian has agreed, to act in accordance with the instructions of the Investment Manager. Title to all assets in the Sub-Account shall at all times be registered in the name of the Fund or the name of the Master Custodian or its nominee for the account of the Fund, and the indicia of ownership of all assets in the Sub-Account shall at all times be maintained in trust by the Master Custodian. The Investment Manager shall at no time have custody of or physical control over the Sub-Account. The Investment Manager shall not be liable for any act or omission of the Master Custodian unless it knew or should have known that the act or omission was a breach of the Master Custodian's obligations to the Fund.

- D. Cash held in the Sub-Account pending direction from the Investment Manager may be invested and reinvested by the Master Custodian, without instruction or direction from the Investment Manager, in U.S.

Treasury bills and other short-term, liquid investments in accordance with this Agreement and the Master Custodian's Treasury Services Terms & Conditions dated January 9, 2015.

Section 2. Investment Guidelines

- A. The Fund's investment guidelines for the Sub-Account ("Investment Guidelines") have been provided to the Investment Manager and are attached and incorporated by reference herein as Exhibit A.
- B. The Investment Guidelines and other relevant policies are subject to change, and the Board of Trustees shall advise the Investment Manager of any amendment of the Investment Guidelines or policies. The Investment Manager will not be held liable to the Fund for non-compliance with any amendment to the Investment Guidelines or policies if the Board of Trustees fails to advise the Investment Manager of such amendment.
- C. The Investment Manager shall recommend to the Board of Trustees any material changes to the Investment Guidelines it deems appropriate or necessary.

Section 3. Standard of Care

- A. As a fiduciary, the Investment Manager shall perform its duties hereunder with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.
- B. The Investment Manager shall diversify the assets in the Sub-Account so as to minimize the risk of large losses unless under the circumstances it is clearly imprudent to do so.

- C. The Investment Manager shall discharge its duties hereunder with respect to the Fund and the Sub-Account solely in the interest of, and for the exclusive purpose of providing benefits for, the Fund's beneficiaries.
- D. The Investment Manager shall not engage in any transaction involving the Fund or the Sub-Account that would constitute a non-exempt prohibited transaction under ERISA Section 406 or under 40 ILCS 5/1-110.
- E. The Investment Manager shall make every reasonable effort to not make investments that would generate unrelated business taxable income for an entity that is exempt under Section 501(a) of the Internal Revenue Code.

Section 4. Representations, Warranties and Covenants of the Investment Manager

- A. The Investment Manager represents and warrants to the Board of Trustees that it is registered and shall remain registered as an investment adviser or that it is a bank, as defined in the Investment Advisers Act of 1940.
- B. Pursuant to Section 5/1-113.14 of the Illinois Pension Code, the Investment Manager acknowledges that it is a "fiduciary" with respect to the Fund and the Sub-Account, and specifically agrees to perform all of its duties and obligations under this Agreement as a fiduciary. The Investment Manager further warrants that none of the disqualifications described in Section 411 of ERISA apply to the Investment Manager.
- C. The Investment Manager represents and warrants that all statements made and materials provided to the Fund in response to the Fund's search for an investment adviser, which resulted in the Fund and the Investment Manager entering into this Agreement, were true and complete. The Investment Manager shall be subject to 40 ILCS 5/1-135.

- D. The Investment Manager represents and warrants that it shall secure and maintain at all times a blanket fidelity bond or bonds in the minimum amount of \$5,000,000. If the Investment Manager maintains a blanket fidelity bond or bonds in an amount greater than \$5,000,000, the Investment Manager shall maintain such greater amount for the term of this Agreement. In addition, the Investment Manager shall secure and maintain at all times a bond complying with the requirements of ERISA in the amount of \$500,000, with the Fund as the designated insured party. A certificate confirming the bonds shall be provided to the Fund in December of each year. The Investment Manager also acknowledges that the Board of Trustees may require the Investment Manager to secure and maintain additional blanket fidelity bond coverage. The Investment Manager agrees that, upon the Board of Trustees' request, the Investment Manager shall obtain additional blanket fidelity bond coverage in the amount of and pursuant to the terms and conditions established by the Board of Trustees for similarly situated investment managers managing assets of the Fund.
- E. The Investment Manager represents and warrants that it shall secure and maintain at all times errors and omissions insurance in the minimum amount of \$10,000,000. Insurance in effect will be determined annually and will be a minimum of 10% of the portfolio value at December 31st of each year. If the Investment Manager maintains errors and omissions insurance in an amount greater than the amount required, the Investment Manager shall maintain such greater amount for the term of this Agreement. A certificate of insurance with respect thereto shall be provided to the Fund in December of each year. The Investment Manager

also acknowledges that the Board of Trustees may require the Investment Manager to secure and maintain additional errors and omissions insurance. The Investment Manager agrees that, upon the Board of Trustees request, the Investment Manager shall obtain additional errors and omissions insurance coverage in the amount of and pursuant to the terms and conditions established by the Board of Trustees for similarly situated investment managers managing assets of the Fund.

- F. The Investment Manager agrees to provide notice within seven (7) days of receipt of a notice of cancellation of either the fidelity bond(s) or the errors and omissions insurance coverage set forth in Paragraphs (D) and (E) of this Section. The Investment Manager further agrees that there will be no “prior acts” exclusion in the event of any change in either the fidelity bond(s) or errors and omissions insurance policies or the insurance company or companies providing such bond(s) or policies.
- G. The Investment Manager agrees to notify the Board of Trustees and its investment consultant in writing within five (5) business days of any material changes in the portfolio manager for the Sub-Account or within ten (10) business days of any legal actions instituted against the Investment Manager, its parent entity, any entity that owns a controlling interest in the Investment Manager, or any subsidiary of the Investment Manager, involving the investment of securities for institutional investors or of any investigations, examinations, or other proceedings commenced by any governmental regulatory agency, including those that would be reportable in the disciplinary questions of Investment Manager’s next ADV filing with the SEC, which are not either conducted in the ordinary course of the Investment Manager’s, parent’s, controlling entity’s, or Investment

Manager's subsidiaries' business or conducted as part of an industry sweep or other general fact-finding related inquiry.

H. Investment Manager Disclosures Upon Execution of Agreement

- (i) Pursuant to Section 1-113.14(c) of the Illinois Pension Code, the Investment Manager has disclosed in writing: (i) any entity that is a parent of, or owns a controlling interest in, the Investment Manager, (ii) any entity that is a subsidiary of, or in which a controlling interest is owned by, the Investment Manager, (iii) any persons who have an ownership or distributive income share in the Investment Manager that is in excess of seven and one-half percent (7.5%), or (iv) serves as an executive officer of the Investment Manager.
- (ii) Investment Manager has disclosed in writing prior to the date hereof: (a) any direct or indirect payments made by Investment Manager, any executive officer of the Investment Manager, any parent entity, the executive officers of any entity that is a parent of, or owns a controlling interest in, the Investment Manager, and any Shareholder of Investment Manager, in excess of \$1,000 per calendar year within the prior five (5) calendar years and/or formal involvement with any community or not-for-profit organization relating to public education; and (b) any involvement by Investment Manager, any executive officer of the Investment Manager, or by any executive officer of any entity that is a parent of, or owns a controlling interest in, the Investment Manager, and any Shareholder as a member or director of a charter school that contributes to the Fund. For purposes of this Section H (ii) and (iii),

“Shareholder” shall mean any person who has an ownership or distributive income share in the Investment Manager.

- (iii) Disclosure by the Investment Manager, any executive officer of the Investment Manager, any parent entity, the executive officers of any entity that is a parent of, or owns a controlling interest in, the Investment Manager, and any Shareholder of the Investment Manager, of any direct or indirect financial support in excess of \$1,000 per calendar year within the prior five (5) calendar years and/or formal involvement with any community or not-for-profit organization with a central purpose of influencing public policy related to budgetary and fiscal policy which directly or indirectly relates to the continued availability and long-term viability of defined benefit pensions in the public sector, to education policy, or to retirement security policy.

For the purposes of this disclosure, an organization has the “central purpose” of influencing policy if it is understood with the exercise of reasonable due diligence, including but not limited to the examination of the organization’s IRS filings and other publicly-available statements of purpose, that the organization intends to affect policy or engage in lobbying or other advocacy activity. An Investment Manager is not required to disclose contributions to organizations that engage in such activities in furtherance of providing medical research, aid to the poor, disaster relief, or other such tangible goods or service. The Trustees have determined that the organizations listed in Exhibit A to the Fund’s Procurement Policy presently fall under this required disclosure policy.

- (iv) The Investment Manager and any parent, controlling entity, subsidiary, or affiliate have disclosed any direct or indirect financial relationships, transactions, investments, investment related agreements, or investment related contracts with the Board of Education of the City of Chicago entered into within the five (5) year period prior to the execution of this Agreement. Any such direct or indirect financial relationships, transactions, investments, investment related agreements, or investment related contracts with the Board of Education of the City of Chicago entered into on or after the execution of this Agreement shall be identified in an amended Investment Manger Disclosure pursuant to (viii) below within thirty (30) days of any new relationship, transaction, investment, agreement, or contract with the Board of Education of the City of Chicago.
- (v) The Investment Manager has further disclosed the names and addresses of all of its subcontractors, including any third-party marketers, if applicable, and the expected amount of money each will receive under this Agreement. The term subcontractor, as used herein, does not include non-investment related professionals or professionals offering services that are not directly related to the investment of assets, such as legal counsel, actuary, proxy-voting services, and services used to track compliance with legal standards.
- (vi) Pursuant to Section 1-113.21 of the Illinois Pension Code, the Investment Manager shall annually disclose on or about each September 1st, the number of its investment and senior staff and

the percentage of that staff that are a minority person, a female, a veteran, and a person with a disability. Further, the Investment Manager shall disclose the number of contracts for investment, consulting, professional, and artistic services the Investment Manager has with a minority or female owned business, a veteran owned small business, or a business owned by a person with a disability. The Investment Manager shall also disclose the number of contracts for investment, consulting, professional, and artistic services which the Investment Manager has with a business other than a minority or female owned business, a veteran owned small business, or a business owned by a person with a disability, if more than 50% of the services performed pursuant to that contract are performed by a minority person, a female, a veteran, or a person with a disability. For the purposes of this subsection, the terms “minority person”, “female”, “person with a disability”, “minority owned business”, “female owned business”, and “business owned by a person with a disability” have the same meaning as those terms have in the Business Enterprise for Minorities, Females, and Persons with Disabilities Act. For the purposes of this subsection, the terms “veteran” and “veteran owned small business” shall have the same meanings as those terms have in 30 ILCS 500/45-57. For the purposes of this subsection, the terms “professional service” and “artistic service” have the same meanings as those terms have in 30 ILCS 500/1-15.60.

- (vii) Disclosure of the direct and indirect fees, commissions, penalties, and other compensation, including reimbursement for expenses,

which may be paid by or on behalf of the Investment Manager in connection with the provision of Investment Services to the Fund;

(viii) All Fund required disclosures and representations made by the Investment Manager during the procurement and selection process are affirmed and adopted and incorporated herein by reference (the "Investment Manager Disclosures"; attached as Exhibit D.) The Investment Manager further agrees that it will promptly notify the Fund, in writing, if at any time the information contained in the Investment Manager Disclosures changes in a material way.

- I. The Investment Manager shall comply with all applicable laws of the State of Illinois and the United States of America, and any applicable governmental or regulatory authority outside of the United States. Regulatory reports required under laws applicable to the Investment Manager by any regulatory authority shall be the sole responsibility of the Investment Manager.
- J. To the fullest extent permitted under applicable law and notwithstanding any other provision of this Agreement, the Investment Manager shall indemnify and hold harmless the Board of Trustees and the Fund, including its employees and agents, for, from and against any losses, damages, costs and expenses (including but not limited to reasonable attorneys' fees, judgments, fines, and amounts paid in settlement) incurred as the result of the Investment Manager's breach of this Agreement. Notwithstanding the foregoing, no indemnified party hereunder shall be entitled to indemnification to the extent that any such loss was directly caused by such party's own gross negligence or willful misconduct.

- K. The Investment Manager shall furnish to the Board of Trustees, from time to time, evidence as the Board of Trustees may reasonably request that the Investment Manager satisfies and continues to satisfy the foregoing requirements. The Investment Manager shall promptly notify the Board of Trustees if it has reason to believe that any of the foregoing representations, warranties or covenants may cease to be satisfied.

Section 5. Representations and Warranties of the Board of Trustees

- A. The Board of Trustees represents and warrants to the Investment Manager that the Board of Trustees is a fiduciary authorized to enter into this Agreement and to appoint the Investment Manager as its investment manager in accordance with the terms hereof and that the person executing this Agreement for and on behalf of the Board of Trustees is authorized to do so.
- B. The Board of Trustees represents and warrants to the Investment Manager that if another entity should be substituted for the Master Custodian as custodian of the Master Trust assets, the Board of Trustees shall promptly notify the Investment Manager of such substitution and the substituted entity will thereafter be deemed to be the Master Custodian for purposes of this Agreement.
- C. The Board of Trustees represents and warrants to the Investment Manager that it has received a copy of the Investment Manager's ADV Part II within forty-eight (48) hours prior to the execution of this Agreement.
- D. The Board of Trustees represents and warrants to the Investment Manager that, as a fiduciary, it is responsible for assuring the Fund's Investment Guidelines are prudent for the Fund's assets.

- E. The Board of Trustees represents and warrants to the Investment Manager that the decision to allocate any Master Trust assets to the Sub-Account is solely the responsibility of the Board of Trustees and is independent of the Investment Manager's fiduciary responsibilities as established pursuant to this Agreement.
- F. The Board of Trustees represents and warrants to the Investment Manager that it has determined that the initial investment of the Master Trust assets in the Sub-Account satisfies the applicable provisions of Illinois law.
- G. The Board of Trustees represents and warrants to the Investment Manager that the Investment Manager is responsible for diversification or investment requirements applicable to the Master Trust assets allocated to the Sub-Account only, and not to the Master Trust assets as a whole.
- H. The Board of Trustees represents and warrants to the Investment Manager that the Fund is qualified under Section 414(d) of the Internal Revenue Code of 1986 as a governmental plan.

Section 6. Securities and Foreign Exchange Transactions

Securities and, if permitted by the Investment Guideline, foreign exchange transactions in respect of the Sub-Account shall be made directly to or from the Master Custodian at the direction of the Investment Manager. Securities and foreign exchange instructions from the Investment Manager to the Master Custodian shall be made electronically (via SWIFT) as agreed to by the Master Custodian and the Investment Manager.

Section 7. Reports; Meetings

- A. The Board of Trustees shall cause the Master Custodian to provide the Investment Manager with monthly reports concerning the status of the Sub-Account, and such reports from the Master Custodian shall, in the discretion of the Board of Trustees, constitute the principal record of the Sub-Account for all purposes of this Agreement, including but not limited to, the calculation of the Investment Manager's fees to be paid.
- B. With respect to the Sub-Account, the Investment Manager shall provide the Board of Trustees and its investment consultant with, inter alia: on a monthly basis, confirmations of all transactions; a monthly summary of the performance of the Sub-Account; a quarterly summary of returns on investments, including gross and net returns on investments after payment of all fees, commission and other compensation; a monthly report on brokerage activity; if the Board of Trustees has not engaged a third-party to vote proxies, an annual report, as provided for in Section 11 herein, regarding the voting of proxies, if any, during a year; an annual report within forty-five (45) days after the end of each calendar year containing a detailed statement of the affairs of the Sub-Account, including its income and expenditures and assets and liabilities (calculated in accordance with generally accepted accounting principles); an annual statement of all sums paid to the Fund's investment consultant or its affiliates for conferences, consulting services, brokerage commissions, or for any other purpose, as well as a statement of all such sums paid within the last five (5) years; and all other reports, which are mutually agreeable to the Investment Manager that the Board of Trustees or its investment consultant may reasonably request from time to time.

- C. The Investment Manager shall, on at least a monthly basis, reconcile the Sub-Account's market value, income earned, and transaction activity as reported by the Master Custodian with the records of the Investment Manager. The Investment Manager shall communicate the differences to the Board of Trustees and the Master Custodian in a timely manner. Resolution of differences is, at the outset, the responsibility of the Investment Manager and the Master Custodian. The Investment Manager is responsible for notifying the Board of Trustees as soon as reasonably possible of unresolved discrepancies between the Investment Manager's records and those of the Master Custodian. The records of the Master Custodian shall, in the discretion of the Board of Trustees, be the authoritative source for all purposes under this Agreement.
- D. The Board of Trustees and the Investment Manager shall meet periodically, at such times as the Board of Trustees may reasonably request, concerning the Sub-Account.

Section 8. Services to Other Clients

- A. It is understood that the Investment Manager performs investment advisory services for various clients. The Board of Trustees agrees that the Investment Manager may give advice and take action with respect to any of its other clients which may differ from the advice given to, or the timing or nature of action taken with respect to, the Sub-Account, provided that the Investment Manager allocates investment opportunities among clients on a fair and equitable basis and in accordance with applicable federal regulations.
- B. Nothing in this Agreement shall impose any obligation on the Investment Manager to purchase or sell, or to recommend for purchase or sale, any

security which the Investment Manager, its principal affiliates, or its employees may purchase or sell for its or their own accounts or for the account of any other client.

Section 9. Allocation of Brokerage

- A. Subject to the terms of the Illinois Pension Code and to the Fund's Brokerage Guidelines, which are attached and incorporated by reference as Exhibit C, the Investment Manager is authorized to place orders for the execution of securities transactions for the Sub-Account with or through such brokers or dealers as the Investment Manager may select.
- B. The Investment Manager may allocate transactions to brokers or dealers for execution on markets, at such prices and at such commission rates as, in the good faith judgment of the Investment Manager, will be in the best interest of the Fund, taking into consideration in the selection of such brokers or dealers not only the available prices and rates of brokerage commissions in the industry, but also other relevant factors, including but not limited to execution capabilities, and, subject to the following sentence, research services provided by such brokers or dealers which are expected to enhance directly the capabilities of the Investment Manager to serve the Fund. All services provided to the Investment Manager for commissions paid in connection with Fund transactions shall satisfy the requirements of Section 28(e) of the Securities Exchange Act of 1934 and the requirements and restrictions relating to the payment of commissions for the provision of such services under laws applicable to employee benefit plans that are subject to ERISA. Securities transactions may not be executed through the facilities of the Investment Manager or its affiliates unless expressly authorized by the Board of Trustees. The Board of

Trustees agrees that the Investment Manager may aggregate sales and purchase orders of securities held in the Sub-Account with similar orders being made simultaneously for other portfolios managed by the Investment Manager if, in the Investment Manager's reasonable judgment, such aggregation shall result in an overall economic benefit to the Sub-Account, taking into consideration the advantageous selling or purchase price, brokerage commission and other expenses, and trading requirements. In accounting for such an aggregated order, price and commission shall be averaged on a per-bond, share or other applicable unit basis daily. The Board of Trustees acknowledges that the Investment Manager's determination of such economic benefit to the Sub-Account is based on an evaluation that the Sub-Account is benefited by relatively better purchase or sales prices, lower commission or other transaction expenses and beneficial timing of transactions, or a combination of these and other like or unlike factors.

Section 10. Log of Brokerage Transactions

The Investment Manager shall maintain and make available to the Board of Trustees a log of all transactions placed through all securities brokerage firms, which reflects the name of the firm, a description of each transaction including the amount and securities involved, the date and time of each transaction, and the amount of fees and commissions paid.

Section 11. Proxy Voting

If the Board of Trustees has not engaged a third-party to vote proxies, and pursuant to a written direction from the Board of Trustees, the Investment Manager, according to the Fund's Proxy Policy, shall exercise the fiduciary responsibility for voting all proxies, if any, which are solicited in connection

with the Sub-Account. Subject to the Investment Manager's oversight, the Investment Manager is authorized to delegate the research, voting and record keeping of proxies to a third-party designee ("Designee") provided that the Designee acknowledges in writing its fiduciary status to the Fund and abides by the applicable terms of this Agreement and any proxy voting policy adopted by the Board of Trustees. The Investment Manager shall also be responsible for making all elections in connection with any mergers, acquisitions, tender offers, bankruptcy proceedings, or other similar occurrences, which may affect the Sub-Account, but it is not authorized to or responsible for initiating or responding to any legal proceedings on behalf of the Sub-Account, including, but not limited to, filing or responding to any class action claims related to a holding in the account. The Investment Manager shall instruct the Master Custodian or Designee to forward to the Investment Manager all communications received by the Master Custodian or Designee including proxy statements and proxy ballots duly executed by the Master Custodian or Designee. If applicable, the Investment Manager agrees to provide the Board of Trustees with an annual statement of the Investment Manager's proxy voting policies and a summary of how the Fund's proxies were cast. The summary shall include the following information: the company in which the Fund had the right to cast proxies, the meeting date for the vote, the shareholder of record date, the number of shares voted, an issue identification number (if any), the recommendation(s) of the Board of Directors, and how the Fund's proxies were cast. The Investment Manager and the Master Custodian or Designee shall reconcile the proxies solicited with the Fund's holdings as of the record date.

Section 12. Fees

- A. The Investment Manager's compensation shall be determined in accordance with the Fee Schedule, attached hereto and incorporated by reference as Exhibit B, and such compensation shall be payable quarterly in arrears, and pro-rated for any partial quarter, at a rate determined by the average value of the assets as reported by the Master Custodian in the Sub-Account on the last business day of each month in the quarter. The fees paid to the Investment Manager shall be the sole cost incurred by the Fund for the Investment Manager's services.
- B. Neither the Investment Manager nor any of its affiliates will receive any brokerage commissions on the purchase or sale of Fund assets or any other fees or compensation in connection with services provided hereunder.
- C. The Investment Manager represents that no other current client having the same investment objective (other than sub-advisory clients and clients with fees based on performance) obtained prior to or subsequent to the Fund will be charged a lower fee for managing substantially the same amount of assets in substantially the same manner (determined by reference to assets measured at the end of each calendar quarter). The Investment Manager agrees to promptly notify the Board of Trustees if it provides more favorable fees to any such other client. The Investment Manager agrees that, on the effective date of such an occurrence, the more favorable fee structure shall be applied to this Fund in lieu of Exhibit B. The Investment Manager shall (i) provide on an annual basis a certification to the Fund that more favorable fees are not effective between any other client with the same investment management strategy and (ii)

disclose (and if requested, document) the fee schedules for the ten (10) clients with the same investment management strategy and closest in asset value to the Fund (with the closest five (5) clients with higher and lower asset values being included, to the extent applicable).

Section 13. Valuation

When applicable, in computing the market values of all common and preferred stocks in the Sub-Account, each such security listed on any national securities exchange shall be valued as of the close of the market on the valuation date. Listed stocks not traded on such date and all unlisted stocks regularly traded in the over-the-counter market shall be valued at the last closing price furnished to the Investment Manager by the Financial Industry Regulatory Authority, the National Quotation Bureau Incorporated, or any similar organization. Corporate and government bonds shall be valued in such manner as determined in good faith by the Investment Manager to reflect their fair market values. Such valuation may incorporate models prepared by bond valuing services, last sale prices for listed securities, and over-the-counter bid prices. Any other securities shall be valued in such manner as determined in good faith by the Investment Manager to reflect their fair market values. Should any dispute arise regarding the valuation of a security or bond, the Board of Trustees shall determine the valuation and its valuation will control, but the Investment Manager may advise the Board of Trustees if it believes that the valuation is incorrectly sourced or used.

Section 14. Authority

The Board of Trustees shall furnish to the Investment Manager certified copies of appointments or designations setting forth the names, titles, and

authorities of the individuals who are authorized to act on behalf of the Fund with respect to the Sub-Account and this Agreement, and the Investment Manager shall be entitled to rely upon such information until the Investment Manager receives written notice of a change.

Section 15. Effective Date; Term; Termination

This Agreement shall become effective on the date signed by the Investment Manager and shall continue in full force and effect for one (1) year, and year to year thereafter, unless terminated prior to such date in accordance with this Section. This Agreement may be terminated by the Board of Trustees effective immediately upon the Investment Manager's receipt of written notice of termination, and by the Investment Manager upon sixty (60) days' advance written notice to the Board of Trustees; provided, however, the Board of Trustees, acting through the Fund's Executive Director or investment consultant, may verbally direct the Investment Manager, at any time without prior written notice, to cease its management activities with respect to the Sub-Account, which direction shall be confirmed, in writing, as soon as practicable. Upon such termination, fees of the Investment Manager shall be prorated to the date of termination as specified in the notice of termination.

Section 16. Delegation of Responsibilities

The Investment Manager, in its sole discretion, may, upon written disclosure in accordance with this Agreement, retain an affiliate of the Investment Manager to provide administrative services for the Investment Manager in carrying out its obligations under the terms of this Agreement. Any fees payable to such affiliate shall be paid entirely by the Investment Manager. Such affiliate shall be bound by the terms of this Agreement.

Section 17. Assignment

Unless the Board of Trustees expressly consents in writing thereto, the Investment Manager's assignment, as defined in the Investment Advisers Act of 1940, of this Agreement shall automatically terminate this Agreement. If the Investment Manager is converted into, merges or consolidates with, or sells or transfers substantially all of its assets or business to another corporation, the resulting corporation or the corporation to which such sale or transfer has been made shall notify the Board of Trustees of such sale or transfer and shall become the Investment Manager hereunder only if the Board of Trustees expressly so consents in writing.

Section 18. Disclosure of Fees Paid

- A. The Investment Manager shall disclose in writing to the Fund all direct and indirect fees, commissions, penalties, and other compensation, including reimbursement for expenses, that may be paid by or on behalf of the Investment Manager in connection with the Fund's assets being managed by the Investment Manager. The Investment Manager agrees to update such disclosures promptly after a modification of such payments or additional payments are made.
- B. The payment of a placement fee or contingency fee is prohibited. The Investment Manager acknowledges that Section 1-145 of the Illinois Pension Code prohibits a person or entity from retaining a person or entity to attempt to influence the outcome of an investment decision of or the procurement of investment advice or services of the Fund for

compensation, contingent in whole or in part upon the decision or procurement.

Section 19. Ethics Statement

The Investment Manager acknowledges that the Board of Trustees and the Fund are subject to certain portions of the Illinois State Officials and Employees Ethics Act, 5 ILCS 430. The Investment Manager further acknowledges that the Fund has adopted an Ethics Policy/ Code of Conduct, which is attached hereto and incorporated by reference as Exhibit E. The Investment Manager acknowledges that the Fund has adopted a policy requiring an investment manager to report to the Executive Director within five (5) days any contact by a Trustee to the Investment Manager about brokerage or with whom the Investment Manager should place brokerage.

Section 20. Notices

- A. All notices and instructions required by this Agreement shall be deemed duly given when delivered to and received by the respective parties as follows:

To the Board of Trustees:

Attn: Charles A. Burbridge, Executive Director

Chicago Teachers' Pension Fund

203 North LaSalle Street, Suite 2600, Chicago, IL 60601

Phone: (312) 604-1338

Fax: (312) 641-6445

BurbridgeC@ctpf.org

To the Investment Manager:

To the Master Custodian:

Bank of New York Mellon

Mr. Anthony Wilkins, CFA, Managing Director

2 North LaSalle Street, Suite 700, Chicago, IL 60602

Phone: (312) 827-1327

Anthony.Wilkins@bnymellon.com

- B. Any such notice shall be effective: (a) if sent by certified or registered mail, return receipt requested, by United States express mail, or by courier service, then when actually received; (b) if sent by facsimile transmission, on the date sent, provided confirmatory notice is deposited in the United States mail, postage prepaid, on said date; or (c) if delivered by hand, then on the date so delivered. The address or addressee to receive notice for any party may be changed by such party from time to time by giving notice in the foregoing manner. Any notice required under this Agreement may be waived only in writing, signed by the person entitled to notice.

Section 21. Entire Agreement; Amendment

This Agreement as it may be amended in writing, together with the Exhibits attached hereto, constitutes the entire agreement of the parties; is intended to be the complete and exclusive statement of the terms hereof; and, except as provided for herein, may not be modified or amended except by a writing signed by the parties hereto. If any provision of this Agreement is found to be invalid or unenforceable by a court of competent jurisdiction, the other provisions shall be considered severable and enforceable.

Section 22. Governing Law; Venue

This Agreement shall be governed by, and construed in accordance with, the laws of the State of Illinois, without regard to conflict of laws principles. References herein to provisions of law shall be deemed to include a reference to any amendments thereof and any successor provisions thereto. Venue for any litigation relating to this Agreement, including any claim arising out of or related to this Agreement, is agreed to be the Circuit Court of Cook County, Illinois, or the U.S. District Court for the Northern District of Illinois, Eastern Division.

Section 23. Counterparts

This Agreement may be executed in any number of separate counterparts, each of which shall be deemed an original, but the several counterparts shall together constitute but one and the same agreement of the parties hereto.

Section 24. Disclosure of Information

The Investment Manager shall regard as confidential all information regarding the operations and investments of the Fund and shall not disclose such information except as required by law, regulation or in the course of a regulatory examination, or by order of a court of competent jurisdiction. Notwithstanding this, the Fund agrees that the Investment Manager may from time to time, as it deems necessary in its discretion, disclose to third parties that the Fund is one of the Investment Manager's clients, but the Investment Manager agrees that such disclosure shall be limited to supplying the name of the Fund only, and not the nature or extent of its investments or any other information concerning the Fund. The Fund acknowledges that the Investment Manager considers certain information related to its investment databases, investment research, and

investment processes to be proprietary, confidential and trade secrets. The Investment Manager agrees that the Fund is subject to the Illinois Freedom of Information Act (“FOIA”). To the extent permitted by FOIA, the Fund agrees to take reasonable steps to assist the Investment Manager in protecting the confidentiality of such information.

Section 25. Additional Statutory Provisions

- A. The Investment Manager certifies to the Fund that it is not barred by the State of Illinois from being awarded a contract or subcontract because of a conviction or admission of guilt for bribery or for bribing an officer or employee of the State of Illinois or any other state in that officer’s or employee’s official capacity as provided in Section 50-5 of the Illinois Procurement Code, 30 ILCS 500/50-5.
- B. Investment Manager certifies that it has not been convicted of bribery or attempting to bribe an officer or employee of the State of Illinois, nor has it made an admission of guilt of such conduct which is a matter of record.
- C. The Investment Manager certifies that it is neither an entity chartered under the Illinois Banking Act, the Savings Bank Act, the Illinois Credit Union Act, or the Illinois Savings and Loan Act of 1985 nor a person or entity licensed under the Residential Mortgage License Act of 1987, the Consumer Installment Loan Act, or the Sales Finance Agency Act.
- D. As required by 775 ILCS 5/2-105, to the extent this provision applies to the Investment Manager, the Investment Manager agrees to:
 - a. Refrain from unlawful discrimination and discrimination based on citizenship status in employment and to undertake affirmative action to assure equality of employment opportunity and eliminate the effects of past discrimination;

- b. Comply with the procedures and requirements of the Illinois Department of Human Rights' regulations concerning equal employment opportunities and affirmative action;
- c. Provide such information with respect to its employees and applications for employment and assistance as the Illinois Department of Human Rights may reasonably request; and
- d. Have written sexual harassment policies that shall include, at a minimum, the following information or its reasonable equivalent:
 - the illegality of sexual harassment;
 - the definition of sexual harassment under State law;
 - a description of sexual harassment, utilizing examples;
 - the Investment Manager's internal complaint process including penalties;
 - the legal recourse, investigative and complaint process available through the Illinois Department of Human Rights;
 - and
 - directions on how to contact the Illinois Department of Human Rights.

E. The Investment Manager shall maintain, for a minimum of ten (10) years after, all transactions involving the Sub-Account, adequate books, records, and supporting documents to verify the amounts, recipients, and uses of all disbursements of funds passing in conjunction with this Agreement. The Investment Manager shall further make all such books, records, and supporting documents related to this Agreement available for review and audit as reasonably requested by the internal or external auditors of the Fund and by the Illinois Auditor General, shall cooperate fully with any

audit conducted by the internal or external auditors of the Fund and the Illinois Auditor General, and will further provide the internal or external auditors of the Fund and the Illinois Auditor General full access to all relevant materials. Failure to maintain the books, records, and supporting documents required by this Section shall establish a presumption in favor of the Board of Trustees for the recovery of any funds for which adequate books, records, and supporting documentation are not available to support their purported disbursement.

IN WITNESS WHEREOF, duly authorized representatives of the Board of Trustees and of the Investment Manager have executed this Agreement on the day and year signed by the Investment Manager.

THE BOARD OF TRUSTEES OF THE PUBLIC
SCHOOL TEACHERS' PENSION AND
RETIREMENT FUND OF CHICAGO

(Investment Manager)

By: _____

By: _____

Title: Executive Director

Title: _____

Exhibit A

INVESTMENT GUIDELINES

Exhibit B

Schedule of Fees

Exhibit C

BROKERAGE GUIDELINES

Purpose

The Public School Teachers' Pension and Retirement Fund of Chicago ("CTPF" or the "Fund") is committed to providing opportunities for minority, women and persons with disabilities (MWDBE) owned brokerage firms. The Board of Trustees ("Board" or "Trustees") of CTPF adopted a policy which sets forth goals for increasing the utilization of the Fund's approved MWDBE brokerage firms:

Trades must be executed directly with CTPF approved MWDBE brokers to count toward the Fund's MWDBE Brokerage Utilization goals. Trades achieved by using indirect methods such as step-outs will not count toward reaching the Fund's MWDBE Brokerage Utilization Policy goals.

Subject to best execution, investment managers are expected to meet the following minimum MWDBE commission requirements each calendar year:

Domestic Equity

- Active Domestic Managers and Manager-of-Managers
50% All Cap, Large Cap Equity
- Active Domestic Small Cap Equity and
35% Passive Domestic Equity

International Equity

- Active International Managers and Manager-of-Managers
25%
All Cap, Large Cap Equity and Passive International Equity
- Active International Small Cap Equity 5%

Fixed Income

- Active and Passive Fixed Income Managers
25% (Goal is based on Volume Traded)

Real Estate Investment Trust (REITs)

- Active REIT Managers 10%

Investment managers of pooled investment portfolios are directed to use "best efforts" to execute trades with MWDBE brokers.

Exhibit D

INVESTMENT MANAGER DISCLOSURES

Exhibit E

PUBLIC SCHOOL TEACHERS' PENSION AND RETIREMENT FUND OF CHICAGO

CODE OF CONDUCT- ETHICS POLICY

Revised Effective February 17, 2011

The Trustees hereby adopt this Code of Conduct-Ethics Policy ("Policy") in furtherance of the objective of acting solely in the interests of the Fund's participants and beneficiaries and to affirm their commitment to the highest fiduciary standards.

PRINCIPLES

1. To the extent applicable, Trustees and employees are subject to the Illinois Pension Code (40 ILCS 5/1 et. seq.), the Illinois Governmental Ethics Act (5 ILCS 420/1 et. seq.), and the State Officials and Employees Ethics Act (5 ILCS 430/1 et. seq.).

Trustees and employees shall also comply with the Fund's By-laws and Rules.

2. Trustees and employees shall act with honor and integrity in administering the Fund.

3. Trustees and employees shall not knowingly make any false statement or falsify, or permit to be falsified, any record of the Fund in an attempt to defraud the Fund.

4. Trustees and employees shall act in good faith and in the best interest of the participants and beneficiaries.

5. Trustees and employees shall act with prudence and reasonable care.

6. Trustees and employees shall act with skill, competence and diligence.

7. Trustees shall deal fairly, objectively, and impartially with all participants and beneficiaries.

8. Trustees and employees shall develop and maintain their skills and competence through continuing education and participation in professional associations in order to familiarize themselves with their duties and obligations and to keep abreast of developments.

9. Trustees and employees shall respect and protect privileged information to which they have access by virtue of their roles as Trustees or as employees.

10. Trustees and employees shall not engage in "Prohibited Transactions" as defined in the Illinois Pension Code.

11. Trustees and employees shall discharge their duties without favor to any person or party and shall refrain from engaging in any outside matters of financial or personal interest incompatible with the impartial and objective performance of their duties.

12. Trustees and employees shall not, directly or indirectly, seek or accept personal gain as the result of any action taken by or on behalf of the Fund. Trustees, employees, and their respective spouses shall not knowingly have any direct interest in the income, gains, or profits of any investment made on behalf of the Fund; nor shall such persons receive any pay or emolument for services in connection with any investment or become an endorser, surety, or in any manner an obligor for money loaned to or borrowed from the Fund.

13. Trustees shall recuse themselves whenever a matter comes before the Board of Trustees as to which a conflict, a potential conflict or the appearance of a conflict of interest may exist, unless, after full disclosure at a public Board of Trustees' meeting of the facts underlying the appearance of a conflict, the Board of Trustees

determines that no conflict or potential conflict exists. A Trustee shall not vote on matters as to which a conflict or potential conflict of interest exists.

14. No Person, including a Trustee or an employee, or entity shall retain any person or entity to attempt to influence the outcome of an investment decision of or the procurement of investment advice or services of the Fund for compensation, contingent in whole or in part upon the decision or procurement.

15. Trustees and employees shall comply with the Fund's personnel policies as adopted by the Fund and as amended from time to time.

CONFLICT OF INTEREST

16. Except as provided herein, and subject to applicable State laws, a Trustee or employee shall not accept either directly or indirectly any item of value from a person required to be registered under the Illinois Lobbyist Registration Act ("Lobbyist"), or any person or entity which is doing business with the Fund or has an interest that is substantially affected by Fund business (hereinafter "Provider"), or is seeking to do business with the Fund or has an interest that may be substantially affected by Fund business (hereinafter "Prospective Provider"), as well as a Lobbyist's, Provider's or Prospective Provider's spouse, or immediate family member residing with such Lobbyist, Provider or Prospective Provider (collectively referred to as Prohibited Sources). Such Prohibited Sources include, but are not limited to, investment managers, consultants, professional service providers, brokers, or vendors.

17. A Trustee or employee shall not accept food and/or refreshments or any item of value from any Prospective Provider.

18. A Trustee or employee may accept food and/or refreshments not exceeding \$75.00 per person in value on a single calendar day from a Prohibited Source other than a Prospective Provider, provided that the food and/or refreshments are (i) offered to all Trustees as part of a group event sponsored or conducted by the Prohibited Source, and (ii) are consumed on the premises from which they were purchased or prepared or catered.

19. "Gifts", as defined in 5 ILCS 430/1-5, include, but are not limited to, any gratuity, cash, honoraria, discount, entertainment, hospitality, loan, forbearance, or other tangible or intangible item having monetary value. Such gifts may not be accepted by a Trustee or employee from a Prospective Provider. A Trustee or employee may accept such gifts having a total value of \$100 per person annually from a Prohibited Source, other than a Prospective Provider.

20. The limitations on the receipt of items of value, food and/or refreshments, or gifts as set forth in this Policy shall not apply to items of value, food and/or refreshments, or gifts received by a Trustee or employee as a result of a familial, personal, outside business, or social relationship existing independent of the Fund's affairs that a Trustee or employee may have with a Prohibited Source, unless the Trustee or employee has reason to believe that, under the circumstances, the item of value, food and/or refreshments, or gift was provided or enhanced because of the Trustee's or employee's position and not because of the personal, business, or social relationship existing independent of the Fund's affairs. In determining whether the item of value, food and/or refreshments, or gift was provided because of the Trustee's or employee's position and not because of the personal, business, or social relationship

existing independent of the Fund's affairs, the Trustee or employee shall consider the circumstances under which the item of value, food and/or refreshments, or gift was offered, such as:

- (i) the history of the relationship with the individual giving the item of value, food and/or refreshments, or gift, including any previous similar exchange between the individual and the Trustee or employee;
- (ii) whether, to the knowledge of the Trustee or employee, the individual providing the item of value, food and/or refreshments, or gift personally paid for it or sought a tax deduction or business reimbursement;
- (iii) whether, to the knowledge of the Trustee or employee, the individual providing the item of value, food and/or refreshments, or gift provided the same or similar items of value, food and/or refreshments, or gifts to other Trustees or employees.

21. A Trustee or employee shall neither solicit nor accept anything of value, including, but not limited to, a gift, favor, or promise of future employment, based upon any mutual understanding, either explicit or implicit, that the votes, official actions, decisions or judgments of any Trustee or employee, concerning the business of the Fund would be influenced thereby.

22. If an investment manager, broker, or vendor is on the Fund's written "watch" list, and notwithstanding any other provision of this Policy or State law, a Trustee or employee shall not accept any food and/or refreshments, gift, or social

engagement from that investment manager, broker, or vendor. The Executive Director shall issue any such watch list and provide Trustees, employees, investment managers, brokers, or vendors with a copy of the list.

23. A Trustee may not solicit any gift of property from a Prohibited Source to a Trustee's school or attendance center. If a Trustee is employed at a school or attendance center which is the recipient of a gift of property donated by a Prohibited Source, and if the Trustee is aware of the gift, the Trustee shall report such gift of property to the Board of Trustees within 14 days of the date that the gift is made.

24. A former Trustee or employee shall not directly or indirectly solicit Fund business for a period of one year from the date the Trustee left office or the date the employee left employment with the Fund.

DISCLOSURE OF ECONOMIC INTERESTS

25. On or before February 1, of each year, the Executive Director of the Fund or his/her designee shall certify to the Cook County Clerk a list of names of all Trustees and employees who are required to file a verified statement of economic interest, pursuant to the Illinois Governmental Ethics Act. All Trustees and any employee fiduciaries may on or before March 1 of each year provide the Executive Director of the Fund, or such other Fund representative as designated by the Trustees, a verified written statement of economic interests meeting the requirements of Section 4A-102 of the Illinois Governmental Ethics Act.

26. A copy of a verified written statement of economic interests for the applicable calendar year prepared for another public entity may be submitted, provided that the statement satisfies all of the requirements of Paragraph 25 of this Policy.

27. The Executive Director of the Fund, or his/her designee, shall file all statements that are provided by a Trustee before May 1 with the Cook County Clerk on or before May 1 of each calendar year.

ENFORCEMENT

28. Any Trustee or employee found to have violated any of the provisions of this Policy or to have furnished false or misleading information to the Board of Trustees regarding compliance with this Policy shall be subject to the following sanctions:

(a) Any employee found in material violation of any of the provisions of this Policy shall be subject to employment sanctions, up to and including discharge, in accordance with the Fund's personnel policies.

(b) Any Trustee found to be in material violation of any of the provisions of this Policy shall be subject to the following sanctions, as determined to be appropriate by the Board of Trustees:

1. Public censure;
2. Requested resignation;
3. Litigation by the Board of Trustees seeking to remove the Trustee for breach of fiduciary duty;
4. Any additional appropriate sanctions in accordance with the applicable provisions of the Illinois Pension Code or other State law, including, if applicable, referral to the Illinois Attorney General's office for investigation.

29. All Fund contracts with investment managers/consultants and professional service vendors shall include a provision requiring compliance with this Policy. The contract with any investment manager/consultant or professional service vendor who violates a material provision of this Policy shall be voidable by the Fund.

30. Nothing in this Policy shall preclude the Fund from bringing a lawsuit for an accounting for any pecuniary benefit received by any person in violation of this Policy or of law, or to recover damages for violation of this Policy or of law.

Dated: February 17, 2011