

**Request for Proposals**

**Closed-End Global Opportunistic Real Estate Fund Search**

**PART 1 – INTRODUCTION AND GOAL OF THE REQUEST FOR PROPOSAL (RFP)**

### 1.1 INTRODUCTION - General Information

The Illinois Municipal Retirement Fund (IMRF) is requesting proposals from investment management firms offering closed-end global (“two or more continents”) opportunistic real estate products that have an investment strategy to invest in equity and debt real estate related investments. IMRF has at least $25 million to allocate and multiple managers will be considered for the mandate. Fund of funds and secondary products will not be considered for this mandate. Please refer to Part 4 of this RFP for qualifications for the assignment.

There is no expressed or implied obligation for IMRF to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

IMRF reserves the right to reject any or all proposals submitted. All proposals submitted will be evaluated by members of the IMRF Investment Department staff (“Staff”). The final candidate(s) will make formal presentations to the IMRF Investment Committee and/or the IMRF Board of Trustees (“Board”). Selection of the investment manager(s) is subject to final approval by the IMRF Board.

1.2 GOAL

IMRF is soliciting proposals from qualified investment management firms for an investment in closed-end global opportunistic real estate investment products. The intent of the RFP is to establish a contractual relationship between IMRF and the selected firm(s) for the purpose of providing IMRF with global opportunistic focused real estate investment management services for a mandate size to be determined.

1.3 QUIET PERIOD

The Quiet Period begins on January 2, 2019 and is the period of time beginning when the investment manager search RFP is issued and ends when the investment management firm(s) is (are) selected by the IMRF Board or the process is declared to be complete.

Respondents shall not contact IMRF Board members during the Quiet Period and should direct all questions and communications to IMRF at **realassets@imrf.org**.

Incumbent investment management firm respondents may communicate with the IMRF Board members during the Quiet Period, but may not discuss this investment management search with IMRF Board members during the Quiet Period. The purpose of the Quiet Period is to ensure that all prospective investment managers have equal access to information regarding the search objective and requirements; to be certain that communications are consistent and accurate; and to make the search process and selection process efficient, diligent, and fair.

The Quiet Period will be posted to the IMRF website to prevent inadvertent violations by investment managers responding to this RFP.

IMRF Board members and members of the Staff not directly involved in this search shall refrain from communicating with the respondents regarding any product or service related to this search during the Quiet Period unless this communication takes place during a formal site visit or interview conducted as part of this investment management search.

An RFP respondent will be disqualified for violating the Quiet Period.

#### Offering or providing anything of value to the IMRF Board members and members of the Staff is prohibited.

**Quiet Period FAQ**

In general, IMRF has an open door policy to meet with managers. It means that IMRF will meet with managers and they do not need any third party referral.

**1) A third party (legislator, other person not specifically affiliated with a manager) contacts IMRF during an active search (not during the quiet period) and encourages IMRF to include Manager X in the search.**

During a search, IMRF would not include a manager in the search based on any encouragement from a third party. Depending on the circumstances of the contact from the third party, the manager may get disqualified from further consideration and IMRF would report it the Board during an open meeting when Staff gives their search summary and recommendations.

**2) A third party contacts IMRF regarding Manager X, but there are no active searches (or there are no active searches related to Manager X).**

If a third party contacts IMRF regarding Manager X (not during a search) IMRF would tell the third party that the manager has to contact Staff for a meeting. Based on our open door policy, IMRF would meet with the manager. No actual action other than a meeting is guaranteed.

**3) IMRF is contacted during the quiet period from a manager that is in the search.**

During a quiet period, contact from a manager in the search is treated based on circumstance. The manager could be responding to our questions for more information (which is fine). If they are contacting IMRF regarding a referral from a third party, Staff would tell them that it is not in the scope of RFP contact and they will get disqualified from further consideration if they continue this dialogue. If we end up disqualifying them, we would report it to the Board during an open meeting.

**4) IMRF is contacted during the quiet period from a third party regarding a specific manager who is included in a search.**

IMRF does not accept conversation from third parties on a manager during quiet period. Staff would tell them that we are in quiet period and can't discuss the search or the manager. If the third party does not discontinue the dialogue, such contact would be reported to any relevant ethics oversight body (such as the Legislative Inspector General, if the third party is a legislator, for example). Depending on that nature of the contact, IMRF may disqualify the manager. Any disqualification and/or ethics officer referral would be reported to the Board during an open meeting.

**PART 2 – BACKGROUND ON ILLINOIS MUNICIPAL RETIREMENT FUND**

2.1 PLAN DESCRIPTION

IMRF is a public pension plan established and governed by the Illinois Pension Code (40 ILCS 5/1-101 et seq).

2.2 STATEMENT OF INVESTMENT POLICY AND REAL ESTATE STATEMENT OF INVESTMENT POLICY

The members of the Board, employees of the Board, and agents thereof stand in a fiduciary relationship to the members of the system regarding the investment and disbursement of any of the monies in the Fund.

In exercising this fiduciary responsibility, the Board is governed by the prudent man rule.

Within this framework the Board seeks to optimize the total return on the Fund’s portfolio through a policy of diversified investment to achieve maximum rates of return within a parameter of prudent risk as measured on the total portfolio.

IMRF’s current Statement of Investment Policy and Real Estate Statement of Investment Policy can be found at:

<https://www.imrf.org/en/investments/policies-and-charter/investment-policies>

The Statement of Investment Policy and/or Real Estate Statement of Investment Policy are reviewed by the Board on an annual basis and may be amended from time to time by a majority vote of the Board.

### 2.3 PORTFOLIO DESCRIPTION

IMRF’s portfolio is a diversified and global portfolio having a total market value of approximately $40.2 billion as of November 30, 2018. IMRF’s strategic asset allocation targets are as follows:

|  |  |  |
| --- | --- | --- |
| Asset Class | Actual Allocation\* as of 11/30/18 | Strategic Target |
| Domestic Equity(includes 2% target to Public Real Assets) | 42.3% | 37.0% |
| International Equity | 18.6% | 18.0% |
| Fixed Income | 28.2% | 28.0% |
| Real Estate\* | 6.1% | 9.0% |
| Alternative Investments\* (Private Equity, Unlisted Infrastructure, Agriculture, Timber) | 4.4% | 7.0% |
| Cash | 0.5% | 1.0% |
| Total  | 100.0% | 100.0% |

\* As of November 30, 2018, the allocation including unfunded commitments to real estate was 8.9%. The allocation to alternative investments was 7.8%

### 2.4 PORTFOLIO LONG TERM OBJECTIVES FOR THIS ASSIGNMENT:

The investment manager shall invest in a global opportunistic equity and debt real estate related investment portfolio. The primary objective for this account is generate superior-risk adjusted returns by investing in a diversified portfolio of opportunistic equity and debt real estate related investments. The account may also be evaluated against a secondary benchmark as deemed appropriate.

**PART 3 – SERVICES TO BE PERFORMED**

IMRF continually seeks to employ investment managers who possess superior capabilities in the management of the assets for public retirement funds. IMRF further requires those investment managers selected and working on its behalf to meet the following set of conditions:

#### To recommend actions which in their best professional judgment are in the best interests of IMRF to meet the investment objectives of this RFP. Such recommendations include but are not limited to: (a) the allocation of assets among real estate investments; (b) specific investment opportunities regarding the acquisition, retention or disposition of investments per the limited partnership agreement and the private placement memorandum.

1. At a minimum, to report to the IMRF, in writing, quarterly financial statements and annual audited financial statements, including capital account balance statement and schedule of investments.
2. Additional responsibilities as detailed in the limited partnership agreement and related documents.

## PART 4 – QUALIFICATIONS FOR THE ASSIGNMENT

#### Eligible products will have an established firm in place with all key personnel required to operate the strategy employed.

Eligible funds will have a global opportunistic closed-end real estate commingled fund product in the market.

Firm and fund must have an investment strategy to invest in both equity and debt real estate related investments.

Fund must be global, targeting investments in two or more continents.

Only multi-sector proposals will be considered.

If selected as a finalist, the firm may be required to be registered as an investment adviser or a bank as defined under the Investment Advisers Act of 1940.

If selected as a finalist, the firm may be required to be bonded in accordance with the provisions of the Employee Retirement Income Security Act of 1974.

If selected as a finalist, the firm must agree to act as a fiduciary with respect to the global opportunistic real estate commingled fund.

If selected as a finalist, the firm must be familiar with and be prepared to comply with Articles 1 and 7 of the Illinois Pension Code. Click on link to view: [IMRF Online - Illinois Pension Code](https://www.imrf.org/en/about-imrf/illinois-pension-legislation/illinois-pension-code)

If selected as a finalist, the firm must complete the certifications in Exhibits A, B and C.

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## PART 5 – SPECIFICATIONS FOR THE ASSIGNMENT

### 5.1 REQUIRED CERTIFICATIONS AT THE POINT OF CONTRACT

At the point of contract, a final detailed limited partnership agreement will be agreed upon between IMRF and the successful firm(s). The terms of the final contract between IMRF and the successful firm(s) will be binding and supersede this RFP. In addition, IMRF will require the successful firm(s) to acknowledge, in writing, that it is (they are) a fiduciary with respect to the global opportunistic real estate focused commingled fund. The following certifications will be required:

#### Exhibit A: IMRF Disclosure Schedule of Certification

1. Exhibit B: High Risk Home Loan Act Certification
2. Exhibit C: Illinois Governmental Ethics Act Certification

### 5.2 IDEMNIFICATION AND STANDARD OF CARE PROVISIONS

For consideration of investment, IMRF expects a form of the following standard Indemnification and Standard of Care provisions in the legal documents.

1. *Indemnification:*

To the fullest extent permitted by law, the Partnership shall defend, indemnify and hold harmless each of the Indemnifying Parties from and against all liability, loss, damage, cost and expenses, including without limitation reasonable attorney’s fees, and all claims, suits , and demands therefore, (“Losses”) in respect of or arising from the affairs of the partnership except to the extent arising as a result of (1) any breach by the of the Standard of Care, (2) negligence, wrongful or intentional misconduct, bad faith or fraud or (3) any violation of applicable law that has a material adverse effect on Partnership, provided that the Partnership shall have no liability for indirect or punitive damages.

The General Partner shall indemnify the partnership for any Losses in respect of (1) any breach by the General Partner of the Standard of Care, (2) negligence, wrongful or intentional misconduct, bad faith or fraud or (3) any violation of applicable law by the General Partner that has a material adverse effect on Partnership, provided that the Partnership.

1. *Standard of Care:*

The General Partner acknowledges it is a fiduciary to the partnership and shall discharge its duties under this Agreement with the care, skill, prudence and diligence under 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, and will conduct itself and exercise its authority in accordance with the fiduciary standards set forth in ERISA and the Illinois Pension Code, as amended (the “Standard of Care”).

### 5.3 SAMPLE IMRF SIDE LETTER

IMRF’s sample standard side letter is attached. At the time of contract, IMRF expects the attached standard provisions to be part of the side letter. Additional provisions may be added after full review of legal documents and dependent on legal negotiations.



## PART 6 – RFP OBJECTIVE AND INSTRUCTIONS FOR RFP SUBMISSIONS

### 6.1 RFP OBJECTIVE

A. To provide sufficient information for the preparation of competitive proposals by qualified respondents.

B. To provide for a fair and objective evaluation of proposals.

C. To result in a continuing contract between the successful respondent(s) and IMRF.

D. Must be completed and submitted in original format.

### 6.2 RFP DUE DATE & DELIVERY

This RFP is available in the Business Opportunities section of the Investments tab on the IMRF website at [www.imrf.org](http://www.imrf.org). **Responses are required to be submitted electronically in their original format to** **realassets@imrf.org** **no later than end of business day, January 18, 2019.**

#### In addition, four hard copies of the proposal must be received by IMRF no later than end of business day, January 18, 2019.

#### Two hard copies and one electronic copy of the submission should be provided on either a CD-ROM or USB flash drive no later than the end of business day, January 18, 2019. This submission must be addressed and delivered to:

*Illinois Municipal Retirement Fund*

*2211 York Road, Suite 500*

*Oak Brook, Illinois, 60523-2337*

*Attn: Dhvani Shah, Chief Investment Officer*

All proposals must be complete in every respect and must answer concisely and clearly all questions asked in the original format of this RFP.

If you plan to submit multiple products, please submit one RFP response and multiple product specific sections as necessary.

Late proposals will not be accepted.

### 6.3 TIMELINE

While there is no fixed date for the selection of a global opportunistic real estate investment management firm(s), it is anticipated that the selection will be completed by March 22, 2019.

6.4 INQUIRIES

During the evaluation process, IMRF retains the right to request additional information or clarification from respondents to this RFP. IMRF, at its discretion, may also allow corrections of errors or omissions by respondents.

Inquiries must be submitted to IMRF at realassets@imrf.org.

Inquiries must be received no later than end of business day January 11, 2019. After January 11, 2019, if a question appears unclear to you, please state your interpretation of the question and answer it accordingly.

In all cases, no verbal communications will override written communications.

6.5 DISCLOSURE OF PROPOSAL CONTENT

In submitting a proposal, responders recognize that IMRF is subject to the Illinois Freedom of Information Act and, as such, the proposal may be subject to public disclosure after selection of a manager. Trade secrets or proprietary information must be clearly identified as such in the proposal and will not be released to the extent permitted by law**.**

6.6 DISPOSITION OF PROPOSALS

All proposals become the property of IMRF and will not be returned to the respondent. IMRF reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance of the conditions contained in this RFP, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between IMRF and the firm selected.

### 6.7 SIGNATURE OF RESPONDENT AGENT

#### The proposal shall be signed by an officer of the responding firm or a designated agent empowered to bind the firm in a contract.

## PART 7 – GENERAL TERMS AND CONDITIONS OF THE CONTRACT INCLUDING PERFORMANCE REVIEW CRITERIA

### 7.1 TERM OF ENGAGEMENT

The term of engagement shall commence on the effective date of the contract.

### 7.2 CRITERIA FOR THE POST PERFORMANCE REVIEW

#### Performance shall be evaluated based upon successful execution of the services to be performed under the limited partnership agreement, private placement memorandum and other related documents.

**PART 8 – SELECTION PROCESS**

IMRF reserves the right to award this contract to the firm(s) which, in its sole opinion, will provide the best match to the requirements of the RFP.

IMRF reserves the right to reject respondents due to their noncompliance with the requirements of this RFP. Additionally, IMRF reserves the right not to hire or defer the hiring of any firm for investment management services.

8.1 SELECTION PROCESS

Staff shall objectively review the proposals to identify qualified candidates based on the criteria presented in the RFP. Staff may interview all, some or none of the RFP respondents, undertake site visits to respondent offices, and conduct such other due diligence as is prudent under the circumstances.

Staff will select finalist(s) and make a recommendation to the Investment Committee. The finalist(s) will present to the Investment Committee. The Investment Committee will make a recommendation to the IMRF Board. The IMRF Board shall then act on the recommendation of the Investment Committee.

During the selection process all respondents to the RFP will be evaluated and ranked on four primary factors:

People - stability of the organization, ownership structure, and documented experience of key professionals

Process - clearly defined, reasonable, and repeatable investment strategy

Performance - documented ability to meet investment performance benchmarks

Pricing - fee schedule and associated costs

IMRF reserves the right to reject any respondents due to noncompliance with the requirements and instructions in the RFP.

**PART 9 – PROJECTED TIMELINE FOR COMPLETION OF THE CLOSED-END GLOBAL OPPORTUNISTIC REAL ESTATE SEARCH**

9.1 TIMELINE

A. Requests for Proposals publicized by IMRF on January 2, 2019

B. Inquiries for interpretation must be received by end of business day, January 11, 2019.

C. Proposals must be received no later than end of business day, January 18, 2019

D. First round interviews will be held between January 31 – February 6, 2019 at IMRF’s office in Oak Brook, IL.

E. On-site due diligence meetings are expected to take place between February 19-27, 2019.

F. Finalists are expected to present to the IMRF Investment Committee on

 March 21, 2019.

**PART 10 - RFP QUESTIONNAIRE: CLOSED-END GLOBAL OPPORTUNISTIC REAL ESTATE SEARCH**

10.1 PROPOSAL PREPARATION INSTRUCTIONS AND MANDATORY REQUIREMENTS

#### A. The questions presented in Sections 10.2 through 10.3 must be answered completely and in the same sequence. Failure to adequately respond may be cause for rejection of a firm’s proposal. Responses to this RFP must be received electronically at realassets@imrf.org later than end of business day, January 18, 2019.

B. One digital copy (either a CD-ROM or USB flash drive) and four hard copies of the proposal must be received by IMRF no later than end of business day, January 18, 2019. Please see delivery instructions in Section 6.2.

C. All respondents must provide the following documents if available:

 1. Limited Partnership Agreement – Attach as Appendix A

 2. Private Placement Memorandum – Attach as Appendix B

 3. Due Diligence Questionnaire (if applicable) – Attach as Appendix C

10.2 REQUEST FOR PROPOSAL QUESTIONNAIRE

CloseD-End GLOBAL OPPORTUNITIC REAL ESTATE SEARCH

Does your firm qualify as a minority investment manager?

 A “minority investment manager” is a qualified investment adviser whose firm’s is a “minority owned business”, or a “female owned business” or “business owned by a person with a disability” as those terms are defined in the Illinois Business Enterprise for Minorities, Females, and Persons with Disabilities Act.

 For more clarification on definitions, please access [www.ilga.gov](http://www.ilga.gov). The definition of “minority investment manager” can be found in Section 1-109.1 of the Illinois Pension Code and Section 1-113.21 of the Illinois Pension Code. Additional definitions can be found in the Illinois Business Enterprise for Minorities, Females, and Persons with Disabilities Act under Illinois Compiled Statutes, Chapter 30 (30 ILCS 575).

❒ Yes ❒No

If yes, please select your firm’s AUM:

 $10 million but less than $10 billion ❒

 Equal or greater than $10 billion ❒

Name (Print):\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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

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

### 10.3 FIRM INFORMATION

**A. ORGANIZATIONAL SUMMARY**

A1. a. Please indicate your firm’s fiduciary classification. Please check all that apply:

\_\_\_\_\_ Registered Investment Advisor

 (registered under the federal Investment Advisors Act of 1940)

If your firm is exempt from being a Registered Investment Advisor, please provide the exemption:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_ Bank

 (as defined in the federal Investment Advisors Act of 1940)

\_\_\_\_\_ Other: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

b. Please acknowledge that your firm, if chosen, will act as a fiduciary with respect to the Closed-End Global Opportunistic Real Estate Fund.

 ❒ Yes ❒No

A2. Please describe the history of the firm including your real estate investment team, and if appropriate, the history of the parent organization including:

1. year the firm was founded and/or year the parent was founded.
2. firm ownership structure, including a description of all owners and their ownership percentage.
3. Brief history of the firm, including ownership, with an emphasis on material developments over the past five years. Please include prior organizational names and the length of time your organization has been in business under its present name and ownership.
4. discuss all affiliate entities of the organization.
5. the year the firm began providing investment management services to U.S.

tax-exempt clients.

1. whether real estate investment management capabilities were developed in-house or derived through acquisition of talent from another firm. If the latter, please describe the acquisition and indicate when this occurred.
2. description of all business lines of the organization. If your firm has capabilities for other real asset strategies, please describe.
3. describe the culture of the organization.

A3. Please provide an organization chart which diagrams the ownership structure and interrelationships between the parent-subsidiary, affiliate, or joint venture entities. (Attach as Appendix D)

A4. Please provide your firm’s current succession plans. Are there any current plans for founders or other senior members of the firm to retire?

A5. Please provide the location and function of each of your firm’s offices:

|  |  |  |  |
| --- | --- | --- | --- |
| Location | Function | Total Employees | Number of Investment Professionals |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |

A6. Please provide details on the financial condition of your firm. Most recent annual reports filed with the SEC will be acceptable, but any recent material changes should also be included. (Attach as Appendix E)

A7. Are you currently out of compliance with the SEC, DOL, or any other regulatory agency? If yes, please explain. Please provide a copy of your most recent ADV Part I and Part II. (Attach as Appendix F)

A8. Please discuss the overall business objectives of your firm with respect to future growth. Comment on any present or planned areas of emphasis over the near future. Be sure to include in your response:

- plans to develop and expand resources

- plans to merge with other firms

- plans to acquire other firms

- plans to spin off subsidiaries

 - plans to be spun off by a parent firm

 - plans for ownership or organizational changes

A9. Please provide the name of the regulatory body overseeing the firm, this product, and the dates of registration.

A10. Over the past ten years, has your organization or any of its affiliates or parent, or any officer or principal been involved in any business litigation or other legal proceedings related to your management or investment activities? If so, provide a brief explanation and indicate the current status.

A11. Does your firm or parent company run or have an interest in a securities brokerage firm or a real estate brokerage firm? Does your firm trade for client accounts through this broker/dealer? If so, to what extent?

A12. Does your firm provide investment management services to U.S. tax-exempt investors? If so, to what extent?

A13. Does your firm permit its staff members to serve on boards of directors of publicly traded companies? If so, are any restrictions placed on this activity and how is their director compensation treated?

**B. FIRM ASSETS UNDER MANAGEMENT**

B1. Provide the firm’s total AUM as well as a breakdown by strategy type.

B2. Provide the breakdown of AUM by client type and for the proposed product.

*Commitments under Management by Client Type*

|  |  |  |  |
| --- | --- | --- | --- |
| **Account Type** | **Total Firm AUM** | **Proposed Product AUM\*** | **Number of Accounts/Investors** |
| Corporate |  |  |  |
| Public Fund |  |  |  |
| Union/multi-employer |  |  |  |
| Foundation and endowment |  |  |  |
| Insurance |  |  |  |
| High-net-worth individuals |  |  |  |
| Wrap accounts |  |  |  |
| Sub-advised assets |  |  |  |
| Other, please explain |  |  |  |
| **Total** |  |  |  |

 *\*Total Commitments for current and predecessor funds for the proposed product*

B3. Please provide a representative client list for this product proposed.

**C. FIRM PERSONNEL**

C1. Please insert your firm’s organizational chart as of December 31, 2018 (or most recent available). (Attach as Appendix G)

C2. Please list all principal officers, and portfolio managers (key personnel) in the table format below. Highlight the person(s) who would be responsible for the IMRF account.

 **Please submit in originally provided format.** (Attach as Appendix H)



C3. Have any senior personnel left the firm in the last ten years? Please complete Tab 3 in the Firm Personnel file above and provide commentary with details such as year started with the firm, departure date, reason for departure, and who replaced them, etc.

C4. Please discuss the compensation package available to your firm’s professional staff, including any incentive bonuses and how they are awarded. Also, describe how carry is allocated, to what level of staff and any applicable vesting schedules. Please be detailed and specific without necessarily disclosing dollar amounts.

C5. What other programs do you have in place to retain key staff? Please be detailed and specific.

**D. ORGANIZATION DIVERSITY EFFORTS**

D1. Please fill out the Diversity Profile table for your entire firm. **Please submit in originally provided format.**  (Attach as Appendix I)



D2. Please complete the following disclosure per Illinois Pension Code Section 1-113.21. (Attach as Appendix J)

 

D3. Discuss how your firm promotes organizationally diversity in hiring, promoting and engaging employees. Include a discussion of any external or internal organizations the firm may participate in.

**E. COMPLIANCE**

No person or entity shall retain a person or entity to attempt to influence the outcome of an investment decision of or the procurement of investment advice or services of a retirement system, pension fund, or investment board of this Code for compensation, contingent in whole or in part upon the decision or procurement of IMRF. If selected, your firm will be required to sign a disclosure form which shall include the date and amount of each payment and the name and address of each recipient of a payment. The investment manager or bank must also promptly update this disclosure after any modification of these payments or after making additional payments or new payments not previously reported.

E1. Does your firm, or parent firm, have Errors and Omissions Insurance? If yes, for what amount? Please attach evidence of your coverage as Appendix K.

E2. Does your firm, or parent firm, have Directors’ and Officers’ Insurance? If yes, for what amount? Please attach evidence of your coverage as Appendix L.

E3. Does your firm, or parent firm, have Fiduciary Liability Insurance? If yes, for what amount? Please attach evidence of your coverage as Appendix M.

E4. Is your firm, or parent firm, bonded? If yes, for what amount? Please attach evidence of your coverage as Appendix N.

E5. Please describe the compliance assessment process, including the time period covered, testing methods, and frequency.

E6. When was the last compliance assessment? Please attach a summary of the report as Appendix O, if possible.

E7. Does the firm have a Chief Compliance Officer? If so, to whom does the CCO report? Does the CCO have other roles at the firm and what resources are available to the CCO? Please provide a biography of the CCO.

E8. When was your firm’s last regulatory inspection (e.g., by the SEC in the United States)? Please discuss any changes to processes and/or procedures the firm has made as a result of the inspection. Please attach the inspection results as Appendix P.

E9. Has any regulatory body or market authority issued any orders or other sanctions against your firm in the last ten years? Has your firm received deficiency letters? If yes, please attach with Appendix P.

E10. Is your firm or any affiliate, the focus of any pending or ongoing litigation, formal investigation or administrative proceedings related to money management activities? If yes, please describe.

E11. Have the principals of your firm been under investigation related to money management activities in the last ten years? If yes, please explain.

E12. Have auditors ever issued a qualified opinion on financial statements for any of your firm’s funds (if applicable)? If yes, please explain and attach a copy. Additionally, please describe any auditor changes over the past five years.

(Attach as Appendix Q, if applicable)

E13. Please identify if your firm prepares the Fund’s financial statements in accordance with U.S. Generally Accepted Accounting Principles (GAAP), or different financial reporting standards including International Financial Reporting Standards (IFRS).

E14. What policies do you have in place to address potential conflicts of interest? Please list any potential conflicts of interest that may be inherent in the proposed strategy.

E15. Please discuss any fees or expenses that the proposed product will pay to affiliates of the firm.

**F. PRODUCT SUMMARY**

F1. Complete the following product summary table:

|  |  |
| --- | --- |
| Fund Name |  |
| Vintage |  |
| Fund Currency Denomination |  |
| Target Commitments |  |
| Closed Commitments |  |
| Hard Cap (if applicable) |  |
| First Closing (Actual or Anticipated Date)  |  |
| Next Closing (Anticipated) |  |
| Final Closing  |  |

F2. Complete the following table describing the capital deployed for the proposed strategy over the past five years.

|  |  |  |
| --- | --- | --- |
| Calendar Year | Capital Committed/Invested | Number of Investments |
| 2018 |  |  |
| 2017 |  |  |
| 2016 |  |  |
| 2015 |  |  |
| 2014 |  |  |

F3. How do you characterize your strategy in terms of risk profile?

 Core ­­­­ \_\_\_\_\_

 Core Plus \_\_\_\_\_

 Value Add \_\_\_\_\_

 Opportunistic \_\_\_\_\_

F4. Describe the investment objective of the proposed product. .

F5. Complete the following table for the proposed product.

|  |  |  |
| --- | --- | --- |
| Metric | Gross | Net |
| Target IRR |  |  |
| Target Multiple |  |  |

F6. What percentage of the proposed fund’s return is expected to be derived from income generated, versus appreciation?

F7. Complete the excel template attached, providing the historical allocation of all predecessor funds to the proposed product including:

 Schedule 1: Historical Allocation to Equity and Debt by Fund

 Schedule 2: Historical Allocation by Region by Fund

 Schedule 3: Historical Allocation by Sector by Fund

 Attach the spreadsheet as Appendix R in your submission.

 

F7. Discuss the anticipated allocation ranges between equity and debt investments by completing the following table:

|  |  |
| --- | --- |
| Investment Type | Target Allocation Range for Proposed Product |
| Equity  |  |
| Debt |  |
| Other (Please Specify)\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |  |
| Other (Please Specify)\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |  |

F8. Discuss the anticipated allocation ranges by geography by completing the following table:

|  |  |
| --- | --- |
| Geography | Target Allocation Range for Proposed Product |
| North America (ex Mexico)  |  |
| Europe |  |
| Asia |  |
| Latin America |  |
| Africa |  |
| Other (Please Specify) |  |
| Other (Please Specify)\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |  |
| Other (Please Specify)\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |  |

F9. Discuss the anticipated allocation ranges by sector by completing the following table:

|  |  |
| --- | --- |
| Geography | Target Allocation Range for Proposed Product |
| Office  |  |
| Multifamily |  |
| Industrial/Logistics |  |
| Retail |  |
| Other (Please Specify)\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |  |
| Other (Please Specify)\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |  |

F10. Provide a discussion of the fee structure:

|  |  |
| --- | --- |
| Terms | Description |
| Management Fee Rate/Base *During Investment Period* |  |
| Management Fee Rate/Base *Post Investment Period* |  |
| Preferred Return |  |
| Carried Interest |  |
| Distribution Waterfall (European, American, Hybrid) |  |
| Catch Up Provisions |  |
| Management Fee Offsets |  |
| Organizational Expense Cap |  |
| Other Fees/Expenses (Acquisition, Disposition, Asset Management) |  |
| Discuss any fee reductions offered for investors (i.e. first closing, size discounts, etc.) |  |

F11. Provide a discussion of the terms of the proposed vehicle:

|  |  |
| --- | --- |
| Terms | Description |
| Investment Period |  |
| Term of Partnership |  |
| Extensions |  |
| GP Commitment |  |
| Partnership Jurisdiction |  |
| Key Man Provisions |  |

F12. Provide a discussion of any guideline limitation in the legal documents:

|  |  |
| --- | --- |
| Type | Description |
| Exposure to any single asset/investment |  |
| Geography limits |  |
| Sector Limits |  |
| Leverage Limits |  |
| Development Limits |  |
| Other (Please Describe)\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |  |

F13. Please include a copy of the most recent quarterly report and audited annual report for all of you prior active funds and a sample client account statement. If the proposed product has a quarterly or annual report, please include a copy of those as well. (Attach as Appendix S)

**G. INVESTMENT STRATEGY AND PROCESS**

*Strategy*

G1. Summarize the Fund’s investment strategy and types of transactions the fund will pursue. Include details on anticipated transactions sizes (including minimum/maximum), leverage, investment pace, holding periods and other relevant characteristics.

G2. Discuss any changes that have been made to the investment strategy and/or investment strategies that you will no longer pursue.

G3. Describe the opportunities and challenges for your product’s stated strategy in the current market environment.

G4. Does the firm utilize operating partners in the management of assets? If so, please discuss you philosophy and provide background of your experience working with operating partners.

G5. List your top three competitors when sourcing new investments for the proposed product.

G6. What differentiates your product from other real estate products in the market?

G7. Discuss the anticipated exposure to development for the proposed product. Include a discussion of instances where the fund will pursue development opportunities.

G8. Describe one transaction (realized or unrealized), which you believe best represents your firm’s strategy and investment capabilities.

*Investment Process*

G9. Discuss the firm’s sourcing efforts. Who is involved in the sourcing process? How are investments sourced? Include a discussion of any unique or proprietary deal sources. Approximately, how many transactions are sourced, diligenced, and invested in each year?

G10. Discuss the diligence process once a potential asset is identified. Include a discussion of the following:

1. How is the due diligence team staffed?
2. How the team does ensures the asset is being acquired at attractive valuations?
3. Use of third-party vendors in due diligence.
4. How is research integrated in the investment process?
5. Discuss qualitative versus quantitative aspects.
6. Describe the most common critical areas of focus.
7. Describe how you document your process.

G11. Attach an example of an internal investment memorandum pertaining to a recommended investment. (Attach as Appendix T)

G12. Please explain the Investment Committee process in detail. Who is on the Investment Committee? Are there any anticipated changes to the participants of the Investment Committee? Have there been any changes over the past three years? Does it take a unanimous or majority vote to pass the committee? Discuss what types of investment decisions require investment committee votes.

G13. Does the firm have dedicated asset managers, separate from the acquisitions team?

G14. Discuss the asset management process post after an investment is closed. How is the investment progress monitored and capital expenditure and leasing decisions made? Additionally, describe the process for developing annual asset budgets? Discuss who is involved at each stage of the process.

G15. Describe your process for monitoring for underperforming investments. Provide an example of an underperforming investment the team managed through to restore value.

G16. Discuss the process for liquidating assets. How are hold/sell decisions made? Who are the typical buyers?

*Risk Management*

G16. Discuss your approach to risk management. What types of risks are monitored and how are they measured? Provide a discussion at both at individual investment and for the portfolio as a whole. Are they any professionals dedicated to risk management/portfolio management?

G17. Discuss your view of political risks to the investment strategy and your firm’s experience in mitigating those risks in the various regions where you expect to invest.

G18. Discuss the fund’s use of leverage including:

1. Discussion of Firm’s leverage philosophy
2. Leverage limits (Fund and individual asset limits)
3. Floating vs. Fixed Rate
4. Hedging practices
5. Cross Collateralization
6. Types of lenders utilized
7. Has the firm ever lost an asset due to leverage? If so, please describe.

G19. Please discuss any currency hedging policies and the types of instruments used to hedge if applicable. Who oversees the currency hedging program (if applicable)?

**H. PERFORMANCE AND SUMMARY INFORMATION**

H1. Please complete the attached performance and cash flow tables. **Please submit in originally provided format.** IMRF may subsequently ask for the cash flow data to be uploaded directly into eVestment’s Top Q product. (Attach as Appendix U)

 

H2. Discuss how you benchmark your performance.

H3. Please complete the Firm/Fund Summary. **Please submit in originally provided format.** (Attach as Appendix V)

****

H4. Please provide three references that have invested in the investment strategy you are proposing. Please provide the names, addresses, telephone numbers, fund invested, commitment size and dates the accounts commenced. (Attach as Appendix W)

APPENDIXES TO QUESTIONNAIRE

1. Limited Partnership Agreement (if available)
2. Private Placement Memorandum (if available)
3. Due Diligence Questionnaire (if applicable)
4. Organizational Chart – Ownership Structure/Parent Company
5. Firm Financial Statements
6. ADV Part I and II
7. Organizational Chart - Firm
8. Team Personnel Table
9. Diversity Profile – Entire Firm
10. Diversity Disclosure Per Illinois Pension Code
11. Evidence of Errors and Omissions Insurance
12. Evidence of Directors’ and Officers’ Insurance
13. Evidence of Fiduciary Liability Insurance
14. Evidence that Firm is Bonded
15. Compliance Assessment Report (if applicable)
16. Regulatory Inspection Report and Orders, Sanctions, Deficiency Letters, if applicable
17. Qualified Opinion
18. Historical Allocation Charts
19. Fund Reports: Quarterly, Annual, Sample Client Account Statement)
20. Sample Internal Investment Memorandum
21. Fund and Asset Level Attribution Tables
22. Firm/Fund Summary
23. Reference List

Exhibit A

**IMRF Disclosure Schedule Certification**

For an Investment Advisor or Consultant to be eligible to provide services to the Illinois Municipal Retirement Fund (IMRF), your firm must complete the IMRF Disclosure Schedule Certification, which includes an acknowledgement that your firm is familiar with the provisions of Sections 1-135 and 1-145 of the Code.

All Managers / Consultants MUST complete this form.



**IMRF Disclosure Schedule Certification**

**Page 1 of 2**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ warrants and represents to IMRF as follows:

 (Firm Name)

The following is a true, accurate and is a complete list of the names and addresses of (i) your firm; (ii) each entity that is a parent of, or owns a controlling interest in, your firm; (iii) each entity that is a subsidiary of, or in which a controlling interest is owned by, your firm; (iv) all persons who have an ownership or distributive income share in your firm that is in excess of 7.5%; and (v) each person who serves as an executive officer of your firm:

(i)

(ii)

(iii)

(iv)

(v)

The following is a true, accurate and a complete list of the names and addresses of all subcontractors, if applicable, and the expected amount of money each will receive under the contract, including an acknowledgment that the contractor must promptly make notification, in writing, if at any time during the term of the contract a contractor adds or changes any subcontractors. (For purposes of this paragraph “subcontractor” 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, services used to track compliance with legal standards, and investment fund of funds where the board has no direct contractual relationship with the investment advisers or partnerships.)

*(If none, state “none”)*

**IMRF Disclosure Schedule Certification**

**Page 2 of 2**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ acknowledges that it is familiar with the provisions of

(Firm Name)

Sections 1-135 and 1-145 of the Code, which read in their entirety as follows:

**Sec. 1-135** **Fraud** Any person who knowingly makes any false statement or falsifies or permits to be falsified any record of a retirement system or pension fund created under this Code or the Illinois State Board of Investment in an attempt to defraud the retirement system or pension fund created under this Code or the Illinois State Board of Investment is guilty of a Class 3 felony. (40 ILCS 5/1-135)

**Sec. 1-145 Contingent and placement fees prohibited** No person or entity shall retain a person or entity to attempt to influence the outcome of an investment decision of or the procurement of investment advice or services of a retirement system, pension fund, or investment board of this Code for compensation, contingent in whole or in part upon the decision or procurement. Any person who violates this Section is guilty of a business offense and shall be fined not more than $10,000. In addition, any person convicted of a violation of this Section is prohibited for a period of 3 years from conducting such activities. (40 ILCS 5/1‑145)

|  |
| --- |
| **INVESTMENT MANAGER / CONSULTANT:** |
| Company Name:  |
| Signature:  |
| Printed Name  |
| Title:  |
| Dated:  |

Exhibit B

**High Risk Home Loan Act Certification**

Under Public Act 095-0521, for an Illinois finance entity to be eligible to invest or deposit IMRF funds, it must annually certify that it complies with the High Risk Home Loan Act. An Illinois finance entity is defined in Public Act 095-0521 as:

*any 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, and any person or entity licensed under the Residential Mortgage License Act of 1987, the Consumer Installment Loan Act or the Sales Finance Agency Act.*

Using the definition of an Illinois finance entity given above, please advise us of your status

by checking the appropriate box on the certification page.



**High Risk Home Loan Act Certification**

**Yes, we are an Illinois finance entity** as defined in Public Act 095-0521.

(Please complete the Certification of Compliance *Illinois High Risk Home Loan*

*Act* form attached.)

**No, we are not an Illinois finance entity** as defined in Public Act 095-0521.

(Please skip the Certification of Compliance *Illinois High Risk Home Loan*

*Act* form attached.)

|  |
| --- |
| **INVESTMENT MANAGER / CONSULTANT:** |
| Company Name:  |
| Signature:  |
| Printed Name  |
| Title:  |
| Dated:  |

**Illinois Municipal Retirement Fund**

Certification of Compliance

*Illinois High Risk Home Loan Act*

I, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, serving in the capacity of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, on this \_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 20 \_\_\_\_, being duly sworn and having knowledge of all matters set forth herein, state, affirm and certify as follows:

1. I represent \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, and I am duly

authorized to provide this certificate on its behalf.

2. I am aware of the requirements of Section 1-110.10 of the Illinois Pension Code (40

ILCS 5/1-110.10), as well as the requirements of the High Risk Home Loan Act, (Act),

and any rules adopted pursuant thereto.

3. Under the terms of the Illinois Pension Code, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

is deemed an Illinois Finance Entity.

4. I am aware that no pension fund assets may be handled by the Illinois Finance Entity if

it is not in compliance with the provisions of the High Risk Home Loan Act, including

the filing of a completed certification with the Illinois Municipal Retirement Fund.

5. I certify that \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is in compliance with all the

requirements of the High Risk Loan Act and the rules adopted pursuant to the Act.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(Firm)

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_­­­ \_\_\_\_\_\_\_\_

(Signature)

\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_

(Name of Officer)

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_­­­­\_\_\_\_\_

(Title)

Subscribed and sworn before me by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ on this \_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 20\_\_\_.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Notary

*My Commission Expires:*\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(*Seal*)

(Firm)

State of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ )

County of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ )

Public Act 095-0521Exhibit C

**The Illinois Governmental Ethics Act Certification**

Under Public Act 096-0006, for an Investment Advisor or Consultant to be eligible to provide services to an Illinois pension fund, it must annually certify that it complies with Public Act 096-0006, The Illinois Governmental Ethics Act.

All Managers / Consultants MUST complete this form.



**The Illinois Governmental Ethics Act Certification**

**Disclosure Pursuant to Public Act 96-0006**

40 ILCS 5/1-113.14(e), enacted by the General Assembly as part of Public Act 96-0006 and effective as of January 1, 2010, provides as follows:

1. *(e)… each investment adviser or consultant currently providing services or subject to an existing contract for the provision of services must disclose to the board of trustees all direct and indirect fees, commissions, penalties, and other compensation paid by or on behalf of the investment adviser or consultant in connection with the provision of those services and shall update that disclosure promptly after a modification of those payments or an additional payment. The person shall update the disclosure promptly after a modification of those payments or an additional payment. The disclosures required by this subsection (e) shall be in writing and shall include the date and amount of each payment and the name and address of each recipient of a payment.*

Pursuant to the foregoing, the undersigned (“Investment Manager or Consultant”) covenants, warrants and represents to the Trustees of the Illinois Municipal Retirement Fund (“IMRF”) as follows:

1. Investment Manager/Consultant and IMRF are parties to an Investment Advisory Agreement dated **\_\_\_\_\_\_\_\_\_\_\_\_\_** (the “Agreement”), pursuant to which Investment Manager/Consultant provides investment advisory services to IMRF.
2. There have been no direct or indirect fees, commissions, penalties, or other compensation, including reimbursement for expenses, paid by or on behalf of your firm in connection with the provision of services to IMRF pursuant to the Agreement, except as follows: *(If none, state “none”; otherwise state the date and amount of each payment and the name and address of each recipient of a payment)*:

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

Investment Manager/Consultant shall update the above disclosure promptly after a modification of those payments or an additional payment.

|  |
| --- |
| **INVESTMENT MANAGER / CONSULTANT:** |
| Company Name:  |
| Signature:  |
| Printed Name  |
| Title:  |
| Dated:  |