



**Responses to questions for the Firemen's Annuity & Benefit Fund of Chicago ("FABF")
Search for Investment Advisor (SIA): Private Equity Fund of Funds**
(Please note that similar questions have been grouped together.)

1. For Minimum Requirement #6 – “Respondent must have raised at least \$3 billion in previous commingled vehicles.” Will the Fund accept proposals from investment managers who have raised over \$3 billion in both commingled funds and single investor accounts?

Answer: Yes, FABF will accept proposals from investment managers who have raised at least \$3 billion in both commingled funds and single investor accounts.

2. With regard to the requirement that “the advisor must be raising a fund with a closing date no later than December 30, 2020”: could you please clarify whether this means that the *final* close of the fund must be before 12/30/20? If a respondent anticipates holding a single or multiple closes during 2020, but may have a final close early in 2021, would that be disqualifying? In the RFP you state “In order to be considered, the advisor must be raising a fund with a closing date no later than December 30, 2020”. Does the final closing of a proposed fund have to occur prior to December 30, 2019 or is this date specific to closing on an FABF commitment and thus a fund holding rolling closes with a final close after the date be considered? Regarding Section 1.1, In order to be considered, the advisor must be raising a fund with a closing date no later than December 30, 2020, can you please clarify if this means first close or final close?

Answer: The requirement for a “fund with a closing date no later than December 30, 2020” refers to ANY close for the fund. It does not have to be first close nor does it have to be final close.

3. Would an early-stage venture capital fund-of-funds with the capability to invest globally and make opportunistic secondaries be considered for this mandate?

Answer: FABF is seeking an investment advisor with a private equity fund that will invest across broad strategy types. Thus, a venture-capital only or other specialty or focused funds would not be acceptable.

4. In Question 61B, FABF is looking to commit \$30 million with the anticipation that it would be deployed across a 3-year investment period. Is there flexibility with this deployment pace given not all proposed funds/programs may have a 3-year investment period?

Answer: The final allocation and commitment amount will be based on the proposed fund offerings, so investment advisors offering annual funds will also be considered. There will be flexibility in the deployment pace.

5. In terms of PE sub-strategy preference, for the purposes of this mandate would the plan be open to targeted strategies, such as a VC-only manager or buyout-only but provides fund of funds, secondaries and coinvestments across that sub-strategy?

Answer: FABF is seeking an investment advisor with a private equity fund that will invest across the broad strategy types. Targeted sub-strategies are not being considered.

6. Would the plan be open or willing to explore splitting the allocation between multiple managers?

Answer: FABF will consider splitting the allocation between multiple managers.

7. How does the plan define “Qualified Women, Minority, or Disabled Owned Businesses”?

Answer: FABF uses these terms as defined in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act (30 ILCS 575/2). Please see Act for definition.

8. **Minimum requirements, item 5:** Individual senior members of the Bidder’s team supporting private equity portfolios have 5-years or more of experience; however, the team as whole does not. Are individual team members’ experience satisfactory to meeting this minimum requirement?

Answer: The individual’s experience is not sufficient for satisfying this requirement. The team should have 5-years or more experience working together.

9. **Minimum requirements, item 6:** The investment manager (firm) of the proposed fund has raised at least \$3 billion in previous commingled funds; however, the investment team managing the proposed fund has not raised at least \$3 billion in previous commingled funds. Would this satisfy the minimum requirement?

Answer: The investment team must have managed at least \$3 billion in previous commingled funds or other investment vehicles.

10. **Minimum requirements, item 7:** The proposed fund has a target size of \$250 million. Are there any exceptions to the \$500 million target size of the proposed fund other than for Qualified Women, Minority or Disabled Owned Businesses?

Answer: Given the amount of the anticipated commitment, FABF is seeking a target fund size of \$500 million. Proposed funds with size of less than \$500 million may be considered if they have shorter fund raising cycles and will ultimately reach \$500 million in three years over multiple funds/fund-raising cycles.

11. **Minimum requirements, item 7:** The proposed fund is the first for the strategy. The investment team is currently raising their second, the proposed fund, with a target first close of fourth quarter 2019. Would this satisfy the minimum requirement of raising at least two prior funds?

Answer: FABF requires that the investment advisor has raised two prior funds, with the proposed fund being the third fund for the investment advisor. An investment advisor who is currently raising its second fund would not satisfy this requirement.

12. **Minimum requirements versus Statement of Certification requirements:** Many of the minimum requirements are provided on the Statement of Certification. Please clarify which language supersedes if there are differences.
Are all the items provided on the Statement of Certification considered minimum requirements? Meaning, does the Bidder have to comply with all statements on the Statement of Certification in order to be considered or just the items listed under Minimum Requirements?

Answer: The minimum requirements as reflected in section two of the RFP are embedded in the Statement of Certification. The Statement of Certification also includes additional disclosures, which are not necessarily minimum requirements, but should be disclosed. For example, if pending litigation exists, please disclose. The existence of such litigation would not necessarily preclude a respondent from the RFP process. FABF requires the Statement of Certification to be signed.

13. **Search for Investment Advisor Questionnaire, Page Limitation:** While Bidder understands hard copies are not required, please clarify if the limitation of 30 pages could reflect if the response was double-sided. Meaning, the Bidder would have page capacity of 60 pages considering double-sided printing was implemented.

Answer: The page limitation is 30 pages, single-sided.

14. **Search for Investment Advisor Questionnaire, Page Limitation:** Bidder understands the Excel file may be completed in lieu of completing the tables within the Questionnaire. Please clarify if the Bidder completes the Excel file in lieu of the tables within the Questionnaire if the Excel file would be considered as part of the overall page limitation of 30 pages.

Answer: The excel file can be excluded from the 30-page limit.

15. **Search for Investment Advisor Questionnaire, Page Limitation:** Bidder understand the Excel file may be completed in lieu of completing the tables within the Questionnaire. Would it be acceptable for the Bidder to remove the tables within the Questionnaire response if providing the information within the Excel file?

Answer: It is acceptable to remove the tables within the questionnaire if providing information in the excel file.

16. **Search for Investment Advisor Questionnaire, Page Limitation:** Is the page limitation only in relation to the Questionnaire (questions 1-70)? Meaning, responses to Contact Information and Additional Disclosures would not be part of the overall page count limitation.

Answer: Contact information and additional disclosures are excluded from the 30-page limit.

17. Who developed this investment criteria? Was it customized or boilerplate? Over what time period were these criteria developed? Was any outside Emerging Manager Expert/Consultant included in drafting these criteria? If so, who, when? / If not, then why not? why is it relevant that this be the 'third' fund? Why is it relevant that the fund be raising at least \$500mm? Why does a responding firm have to have raised \$3B? What studies show this is a prudent requirement for selecting a fund?

Answer: Investment criteria in this SIA (including fund size, AUM, number of prior funds) was developed by FABF's investment consultant, Callan LLC, in conjunction with internal investment staff. In working with Callan to develop this SIA, FABF leveraged Callan's 45 years of experience in the investment consulting business. Criteria was customized for FABF's specific mandate, including incorporating FABF's approved asset allocation, funding status, liquidity requirements and risk tolerance.

18. Is there a policy statement that says that the Board can *only be* 6% of a fund? If yes, then how is FA&BFC able to modify the parameters for MBE/WBE/DV firms? If the parameters can be modified for MBE/WBE/DV firms, then why not for other NON-MBE, Local, or Emerging funds?

Answer: Please see the FABF website for the Investment Policy Statement of the Fund. FABF conducts its investment procurement process in accordance with the Illinois Pension Code, including Public Act 96-006, which specifically provides for the removal of barriers to promote the participation of MWDDBE/Emerging firms in the procurement process.

19. Are there other funds FA&BFC is/has invested in that it is more than 6% of the fund? Do any of the FA&BFC Fund of Funds or of the Consultant own more than 6% of any underlying manager? Does any FA&BFC Hedge Fund, or other investment manager, own more than 6% of any underlying fund or investment? Do the Consultants have any other client(s) that have invested in and exceed 6% of a fund they are invested in? If yes, then why is this one so restrictive?

Answer: The Q&A is limited to questions that specifically pertain to FABF's Search for Investment Adviser ("SIA") to manage private equities. We deem these questions to be unrelated to the specific parameters of the SIA. As such, no answer will be provided.

20. Does the FA&BFC Board or the Consultant seek to exclude competent investment professionals that may be excellent performers but aren't the right size? Did the Board or its consultant consider the Mayors desire to promote and include local firms, or the State of Illinois "Local" Illinois efforts?

Answer: The FABF conducts its investment procurement process in accordance with its fiduciary duties to plan participants, its internal policies, including but not limited to its Investment Policy and Procurement Policy, and the requirements of the Illinois Pension Code.

21. Has the Board done a study that shows these criteria will lead to a pool of well-performing funds? Has the Board or its Consultants considered that its criteria may lead to a pool of mediocre performing firms?

Answer: The Q&A is limited to questions that specifically pertain to FABF's Search for Investment Adviser ("SIA") to manage private equities. We deem these questions to be unrelated to the specific parameters of the SIA. As such, no answer will be provided.

22. Has the Board done a study that shows the 'return impact' of the exclusionary criteria and how much in 'returns' may be lost by excluding emerging, entrepreneurial, innovative, women, minority, experienced PE Fund of Fund Managers?

Answer: The Q&A is limited to questions that specifically pertain to FABF's Search for Investment Adviser ("SIA") to manage private equities. We deem these questions to be unrelated to the specific parameters of the SIA. As such, no answer will be provided.

23. Is the Board prepared for potential headline risk that might result from establishing a policy that excludes well-performing funds and other Illinois based funds?

Answer: No such policy exists.

24. What opportunity exists to discuss with Staff and Board any shortcomings and oversights in this RFP and how it can be enhanced to deliver the 'superior returns' and 'inclusive' process that FA&BFC can be proud of?

Answer: The Q&A is limited to questions that specifically pertain to FABF's Search for Investment Adviser ("SIA") to manage private equities. We deem these questions to be unrelated to the specific parameters of the SIA. As such, no answer will be provided.

25. Other municipalities have encouraged non-minority firms to partner/JV with MBE/WBE/DV firms to promote Inclusion without sacrificing capability. Will FA&BFC consider such Joint Ventures/Partnerships?

Answer: The FABF's Search for Investment Adviser to manage private equities does not preclude a response from non-minority firms that maintain a partnership or joint venture with MWDBE firms.