

**Request for Proposals**

**Direct Lending, Opportunistic, and Distressed / Special Situations (“Private Credit”) Fund Manager Search**

## *PART 1 – INTRODUCTION AND GOAL OF THE RFP*

### 1.1 INTRODUCTION - General Information

The Illinois Municipal Retirement Fund (“IMRF”) is requesting proposals from direct lending, opportunistic, and distressed/special situations private credit funds. Only direct lending, opportunistic, and distressed/special situations private credit funds currently fundraising will be considered. IMRF will not consider mandates solely focused on real estate and infrastructure debt. IMRF will consider mandates with a US, Europe, and global focus. Mandates predominately focused on Asia and/or Emerging Markets will not be considered. Closed-ended and open-ended product vehicles will be considered. Funds structured as BDCs or SBIC funds will not be considered. Please refer to Part 4 and Part 7 of this Request for Proposals (RFP) for qualifications for the assignment and general terms and conditions.

IMRF intends to make annual commitments of up to $500 - $600 million to Private Credit fund(s) over the next couple years. IMRF may consider commitments for the 2023 and 2024 allocation years as part of the scope of this RFP. The long-term goal of the private credit allocation is to build a diversified portfolio with approximately 60% to direct lending strategies and 40% to opportunistic, distressed and special situations strategies. Multiple managers will be considered.

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”) and IMRF’s investment consultant (“Consultant”), Wilshire Advisors. The final candidate(s) will make formal presentations to the Investment Committee of 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 direct lending, opportunistic, and distressed/special situations private credit funds. The intent of the contractual relationship will be to establish an ongoing relationship between IMRF and the selected firm(s) for the purpose of providing IMRF with direct lending, opportunistic, and distressed/special situations private credit investments.

### 1.3 COMPLIANCE

Based upon the Investor’s status as an instrumentality of the State of Illinois, no placement agent, finder or other individual or entity may be retained by the Partnership, the General Partner, the Manager or any of their respective principals, employees, Affiliates, agents or service providers specifically to attempt to influence the decision of IMRF or its fiduciaries (including its trustees, staff and advisors) to invest in the Partnership in exchange for compensation that is contingent in whole or in part upon such decision, in violation of 40 ILCS 5/1-145.

### 1.4 QUIET PERIOD

The Quiet Period begins on April 3, 2023 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 should direct all questions and communications regarding this investment management search during the quiet period to Wilshire Advisors atIMRFpmRFP@wilshire.com and IMRF at privatemarkets@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 will 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 INFORMATION ON IMRF*

### 2.1 PLAN DESCRIPTION

IMRF is a defined benefit, public pension plan established and governed by the Illinois Pension Code (40 ILCS 5/1-101 et seq), created for the exclusive purpose of providing retirement, death and disability benefits to employees of local units of government and school districts in Illinois. IMRF was 98.2% funded on an actuarial basis and 95.0% funded on a market value basis as of December 31, 2022. To review IMRF’s 2021 Comprehensive Annual Financial Report, please visit <https://www.imrf.org/en/about-imrf/transparency/annual-financial-report>.

IMRF is governed by a Board of eight elected trustees. Four are elected by employers, three are elected by participating members and one is elected by annuitants. For more information on the IMRF Board, please visit <https://www.imrf.org/en/about-imrf/board-of-trustees/board-of-trustees-directory>.

The IMRF Investment Department is comprised of 16 individuals including 14 investment professionals. The Investment Department is led by the Chief Investment Officer and is organized by key function areas: Public Markets, Private Markets, Emerging Manager Program & Total Portfolio, Internal Management and Operations.

### 2.2 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 at:

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

The Statement of Investment Policy is 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 $47.9 billion as of December 31, 2022. Approximately 80% of the portfolio is managed by outside investment managers with full discretion within agreed upon investment guidelines. Approximately 20% of the portfolio is managed internally by staff, and includes cash, equity, real estate, and alternative investments. The current IMRF Master Trustee is The Northern Trust Company located in Chicago, Illinois. IMRF’s Alternative Investments portfolio is $10.3 billion in market value and $4.4 billion in unfunded commitments as of December 31, 2022. IMRF’s strategic asset allocation targets are as follows:

|  |  |  |
| --- | --- | --- |
| Asset Class | Actual Allocation (%) as of 12/31/2022 | Strategic Target (%)(2025) |
| US Equity | 33.5 | 30.0 |
| Non-US Equity | 17.5 | 18.0 |
| Private Equity | 10.3 | 10.0 |
| Total Growth Assets | **61.3** | **58.0** |
| High Yield Bonds | 2.2 | 2.0 |
| Bank Loans | 3.4 | 2.0 |
| Private Credit | 0.4 | 4.0 |
| Total Defensive Growth Assets | **6.0** | **8.0** |
| Core Fixed Income | 19.5 | 20.0 |
| Cash | 0.3 | 1.0 |
| Total Defensive Assets | **19.8** | **21.0** |
| Private Real Estate | 9.1 | 10.0 |
| Private Real Assets | 0.8 | 0.5 |
| Global Listed Infrastructure | 2.9 | 2.5 |
| Total Inflation-Sensitive Assets | **12.8** | **13.0** |
|  |  |  |
| Total | **100.0** | **100.0** |
| Total Privates | **20.6** | **24.5** |

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

## *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:

1. 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 Private Credit opportunities; (b) the acquisition, monitoring and management and disposition of investments per the limited partnership agreement and the private placement memorandum.
2. At a minimum, to report to the IMRF, in writing, quarterly financial statements and annual audited financial statements, including capital account balance statement and a schedule of investments.
3. Additional responsibilities as detailed in the limited partnership agreement and related documents.

## *PART 4 – Qualifications for the assignment*

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

If selected as a finalist, the firm must be registered as an investment adviser or a bank as defined under the Investment Advisers Act of 1940 or qualifies as an Exempt Reporting Adviser.

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

If selected as a finalist, firm must agree to act as a fiduciary.

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: [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, C.

Only firms currently fundraising for a direct lending, opportunistic, or distressed/special situations private credit fund will be considered.

## *PART 5 – Specifications for the assignment*

At the point of contract, a final limited partnership agreement and side letter 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 IMRF’s investment. The following completed certifications will also be required:

1. Exhibit A: IMRF Disclosure Schedule of Certification
2. Exhibit B: High Risk Home Loan Act Certification
3. Exhibit C: Illinois Governmental Ethics Act Certification

### 5.1 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”).

### 5.2 SAMPLE 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*

### 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 AND 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** privatemarkets@imrf.org **and** IMRFpmRFP@wilshire.com **no later than May 1, 2023.**

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 direct lending, opportunistic, and/or distressed/special situations private credit manager(s), it is anticipated that the selection of a manager(s) will be completed by August 25, 2023.

### 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 Wilshire Advisors at IMRFpmRFP@wilshire.com and IMRF at privatemarkets@imrf.org.

Inquiries must be received no later than 5:00 P.M. CST April 10, 2023. After April 10, 2023, 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 (digital signature is acceptable) 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.

7.3 CRITERIA FOR THE MANDATE

Strategies shall be focused on: direct lending, opportunistic credit, and distressed / special situations private credit opportunities. IMRF will not consider strategies that are solely focused on real assets (e.g., real estate debt and infrastructure debt).

7.4 CRITERIA FOR GEOGRAPHY

Strategies shall be focused on exploiting opportunities primarily within the US, Europe, and/or with a global focus. Strategies predominately focused on Asia and emerging markets will not be considered.

7.5 CRITERIA FOR LEVERAGE

IMRF will consider unlevered and levered strategies. For strategies with fund-level leverage, IMRF has a preference for prudently managed leverage, not to exceed 2.0x.

7.6 CRITERIA FOR VEHICLE/FUND STRUCTURE

Open-ended and closed-ended vehicles will be considered. Open-end vehicles may include both evergreen fund structures and separately managed accounts (“SMAs”). SMAs will be considered as long as there is an associated commingled Private Credit vehicle that will be fundraising within the RFP’s stated timeline. BDC and SBIC funds will not be considered.

## *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 CRITERIA FOR THE POST PERFORMANCE REVIEW

Staff and Consultant 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 and Consultant 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 on 7 primary factors:

Organization - stability and quality of Firm including leadership, financial condition, strategy consistency and culture.

Team - relevance of experience and tenure of investment and support organizations, economic alignment, and individual reputations.

Strategy - differentiation of strategy, tangible competitive advantage, operational value-add and fund size.

Process - sourcing capabilities, valuation discipline, approval process, post-close activity, monitoring and exit management.

Market - capital imbalance, cyclicality, and macro trends.

Performance - absolute and relative performance, repeatable value drivers, attribution, and depth of realized track record.

Terms – fee schedule and associated costs are expected to be competitive and will be a significant consideration.

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 DIRECT LENDING, OPPORTUNISTIC, AND DISTRESSED/SPECIAL SITUATIONS PRIVATE CREDIT FUND MANAGER SEARCH*

### 9.1 TIMELINE

A. Requests for Proposals publicized by IMRF on April 3, 2023.

B. Inquiries for interpretation must be received by April 10, 2023.

C. Responses to Inquiries to be posted on IMRF’s website by April 17, 2023.

D. Proposals must be received electronically no later than, 5:00 PM CDT on May 1, 2023.

E. First Round Interviews will be held virtually during June 5 – 21, 2023.

F. On-Site Interviews will be held in July 2023.

G. Finalists are expected to present to the IMRF Investment Committee on August 24, 2023.

## *PART 10 – RFP QUESTIONNAIRE: DIRECT LENDING, OPPORTUNISTIC, AND DISTRESSED/SPECIAL SITUATIONS PRIVATE CREDIT FUND MANAGER SEARCH*

### 10.1 PROPOSAL PREPARATION INSTRUCTIONS AND MANDATORY REQUIREMENTS

#### The questions presented in Sections 10.2 through 10.5 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 IMRFpmRFP@wilshire.com and privatemarkets@imrf.org no later than 5:00 PM CDT on May 1, 2023.

### 10.2 REQUEST FOR PROPOSAL QUESTIONNAIRE

dIRECT LENDING, OPPORTUNISTIC, AND DISTRESSED/SPECIAL SITUATIONS PRIVATE CREDIT FUND MANAGER SEARCH

|  |  |
| --- | --- |
| Firm Name: |  |
| Address |  |
|  |  |
|  |  |
| Client Contact |  |
| Title |  |
| Telephone |  |
| Email Address |  |
| Firm Website |  |
| List of Products submitting for RFP |  |
|  |
|  |

Minority, Woman, and Person with a Disability Owned Business Certification

INSTRUCTIONS

**The Illinois Municipal Retirement Fund Board of Trustees has adopted a policy which sets forth goals for increasing the utilization of qualified minority, woman and person with a disability owned business enterprises in the Fund’s management of its investment assets and use of its service providers. As an IMRF investment manager, broker, or service provider, we ask that you confirm if your company meets the requirements to be classified as a “Minority Owned Business” or a “Woman Owned Business” or a “Person with a Disability Owned Business” as detailed in Illinois Statute 30-ILCS-575: Business Enterprise for Minorities, Women, and Persons with Disabilities Act.**

**When a business concern is owned at least 51% by any combination of minority persons, women, or persons with disabilities, even though none of the 3 classes alone holds at least a 51% interest, the ownership requirement for purposes of this Act is considered to be met. The certification category for the business is that of the class holding the largest ownership interest in the business. If 2 or more classes have equal ownership interests, the certification category shall be determined by the business concern.**

**The full text of Illinois Statute 30-ILCS-575 can be found at** [**www.ilga.gov**](http://www.ilga.gov)**; click on: Illinois Compiled Statutes; click on: Chapter 30 Finance; lastly, click on: 30 ILCS 575/ Business Enterprise for Minorities, Women, and Persons with Disabilities Act.**

**All Managers / Consultants MUST complete this form.**

Minority, Woman and Person with a Disability Owned Business Certification

Pursuant to Illinois Statute 30-ILCS-575: Business Enterprise

for Minorities, Women, and Persons with Disabilities Act

 **Our firm verifies that it** *DOES NOT* **meet the requirements to be classified as a “**Minority, Woman and/or Person with a Disability Owned Business**” as defined in Illinois Statute 30-ILCS-575 Business Enterprise for Minorities, Women, and Persons with Disabilities Act.**

 **Our firm verifies that it** *DOES* **meet the requirements to be classified as a: *(must choose ONE)***

 **“**Minority Owned Business**” as defined in Illinois Statute 30-ILCS-575 Business Enterprise for Minorities, Women, and Persons with Disabilities Act.**

[ ]  **African American** [ ]  **Asian** [ ]  **Latino** [ ]  **Other**

**“**Woman Owned Business**” as defined in Illinois Statute 30-ILCS-575 Business Enterprise for Minorities, Women, and Persons with Disabilities Act.**

 **“**Person with a Disability Owned Business**” as defined in Illinois Statute 30-ILCS-575 Business Enterprise for Minorities, Women, and Persons with Disabilities Act.**

**If your firm** *DOES* **meet the requirements to be classified as a “Minority, Woman and/or Person with a Disability Owned Business” as defined in Illinois Statute 30-ILCS-575 Business Enterprise for Minorities, Women, and Persons with Disabilities Act, please select your firm’s AUM:**

**$10 million but less than $10 billion** [ ]

**Equal to or greater than $10 billion** [ ]

*Note***: *If your firm is certified as a Minority Owned Business by a State or local government entity, please include a copy of that certification.***

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

### 10.3 FIRM INFORMATION

(If multiple products are being submitted, then prepare one RFP Response and add additional Product Sections (Section 10.4) for each product submitted.

**A. ORGANIZATIONAL SUMMARY**

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

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

 (registered under the federal Investment Advisors Act of 1940)

\_\_\_\_\_ Bank

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

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

If your firm is exempt from being a Registered Investment Advisor, please provide your reason for exemption.

1. Please describe the history of the firm including your Private Credit investment team, and if appropriate, the history of the parent organization including:
2. year the firm was founded and/or year the parent/ organization was founded.
3. the year the firm began providing investment management services to U.S.

tax-exempt clients, and the nature of the firm’s ownership and specific details with regard to any affiliated companies or joint ventures.

1. whether investment management capabilities were developed in-house or derived through acquisition of talent from another firm. If the latter, indicate when this occurred.
2. any material changes in your organization (including firm leadership changes) in the past five years. Please include prior names and the length of time your organization has been in business under its present name.
3. please describe and detail the total assets under management the firm. Include the proportion of the AUM that is in Private Credit strategies.
4. Please provide an organization chart, which diagrams the ownership structure and interrelationships between the parent-subsidiary, affiliate, or joint venture entities. (Attach as Appendix A)

A4. Describe your firm’s ownership structure including its relevant investment advisors, affiliates and any parent organization (if applicable). Include percentage ownership of each entity or individual, ownership vesting schedules, and any changes in ownership over the past 10 years. Include details on the timing and rationale for each significant ownership change, if any, and expected changes going forward.

A5. Describe the Firm’s succession plan. Comment on the likelihood of the Firm undergoing a team succession in the near-term, including who will lead the Firm going forward and the role of current Firm management.

A6. Please provide the location and function of each of your firm’s offices:

|  |  |  |  |
| --- | --- | --- | --- |
| Office Location | Year Office Opened | Functions | Number of Investment Professionals |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |

A7. 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 B)

A8. 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 C)

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 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?

A12. Discuss firm leadership duties and responsibilities, including each individual’s time commitment to the firm. For each individual, describe any outside activities that are expected to take-up more than approximately 20% of their time during the investment period of the proposed fund. Include the associated time commitment for each activity as applicable.

A13. Describe your firm’s centralized or shared resources. Does your Firm promote cross-collaboration across products/strategies (if applicable)? What advantages does your organization’s overall platform provide to this fund’s strategy?

A14. Describe any expansion plans including geographic expansion, new product offerings and/or discontinuation of current products or strategies, public offerings, etc. over the next five years.

A15. Provide an overview of all investing, advisory or other business activities performed by the firm. List all investment vehicles previously managed by the firm, including predecessors to the current fund, vehicles with different investment strategies than that of the fund and separate accounts managed by the firm. Include information on the fee structures for each vehicle. If the firm entered into any joint ventures with another manager, describe the structure, governance and economics of the relationship. Discuss the firm's fundraising plans over the next 5 years.

A16. Provide information regarding the firm’s liquidity and capitalization relative to budgeted expenses/costs during the fund’s life. If applicable, provide any debt service requirements on the firm. Has the firm or any affiliated entity ever failed to make payments under any secured or unsecured indebtedness? Are there any personal guarantees involved? If so, by whom?

A17. Provide a description of the firm’s culture with details on your (i) philosophy on growing junior and mid-level investment professionals, (ii) performance-based meritocracy and sharing of economics/carry, (iii) communication within the firm and across offices (if applicable), and (vi) firm operating principals along with any other dimensions of firm culture.

A18. Describe any activity currently underway that could lead to negative publicity about the firm in the near future. Explain any past negative publicity, and the steps taken as a result.

A19. Describe any situation where the Firm, any of its affiliated entities, or any of its current or former team members has filed for bankruptcy, failed to make payments under any secured or unsecured indebtedness, or has been involved in any sort of litigation.

**B. TEAM**

1. Provide an overview of the shared work history of the firm’s senior members.
2. Provide descriptions for all job titles and detail the responsibilities held by the junior, mid-level and senior staff.
3. Discuss the rationale and importance of the team’s geographic location(s). Describe processes in place that fosters collaboration across locations.
4. Describe how does the team communicates internally. Discuss co-operation and communication between the firm’s various offices (if applicable) including frequency of in-person and electronic/telephonic communication.
5. Describe the Firm’s recruitment plans and procedures for hiring staff. To what extent are background checks involved and how are objective references obtained? Describe any near-term promotions or new hires expected to occur.
6. Discuss the Firm’s approach to staff retention and training. Discuss the Firm’s historical experience in this area. Discuss any promotions that took place over the last year.
7. Describe the circumstances of any “Key-Person” event in the firm’s history. Describe the steps taken by the firm to remedy the situation and the subsequent impact on any firm policies. Describe any known conditions (health, financial, litigation, personal, etc.) of any of the firm's senior members that might influence their ability to execute their duties to the fund or firm.
8. Describe any significant staff departures (partner in the management company or director-level employee (or higher) since the firm’s inception. Does the firm expect any significant staff departures to occur between now and the end of the fund’s investment period?
9. Describe the compensation structure (salary, bonus, group/individual performance incentives, profit sharing, equity ownership, carried interest, etc.) for all team members. Include details on the allocation of the carried interest among the senior members and others inside or outside the organization. Compare the proposed fund’s carry allocation with the previous fund’s carry split. Describe the carried interest vesting schedule and the policy for re-allocating unvested carry of departed team members. If applicable, provide details on any separate compensation arrangements outside the fund.
10. Describe how the General Partner’s contribution for investments is allocated among the team. Describe how the General Partner’s contribution for investments will be financed. Describe how any principal or affiliate of the General Partner will invest in the fund (outside of and/or in addition to the General Partner’s commitment).
11. Please complete the Investment Team table for professionals responsible for the proposed product. Please submit in the originally provided format. (Attach as Appendix D) If submitting multiple products with different teams, please submit multiple Investment Team Tables for each product.



**C. ORGANIZATION DIVERSITY EFFORTS**

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

 

1. Please fill out the ILPA DEI DDQ. (Attach as Appendix F)



1. Please complete the following disclosure per Illinois Pension Code Section 1-113.21. (Attach as Appendix G). The form must be completed and not left blank. If data is not available or not tracked, enter 0, do not mark as N/A.

 

1. Since the closing of the Firm’s most recent prior fund, please describe the development/implementation of and/or any significant changes to the Firm’s Diversity and Inclusion policy, Code of Conduct, and Family Leave policy.
2. Describe the development/implementation of and/or any significant changes to the Firm’s Diversity and Inclusion policy, Code of Conduct, and Family Leave policy that are expected in the next year.
3. What recruitment activities does your firm have in place to hire and promote minorities and women?
4. Does your firm have an internship program or participate in any external organization internship programs (i.e., TOIGO, SEO) to increase ethnic and gender diversity at your organization? Please explain.
5. What percentage of the Firm’s female employees were promoted in the last year? What percentage of the Firm’s minority employees were promoted in the last year?
6. What percentage of the Firm’s female employees departed in the last year? What percentage of the Firm’s minority employees departed in the last year?
7. If any claims of sexual or general harassment, misconduct, or discrimination have been made against any of the current and/or former Firm employees (while employed by the Firm) within the last 5 years, please provide details for each claim, including the charges, investigative process, and outcome, including disciplinary action. Note: Individual names should not be provided and are not being solicited in the questionnaire.

**D. ESG**

1. Is your firm a signatory to UN PRI?
2. Does your firm manage any ESG-targeted strategies? If yes, what is the inception date of the longest tenure, continuously managed ESG strategy? If yes, list the names of all ESG-targeted strategies (list the longest tenured starting first).
3. What are the Firm’s ESG-related policies and how do ESG factors influence its investment beliefs?
	1. Does the Firm have a policy that describes its approach to identifying and managing ESG factors within the investment and portfolio management processes? If so, provide a copy. If not, indicate whether the Firm would consider adopting a responsible investment policy.
	2. What is the current implementation status of the Firm’s responsible investment policy? Does it have any firm plans to develop its approach towards the management of ESG factors?
	3. Does the Firm commit to any international standards, industry (association) guidelines, reporting frameworks, or initiatives that promote responsible investment practices?
	4. Does the Firm make formal commitments relating to ESG integration in fund formation contracts, Limited Partnership Agreements, or in side letters when requested by investors?
4. How does the Firm identify and manage material ESG-related risk and use ESG factors to create value?
	1. How does the Firm define the materiality of ESG factors? Give 2-3 examples of ESG factors that have been identified as material to portfolio companies in the most recent fund.
	2. Describe the Firm’s process for identifying and understanding (i) potentially material ESG risks, and (ii) ESG-related opportunities during due diligence.
	3. Once identified, how might (i) potentially material ESG risks, and (ii) ESG-related opportunities impact the investment decision?
	4. How are ESG risks and/or ESG-related opportunities reported to, considered, and documented by the ultimate decision-making body, such as the Investment Committee?
	5. During deal structuring, what is the process for integrating ESG-related considerations into the deal documentation and/or the post-investment action plan?
	6. Describe how (i) oversight responsibilities, and (ii) implementation responsibilities for ESG integration are structured within the Firm. List the persons involved and describe their role, position within the organization, and how they are qualified for this role. Describe any external resources the Firm may use.
	7. Does the Firm provide training, assistance, and/or external resources to staff to help them understand and identify the relevance and importance of ESG factors in investment activities? If so, describe what level of training is provided.
5. How does the Firm contribute to portfolio companies’ management of ESG-related risks and opportunities?
	1. Upon investing in a company, would the Firm review existing compliance with sustainability or ethical business guidelines, or introduce new guidelines if necessary?
	2. What monitoring processes would the Firm have in place to assess portfolio companies’ management of ESG factors?
	3. Give 2-3 examples of how the Firm has contributed to portfolio companies’ management of ESG factors. Specify which initiative(s) the Firm worked with management to identify and instigate; which the Firm supported the portfolio company to achieve (and how); and/or what the portfolio company was already doing that the Firm identified as existing good practice.
	4. How does the Firm assess that adequate ESG-related competence exists at the portfolio company level? How does it ensure that portfolio company management devotes sufficient resources to manage ESG factors that have been identified?
	5. How does the Firm use its interaction with the board to influence the portfolio company’s management of ESG factors?
	6. Does the Firm systematically incorporate ESG considerations into preparations for exit? If yes, describe the approach. If not, explain why.
	7. Does the Firm measure whether its approach to ESG factors has affected the financial and/or ESG performance of its investments? If yes, describe how it’s able to determine these outcomes.
6. How can LPs monitor and, where necessary, ensure that the Fund is operating consistently with agreed-upon ESG-related policies and practices, including disclosure of ESG-related incidents?
	1. Which channels does the Firm use to communicate ESG-related information to LPs? Can the Firm provide samples of ESG-related disclosures from an earlier fund? If not, indicate whether the Firm would consider introducing ESG-related disclosures.
	2. Is the management of ESG factors included on the agenda of the Limited Partners Advisory Committee and/or Annual General Meeting?
	3. Describe the Firm’s approach to disclosing and following up on material ESG incidents to LPs.
	4. Describe your reporting standards as it relates to disclosing ESG practices.
7. Do you have either proprietary-developed metrics for ESG scoring or subscribe to a 3rd party vendor? If yes, please describe your internal and/or external data metrics.
8. Do you have proxy voting and/or engagement policies regarding ESG? If yes, please provide a copy.
9. Do you measure whether your integration of ESG factors has affected the performance of your investments? If yes, please describe your findings/results.
10. Is there an impact angle to your Private Credit strategy, whether it be ESG or DE&I-related or both? If yes, please elaborate.
	1. Please clarify your impact goals and describe any efforts to target diverse-owned businesses.
	2. Describe how your strategy’s impact goals benefit stakeholders.
	3. Describe the characteristics of what is considered to be a high-impact investment opportunity within the context of your strategy.
	4. Describe how impact is measured within the context of your strategy.

### 10.4 PRODUCT INFORMATION

(If multiple products are being submitted, then prepare one RFP response with a separate Product Information Section for each product being submitted.)

**E. FUND OVERVIEW**

1. Please provide a copy of the of the following items for the proposed product.
	1. Presentation deck (Attached as Appendix H)
	2. PPM (Attach as Appendix I)
	3. LPA (Attach as Appendix J)

1. Discuss the Fund Offering including:
	1. Inception year of the product
	2. Target commitments/ hard cap:
	3. Vehicle structure offering (Closed-End, Open-End Commingled Fund, Separately Managed Account)
	4. Leverage offerings (unlevered sleeve, levered sleeves)
2. Provide the legal and tax structure of the Fund (including chart). If available, provide a tax-structuring memo prepared by an external advisor that describes the tax structure of the Fund. Describe any distinctive features.
3. Detail the fundraising timeline for the fund, including commencement date and the anticipated closing dates. State the total commitments received to-date. If applicable, also provide fundraising details for all of the firm’s prior investment vehicles, including the length of fundraising periods, total commitments raised and closing dates.
4. List any investors in the previous fund that will not participate in the Fund and provide reasons for their non-participation. List all secondary sales of limited partner interests in the two previous funds.
5. If applicable, provide details for the Fund’s investments to date. If no investments to date, when does the Fund expect to begin investing? When is the Fund expected to begin charging management fees?
6. State the Fund’s policy regarding co-investments with other funds, other affiliates and/or limited partners. How will these co-investment opportunities be allocated? If applicable, provide examples of past co-investments.
7. Discuss how the Fund will utilize Placement Agents during the fundraising process.
8. Discuss the anticipated composition of the Fund’s LP Advisory Board. Provide a list (with contact information) of any Limited Partners that have already agreed to participate on the board. Discuss the expected timing and format of any LP Advisory Board / Annual General Meetings during the life of the Fund.
9. State the Fund’s ability to borrow capital, as well as any limits on borrowing capacity. If the Fund anticipates using a capital call or subscription line of credit, provide detail on such facility including but not limited to interest rate, upfront fees, unused fees, collateral, covenants, advance length, borrowing availability, and total borrowing capacity.

1. Provide the Fund’s annualized pro-forma budget, detailing the expenses/costs required to conduct the business of the Fund during its entire life. For comparison purposes, provide similar budgets over the course of the two previous funds.
2. Please complete the G.P. Investment Summary. If submitting multiple proposals, please fill out a separate G.P. Investment Summary for each proposed product. Please submit in originally provided format. (Attach as Appendix K)



**F. STRATEGY**

1. Summarize the Fund’s investment strategy and types of transactions the Fund will pursue. Include details on anticipated transaction sizes (including minimum/maximum), investment pace, holding periods, geographic focus, industry/sector focus, investment stage and other relevant characteristics.
2. Discuss the evolution of the firm’s investment strategy, including strategies that do not apply to the fund. Provide a timeline of this evolution, including when any strategic platforms were added to or exited from the firm’s offerings. Provide examples of investments that demonstrate this evolution. Is the firm’s/fund’s investment strategy expected to change in the future?
3. Describe the Firm’s competitive advantages and discuss how the Firm attempts to produce replicable returns.
4. Address any significant change in fund size compared to previous funds, and the impact on co-investing with Limited Partners and non-Limited Partners. Has the fund historically offered co-investments? If so, should LPs expect to see continued co-investments? Are there any preferential co-investment rights? What are typical co-investment terms? Please provide historical, deal-level co-investment amounts if applicable.
5. Describe the fund’s expected investment structures, including typical equity structures and use of leverage at the (i) portfolio company level and (ii) fund level. Discuss the effectiveness of the fund’s expected strategy if leverage is not applied. Describe how has the firm’s use of leverage has evolved between the fund and prior funds and provide examples of investments that demonstrate this evolution.
6. Discuss the firm’s approach to the valuation of investment opportunities and pricing discipline. Discuss how the firm has demonstrated consistency in entry valuations over time and market cycles.
7. Describe the firm’s preference for being a control, minority, joint or sole investor. Detail this preference historically. Describe controls and rights the firm seeks when executing investments. If predominately a control investor, under what scenarios would the firm consider a non-control position (and vice-versa)?
8. Describe the process for addressing investments that are in violation of their debt covenants during the course of the firm’s investments. Provide examples and a brief description of past covenant breaches, the lessons learned from these situations and examples of steps taken in subsequent investments to prevent the same situation from repeating itself.
9. Describe any investments that will not be considered. Are there any factors that would automatically end a potential a deal? If so, explain.
10. Describe the steps taken to mitigate the risk factors of the fund’s investment strategy (e.g. political risk, economic, financial, technology, business cycle, etc.).
11. Discuss the firm’s approach to working with existing or new management teams at portfolio companies. Describe (citing examples) the strategies that are used to incentivize portfolio company management teams.
12. Discuss the typical methods used by the firm to create value for its portfolio companies (restructuring, strategic re-positioning, leveraging, operational improvements, etc.). Discuss how the firm’s ability in creating value for investments impacts its sourcing capabilities. Provide case studies to illustrate the firm’s value creation capabilities.
13. Provide detail on the fund’s diversification strategy in terms of number of investments, geographical concentration, sector allocations and vintage diversification.
14. Discuss the fund’s anticipated return distribution including expected write-down and write-off ratio. Discuss the historical default and recovery rates of the proposed product.
15. What is your target return threshold (gross IRR and money multiples) for investments and what is the expected holding period? Discuss the historical sources of returns if applicable.
16. What is the targeted annual yield of this strategy? How secure/predictable is it? Will yield be paid out to LPs or recycled?

**G. PROCESS**

1. Describe the firm’s deal sourcing capabilities and the process used to identify attractive investment opportunities. How is the sourcing process staffed, conducted and documented? What criteria are used to assess an investment’s attractiveness? Discuss the fund’s ability to leverage its sourcing advantage to create preferred access and/or advantaged pricing.
2. Describe the firm’s screening and due diligence processes. How is each process staffed, conducted and documented? How long is the due diligence process? Will the deal team be in charge of the investment until exit, or will other professionals be assigned post-acquisition? Provide examples of any due diligence checklists, internal reports, financial models and investment committee documents prepared. Describe the key inputs and outputs of the firm’s due diligence process, including details on value creation plans and other post-investment activities as appropriate.
3. Describe any functions performed by third parties in the sourcing, screening, and due diligence processes. Describe the firm’s decision-making process for determining if a third party is used/not used.
4. Discuss the firm's screening, due diligence and risk management processes prior to acquiring an investment to protect against fraud, corruption or more general risks of a fund not gaining clear legal ownership of assets that the fund proposes to acquire. Describe how the firm checks and determines the chain of title for all real assets, real estate or tangible personal property-collectible assets and secures adequate information to support management assertions under controlling accounting rules that the fund has clear legal ownership of the acquired assets. If applicable, provide examples of fraud, corruption or other potential asset ownership risks that the firm previously identified in a potential investment and explain how the firm identified and managed those risks.
5. Describe the firm’s processes for protecting against fraud and corruption, post-investment. If applicable, discuss any fraud and/or corruption that were detected in prior investments.
6. Provide details on the firm’s internal decision-making and approval process, including details on the role, composition, and function of the firm’s Investment Committee.
7. Provide examples of provisions that the Firm incorporates in contracts to protect its investments.
8. Discuss the firm’s philosophy on operating partners, including the quantity and quality of operating partners vis-à-vis its peer group. Discuss the firm’s use of operating partners to inform operational insight and effectuate operational change pre- and post-investment. If applicable, describe how the firm utilizes operating partners in non-traditional ways. Describe how operating partners are compensated and in what ways their interests are aligned with those of the fund.
9. If applicable, describe the hedging policy that will be employed by the fund. Will the fund employ an active, passive or no policy?

1. Discuss the firm’s portfolio investment monitoring policy, including details about contact events (weekly, quarterly, board meetings, etc.). What information is required to be reported by the portfolio investments? Discuss the firm’s approach to board representation at its portfolio companies.
2. How many active portfolio companies/credits is each investment professional responsible for? In addition to active investments, how many deals in the pipeline is each investment professional responsible for? How were these numbers determined and how have they evolved over the firm’s history? What is the firm’s process for handling bandwidth during periods of peak activity?
3. Provide examples that demonstrate the fund’s ability to effectuate change post-investment and create value across market cycles. Discuss the fund’s operational toolkit and provide examples to demonstrate ability to transform company operations and generate value post-investment beyond the typical private credit sponsor engagement.
4. Describe the firm’s criteria for evaluating follow-on investments. Include a description of the fund’s provisions for capital recycling and follow-on reserves.
5. Discuss the firm’s strategy/criteria/plan for exiting investments. Include an analysis of past exits (IPO, trade sale, financial buyer, write-offs, etc.). Provide examples that illustrate the firm’s decision-making for choosing the type of exits.
6. Describe the firm’s policy on IPOs. For portfolio companies that were exited via an IPO, provide the offering price and a graph from the time of the listing, and indicate when the fund sold and/or distributed shares. Please also indicate if any prior fund sold its interests at the time of the IPO.
7. Describe the Firm’s processes, if any, to monitor and verify the supply chains of the portfolio companies. If applicable, are portfolio companies typically members of organizations such as the Fair Labor Association?
8. If applicable, provide examples of leveraging the management and/or capabilities of one investment to help another investment.

**H. MARKET**

1. Describe the markets in which the fund will operate and provide an overview of the current opportunities. Discuss how the current market environment compares/differs to that of prior funds. Why is the opportunity to invest in this market particularly attractive during the fund’s investment period? Identify and discuss macro tailwinds/headwinds.
2. Discuss the capital availability, competitive dynamics and the effect on valuations in the market that the fund will operate. Discuss the degree of capital oversupply/undersupply and capital demand including the availability of alternative forms of financing.
3. List and provide description of the fund’s direct competitors. Include details on competitors for individual investment opportunities during the investment phase of the previous fund.
4. Discuss how the current market environment compares/differs to that of prior funds. Discuss how the fund’s pipeline of new investments compares / differs from prior funds. Discuss the investment opportunities and threats in the current market vis-à-vis previous market cycles.
5. Discuss any current/expected regulatory changes that could affect the fund’s strategy. If applicable, what are the changes and proposed impact to the market and the fund’s strategy? In general, what is the firm’s approach to the regulatory environment in the targeted markets?
6. Discuss how technology is impacting the market the fund operates in. Comment on any notable technological impacts, both positive and negative, that may arise over the fund’s term.

**I. PERFORMANCE**

1. What are the firm’s historical return drivers and discuss their repeatability and applicability to the current fund? Discuss what contributed to the return/outcome of material outperformers.
2. Identify the drivers of historical losses. Discuss what went wrong, actions taken, lessons learned and how (and when) outside experts were brought in. Discuss if the firm utilizes in-house or external restructuring professionals.
3. Describe any situation in which a portfolio company or property has filed for bankruptcy or failed to make payments under any secured or unsecured indebtedness during the Firm’s period of ownership.
4. Describe any qualified audit opinions received by the Firm’s portfolio investments during the Firm’s period of ownership.
5. If applicable, for all previous funds describe historical investment pace, discipline, and ability to identify and take advantage of market cycles e.g., buy on downturns and sell into recovery.
6. For all prior funds where fund-level leverage was used (either short-term capital call, subscription lines or permanent leverage), provide the pro forma unlevered capital invested, realized value, unrealized value, and gross and net fund MOIC and IRR.
7. Describe the most appropriate private and public market benchmarks for the three most recent funds (of the same strategy). Compare the limited partner returns of the prior funds with the relevant private and public market benchmarks. Describe the consistency and dispersion of the returns.
8. Discuss any investments in the Firm’s track record that are not being included and describe the rationale for excluding them.
9. Provide an overview of historical LP co-investment activity, including deal name, co-investment amount, co-investor name, performance and terms (e.g., management fee, carry) if applicable.
10. Describe the performance, quality, and representativeness of the fund’s current portfolio, if applicable. Identify any historical deals that are not representative of the current strategy.
11. Please complete the Fund Level, Deal Level, and Net Cash Flow tables. (Attach as Appendix L). If selected for On-Site Interviews, IMRF may require additional performance information to be completed through eVestment TopQ.



**J. TERMS**

1. Are there other current fee-generating vehicles, if so, state the fees and structures associated with those vehicles.
2. State the Fund’s management fees and other amounts payable to the GP, including the frequency and the formulas used to determine such fees.
3. Describe any different compensation options (e.g. (a) 1% management fee / 20% carry or (b) 1.5% management fee / 15% carry) that are offered to each Limited Partner.
4. State the fund’s clawback provision and whether it is guaranteed by the GP on a joint or several basis? State the fund’s policy on holding a portion of carried interest in escrow. Describe any clawback situation that occurred in a prior fund.
5. State the carried interest and structure of all the firm’s previous funds and how much carry has been taken from each of the funds. State the fund’s waterfall type (American, European, etc.). Describe the specific milestones that need to be met before the GP can start taking / take-additional carry. Include details on calculating carried interest. Provide a working example of the most recent fund’s distribution waterfall, noting any variations from the expected calculations for the Fund.
6. Provide the GP Commitment for the fund and all prior funds. What is the breakdown of the GP commitment by each individual? What is the commitment type (i.e. cash, deferred fees or loan)? Will any of the firm’s senior members and/or affiliates elect to not invest in the fund?
7. Has or will the firm endorse the most recent version of the ILPA Private Equity Principles? Provide a summary of notable deviations from each of the terms detailed in the most recent version of the ILPA Private Equity Principles.
8. Did any current/prospective investors in the fund receive any side agreements or rights (“side letters”), whether in writing or verbally? If so, will the terms in such side letters be offered to all limited partners that request them? Describe the fund’s policy on allowing Limited Partners to opt-out of an investment. What are the circumstances for allowing an opt-out?
9. Provide a summary of deviations or changes in terms from those of the previous fund. Has the key-man provision changed since the previous fund?
10. State the Fund’s provisions regarding the transferability of partnership interests.
11. State the standards of indemnification that apply to the GP and related parties.
12. Provide an overview of the Fund’s “Key-Person” provision. How has this provision changed since the previous fund?
13. Describe the Fund’s policy for making cash or in specie distributions. Provide details on the prior history of in specie distributions.
14. If leverage will be used at the fund level, please describe the type, source, duration, pricing, and maximum limit/exposure. Are management fees charged on a basis that includes leverage? Are there any collateral requirements?
15. Provide details surrounding any current or expected economic discounts that will be offered to investors.

### 10.5 OPERATIONAL DUE DILIGENCE QUESTIONNAIRE

**K. OPERATIONS**

1. What accounting and administration systems are used in administering the fund investments?
2. Please describe the physical and virtual security procedures set up to protect investor information.
3. Please describe your record retention policy and standards.
4. Detail the processes, procedures, and controls for capital movements (capital calls, transfers of cash, investment acquisitions and distributions).
5. Who has signing authority for the firm, funds?
6. List and describe any software that the firm uses for business functions like portfolio management, trade order management, administration, and risk.
7. Please give an overview of your Firm’s disaster recovery plans. How often is your plan tested and reviewed?
8. Describe the activities of the firm's support functions (Finance and fund Administration, Accounting, Human Resources, Compliance/Legal, etc.). How many staff members are in charge of each function? Provide bios on each of these professionals and an organizational chart.
9. Describe any settlement actions or client litigation initiated by or against your Firm within the last three years.
10. What types of insurance coverage does the firm maintain (e.g., fidelity bond insurance, errors and omission insurance, directors and officers insurance, cyber security, other)? Provide a summary of any material claims made against these policies in the last five years.
11. Describe any past or ongoing criminal or administrative proceedings or investigations against the firm, its affiliated entities and/or its current and former Team Members. Describe any past or ongoing investigations by an industry regulatory body of the firm, its affiliated entities and/or its current or former Team Members. Describe any accusation and/or conviction of fraud or misrepresentation against any of the firm's current or former Team Members. Provide a copy of the deficiency letters provided by regulators.
12. Provide an overview of the third parties providing services to the firm or fund (e.g., law firms, custodians, fund administrators, prime brokers, consultants, banks, etc.).

1. For any third-party service providers, do you obtain a SAS 70 Internal Control Report?
2. How does the Firm manage counterparty risk?
3. What banking relationships does your organization have in place to properly run the business and the funds? Considering the broader concerns across the banking industry, please provide any other information on your approach to mitigating any sort of banking-related risk across your organization.

*Financial Statements*

1. Audit Date (fiscal year-end)

1. For which period will the first annual audited financial statements be issued?
2. Timing of published audited financial statements.

1. If audited financial statements are in a language other than English, please indicate the language, and whether English translated statements can be provided?

1. For existing funds, has an audit opinion other than an *unqualified* audit opinion been issued in the past three years? If yes, please describe and provide details.
2. For existing funds, has management had disagreements with its auditors that required communication to the General or Limited Partners?

1. Has the general partner changed auditors over the past three years? If yes, please specify the new auditor and the reason for change.
2. Has the firm established an internal audit function? If so, how often are internal control audits performed? Has there been any major control weaknesses identified from the audits? If so, what is the firm doing to resolve the identified weaknesses?

*Reporting – Standards*

1. What is the Fair Value Policy & Procedure, or supplemental valuation policy (if not U.S. GAAP or not based on a fair value measure)?

1. Basis of Accounting (*i.e.,* U.S. GAAP, IFRS, tax, etc.)
2. Note any significant deviations between fund's standard reporting package and the ILPA Reporting Best Practices and Standardized Capital Call and Distribution Templates.
3. Describe any significant changes in the firm's valuation policy in the last five years. Describe any role the fund's LP Advisory Board plays in approving or reviewing valuations. Describe the role third party assessments plays in the fund's valuation process. Describe any deviations between the Fund’s Valuation Policy and the IPEV Valuation Guidelines.

1. Will the Fund elect to be treated as a partnership for U.S. tax purposes?

1. Will the general partner use reasonable efforts to ensure that the Fund will not create Unrelated Business Taxable Income (“UBTI”) for tax-exempt partners?
2. Describe any deviations between the investment performance methodology in the Firm’s marketing materials/reporting packages and the Global Investment Performance Standards (GIPS).

*Reporting - Procedures*

1. Please provide an inventory of reports provided to investors and its frequency (*i.e.,* quarterly/semi-annual individual investor capital statement, unfunded commitment, quarterly financials, portfolio company data, etc.).

1. How are quarterly and annual reports distributed? (*i.e.,* website, email with attachments, hard copy/mail, and/or facsimile)

1. Will portfolio company performance/valuation data be provided? Please specify what level of detail will be provided (*i.e.,* condensed portfolio data, sector data, etc.).
2. Will you be providing an annual Form K-1, K-1 Equivalent, or a PFIC statement? If so, which form?
3. If relevant, is hypothetical carried interest disclosed on the investor capital statements? If not, is an estimate available?

**L. FIRM GOVERNANCE, RISK MANAGEMENT & COMPLIANCE**

1. Describe the role of the firm’s internal advisory board(s). Detail all matters referred to the advisory board(s), including any currently unresolved matters. Describe any additional governing/advisory bodies that impact the management or investment activity of the firm (e.g., CEO Circle, operating committee, management affiliate, etc.).
2. Detail any conflicts of interest (potential, current and historic) within the firm, and explain how they have been/are identified, managed, disclosed (to LPAC or otherwise) and resolved. Please identify any committees in place to help with the resolution of conflicts (conflict committee, etc.). Describe any review or assessment of conflicts of interest performed in the past. Identify any findings, as well as any changes or proposed actions to address the findings.
3. Describe the framework and history of how investment opportunities are allocated between active funds, in particular any existing or anticipated funds and/or separate accounts with potential allocation considerations.
4. Detail how the firm’s policies (Compliance Manual, Code of Ethics, etc.) are supervised, monitored and enforced.
5. Describe the firm’s internal controls in place to prevent the fund from being used to launder money, finance terrorist activities, be used for personal gain, and to identify and mitigate conflicts of interest.
6. What is the firm’s policy of personal investments by any employees or affiliates in deals reviewed by the General Partner (both accepted and rejected)? If applicable, provide a list of all previous investments of this nature.
7. Describe the firm’s policies on the handling and safeguarding of any material, non-public information. How are these policies communicated to employees?
8. Describe the regulatory bodies that have oversight of the firm, including any Investment Advisor or Broker-Dealer registrations. Identify the firm’s policies for remaining compliant with these bodies.
9. Discuss the firm’s approach to risk management. What types of risks are monitored and how are they measured? Are there dedicated employees assigned to the risk monitoring function?
10. Describe the types of investments for which the Firm obtains Environmental Impact Studies? Provide examples of how these studies impacted the Firm’s investment decisions?

APPENDICES TO QUESTIONNAIRE

1. Organizational Chart – Ownership Structure/Parent Company
2. Firm Financial Statements
3. ADV Part I and II
4. Team Table
5. Diversity Table
6. ILPA DEI DDQ
7. Disclosure per Section 1-113.21 of the Illinois Pension Code
8. Standard Presentation Deck
9. Private Placement Memorandum
10. Limited Partnership Agreement
11. G.P. Investment Summary
12. Private Credit Cash Flow Data

Exhibit A

INSTRUCTIONS

**M**

**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.

und (IMRF), your firm must complete the IMRF Dis

**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**

**INSTRUCTIONS**

In order for an Illinois finance entity to be eligible to invest or deposit IMRF funds, it must annually certify that it complies with the requirements of the High Risk Home Loan Act (815 ILCS 137). The full text of the Act can be found at [www.ilga.gov](http://www.ilga.gov); click on: Illinois Compiled Statutes; click on: Chapter 815 Business Transactions lastly, click on: 815 ILCS 137/ High Risk Home Loan Act.

An Illinois finance entity is defined by the Illinois Pension Code (40 ILCS 5/1-110.10(a)) 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. For those entities that are an Illinois finance entity, please also complete the Certification of Compliance *Illinois High Risk Home Loan Act* form.

All Managers / Consultants MUST complete the first page of this form.



**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:  |



Certification of Compliance

*Illinois High Risk Home Loan Act*

I, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, serving in the capacity of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, on this \_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 2023, 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 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 2023.

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

Notary

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

(*Seal*)

(Firm)

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

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

Public Act 095-0521



Exhibit C

**Disclosure of Fees, Commissions, Penalties and Other Compensation Certification**

INSTRUCTIONS

**Under the Illinois Pension Code, Investment Advisors and Consultants must annually certify that they are in compliance with certain sections of the Code in order to be eligible to provide services to an Illinois public pension fund.**

**All Managers / Consultants MUST complete this form.**



Disclosure of Fees, Commissions, Penalties and Other Compensation Certification

**Section 1-113.14(c) of the Illinois Pension Code (40 ILCS 5/1-113.14(e)) provides as follows:**

***(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 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.**

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

1. **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.**