

**Introduction:**

The Employees' Retirement System (ERS) of Milwaukee County ("the Plan") is requesting proposals from investment management firms interested in providing Private Equity Global Diversified Fund-of-Funds investment management services to the Plan.

**Purpose:**

The Plan is soliciting firms to provide Private Equity Global Diversified Fund-of-Funds management services for a mandate of approximately \$30 million. This Request for Proposal ("RFP") is not an offer to contract, but seeks the submission of proposals from qualified, professional firms.

Proposals are being distributed to firms familiar to the ERS and the Investment Consultant known to fit the parameters. However, qualified firms that do not receive an RFP are encouraged to compete so long as the firm and product meet the minimum requirements outlined in section B. A copy of the RFP may be obtained from the Milwaukee County website:

<http://www.county.milwaukee.gov/retirement/requestforproposalrfp.htm>

**Timeline:**

RFP Date of Issue:	October 4, 2019
RFP Due Date:	October 25, 2019
Proposal Evaluation (Tentative):	To Be Determined
Finalists Notification (Tentative):	To Be Determined
Finalists Presentations (Tentative):	To Be Determined

**Submission Process:**

The RFP process will be overseen by the Plan's investment consultant, Marquette Associates. The RFP is available on the Plan's website listed above. Questions concerning the RFP must be submitted via email to [dschmidt@marquetteassociates.com](mailto:dschmidt@marquetteassociates.com). Any responses received after the deadline will not be considered for this search.

**Scope of Services:**

The ERS is looking to place assets with a Manager that can perform the following services:

- Provide monthly and quarterly reporting to ERS and the Investment Consultant.
- Complete quarterly requests for information from the Investment Consultant.

- Participate in meetings or conference calls as needed.

The manager shall serve as a fiduciary to the Plan and have independent discretionary authority with respect to the management of the portfolio and subject to the agreed upon objectives and guidelines.

The Respondent, a qualified investment adviser, will directly manage assets for the Board in a commingled fund for an active Private Equity Global Diversified Fund-of-Funds portfolio mandate.

**Minimum Qualifications:**

To be qualified to participate in the RFP, all respondents must meet all of the following minimum qualifying criteria. The respondent must:

1. Accept responsibility as a fiduciary with respect to the work performed and investment recommendations made by the Firm.
2. The firm must be a registered investment advisor with the Securities & Exchange Commission pursuant to the Investment Advisors Act of 1940, as amended, and the registration must be current.
3. The firm/manager must have an E&O Insurance Policy minimum of \$5 million.

Furthermore, all respondents must meet all of the following minimum qualifying criteria unless the firm is at least 51% minority, women, or disabled owned. Unless qualified as a minority, women, or disabled-owned business, the respondent must:

1. Manage at least \$1 billion in total firm assets as of June 30, 2019.
2. Demonstrate historical management of at least \$500 million of assets in the proposed strategy.
3. Be in the third iteration or greater of the series of investment fund, with a similar size, style, strategy and level of diversification.
4. For the current fund under construction, have a target size of at least \$500 million. The last iteration of the fund must also have had a fund size of \$500 million or greater.
5. Propose an investment mix for the current fund under construction containing a venture complement to traditional buyout investing, with an expressed preference for some level for global diversification.
6. Provide a verifiable track record for the proposed strategy with at least five years of history.

If respondent does not meet any of the minimum qualification requirements above, respondent should not submit a proposal to the Plan.

**Evaluation Criteria:**

1. Investment Philosophy and Methodology
2. Firm Background, Experience and Reputation
3. Portfolio Management and Client Services

4. Reasonableness of Fees
5. Fit with the Plan's Overall Investment Policy and Allocations Among Existing Investment Advisers
6. Performance

The Pension Board of ERS will make its selection(s) by a majority vote at a public meeting of the Board. The Pension Board will select the Manager(s) it determines to be fully qualified and best suited among those submitting proposals. ***All proposals received in response to this RFP may be rejected and the Pension Board may seek new or additional proposals or may decline to select any Manager(s).***

Please note: The ERS is subject to Wisconsin open records law, 19.21 *et seq* of the Wisconsin statutes. All proposals will be deemed open records upon completion of the selection process. If a proposer believes that any portion of its proposal constitutes a trade secret pursuant to 19.36(5), Wis. Stats., the proposal must designate in some fashion those portions that the proposer asserts are trade secrets. In the event an open record request is received by ERS, ERS will make an independent determination of those records that it will release and is not bound by any designations made by proposers.

The consultant, with the guidance of the Plan's staff, shall determine how well the proposal meets the review criteria. The consultant shall present a list of higher qualified respondents to the Board.

**Disposition of Proposals:**

All proposals become the property of the Plan and will not be returned to the respondent. The Plan 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.



**Private Equity Fund-of-Funds Partnership Request for Information**

**Private Equity Fund-of-Funds Partnership Request for Information**

Product Class: Private Equity Fund-of-Funds  
 Product Name:  
 Data as of:

Marquette Contact: Derek Schmidt, CFA, CAIA  
 Recipient Email: dschmidt@marquetteassociates.com  
 Questionnaire received back via: Email

**I. Firm**

1. Please provide the year your firm was established and give a brief history of your firm.
2. Please provide the organization’s name, and the name, title, address, phone number, fax number, and email address of the individual who will be our primary contact.
3. Please provide the address and website of the firm’s headquarters and all branch offices.
4. Please comment on the financial solvency of your firm. Do you have any firm debt? What is the minimum asset level required for your firm to remain profitable?
5. Please provide a brief description of your firm’s plans for growth, such as asset growth, personnel growth, succession planning, over the next 3-5 years.
6. Please give succession plans for key employees if retirements are planned within 5 years.
7. Please provide for the past 8 years the firm’s level of AUM, Annual Capital Deployed across entire platform, along with the number of individuals on the investment team:

	2011	2012	2013	2014	2015	2016	2017	2018
<b>AUM</b>								

<b>Annual Capital Deployed</b>								
<b>Total Investment Professionals</b>								
<b>Senior Professionals</b>								
<b>VP and Below</b>								

**II. Ownership**

8. What is the current ownership structure of the firm? Please include employees at all levels.
9. Are you a registered minority (at least 51% minority/woman/or disabled-owned) investment manager? If so, please attach state or local registration.
10. What is the ownership structure of the general partner entity? (Include percentage ownership.) Who are the principals of the general partner? How long has each of the principals been a participant of the general partner?
11. What provisions are in place to promote the retention of principals, and change allocations over time?
12. What, if any, are the carried interests and ownership interests in the general partner or management company held by individuals or business entities not employed by the firm?
13. What is the general partner’s capital commitment to the fund? What is the amount committed by each participant in the general partner? What is the source for each contributor’s funds?
14. Please describe the firm’s professional turnover for the last five years, citing reasons for each departure and contacts for departed partners.
15. Are any new hires expected in the near term? Please explain at what level these new hires are expected, and their anticipated compensation (salary, bonus, participation in carried interest).
16. What is the decision-making process internally among the principals for (i) internal matters, (ii) new partners, and (iii) partnership operations and management decisions?
17. Does the firm have a succession plan in place? If so, please describe.

18. Identify all prior funds each principal has been involved with in any capacity. What is the status of those funds, and how much of the principals' time is committed to each fund?
19. Do any of the principals have any conflicts of interest with the current fund?
20. Is the firm or any of its principals involved in, or a partner in, any other businesses outside of the firm's activities? Please describe.
21. Has the firm or any of its principals (including former principals) ever been involved in any litigation? Please describe. Are any cases still open or pending?
22. Do any of the principals have any health or personal issues that should be of concern? Please explain.
23. Please provide three references. At least one should be an LP reference and at least one should be a reference from one of the underlying managers/funds.

**III. Client Breakdown**

24. Please provide the firm's and strategy's breakdown by clients as of the current date (as measured by % of assets under management) using the following format. Please provide a brief explanation as to the contents of "other."

	Corporate	Foundation/ Endowment	HNW/ Family	Insurance/ Financial	Mutual Fund	Public
Firm						
Strategy						

	Religious	Taft- Hartley	Sub- Advisory	Wrap	Other
Firm					
Strategy					

25. Please provide the firm's and product's breakdown by clients as of the current date (as measure by # of clients under management) using the following format. Please provide a brief explanation as to the contents of "other."

	Corporate	Foundation/ Endowment	HNW/ Family	Insurance/ Financial	Mutual Fund	Public
Firm						

<b>Strategy</b>						
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	<b>Religious</b>	<b>Taft-Hartley</b>	<b>Sub-Advisory</b>	<b>Wrap</b>	<b>Other</b>
<b>Firm</b>					
<b>Strategy</b>					

26. Please provide the following information for the previous fund:

	<b>Assets (\$m)</b>
<b>Average Aggregate Client Size:</b>	
<b>Largest:</b>	
<b>Smallest:</b>	

27. Please list the five largest LPs in the prior fund. Please list the LP name or type (e.g. foundation, public pension, etc.) Please indicate whether they will be making a commitment to the current fund, and if not, please indicate why.

28. Have you entered into any side letter agreements or other arrangements with any limited partners? Do you anticipate doing so prior to or at the final closing? Are there any 'most favored nations' provisions? Are there 'special' limited partners or limited partners who also have investments in, or special rights from, the general partner or manager? If so, please explain.

29. Please list the top five consultants/financial advisors that you work with and the total underlying assets in the Fund that they represent.

<b>Consultant</b>	<b>Market Value (\$m)</b>	<b>% of PE Assets</b>

**IV. Investment Professionals**

30. Please provide brief biographies and educational background of the investment professionals in the firm. List percent of ownership by the investment professional, and which products they worked on.

31. Please discuss the compensation plan of the investment professionals. How are fees and carried interest allocated among the principals of the firm and other employees? What vesting provisions are in place?
32. Are the investment professionals under employment contracts with the firm?
33. Discuss all turnover of investment professionals in the firm during the last three years.
34. Please complete the attached table regarding advisory board memberships.

Name of Principal	Current Advisory Board Memberships

35. How many advisory board seats will each principal be expected to hold for this fund? How does this compare to prior funds?
36. Does the fund have a key man provision? Please list the key men.

**V. Compliance**

37. Is your firm affiliated with a broker dealer?
38. Are you a registered investment advisor? Please attach a copy of your ADV Part 1, ADV Part 2A and 2B.
39. Please provide a brief description of any past or pending regulatory action, litigation, or other legal proceedings involving the firm or any employees and/or principals as defendants in the last 5 years.
40. Are you currently or have you been in the last 5 years out of compliance with the SEC, DOL, or any regulatory agencies? If yes, please explain thoroughly.
41. Has your firm been audited by the SEC, DOL, or any regulatory agency in the past 5 years? Please explain any key findings. Please attach a copy of the SEC Review findings and firm responses.
42. Do you have a dedicated compliance officer? Does this person serve other roles within the firm? If so, please describe.



43. Who is the Fund's independent auditor? How long have they been serving in this capacity? Please provide copies of the last four quarterly reports and the last three years' audited financials.
44. Who is the firm's legal counsel or do you use an in-house legal team? Please provide brief biographies for them, indicating how long they have been serving in this capacity.
45. Please provide contact names with addresses and phone numbers for all legal counsel and the accounting firms the sponsor has engaged over the past 5 years. Please provide a brief description of the nature of the engagement.
46. Please describe your firm's disaster recovery and business continuity plans, specifically addressing the most recent date and the numbers of times you have practice and tested your procedures in the past 5 years, and the result of those exercises. Please provide a copy of your firm's disaster recovery and business continuity procedures.
47. What are your procedures monitoring for personal trading? How many violations of your personal trading policy have occurred in the past 12 months? Please describe the nature of each violation.
48. Please describe the AML or FACTA disclosure requirement you will require from LPs. Please indicate what will be required once versus on an annual basis?
49. What is your firm's policy for allocating commitments to underlying funds where capacity is constrained?

## **VI. Product Investment Process**

50. Please describe the investment objective and strategy of the proposed Fund. Provide supporting documentation regarding your assumptions of the target market and the overall viability of the proposed strategy.
51. What is unique about this strategy?
52. How does the investment committee for the fund operate? How are decisions made? Please list all investment committee members.
53. Is consensus required from each partner, or is a simple majority sufficient?
54. How often do the principals meet as a group? Are meetings typically held in person or telephonically? What forum do the principals use for information and idea sharing?

55. What is the policy/assumption for portfolio allocations between equity, debt, and other forms of investment? Target dollar range for each investment? Estimated number of portfolio investments?
56. Are there geographical preferences for investments? Industry preferences?
57. What is the estimated number of portfolio investments? Target dollar range for each investment?
58. Please list GPs/Funds you have allocated to in the past that you would expect to allocate to in the current offering.
59. What is the estimated length of time before the Fund will be fully invested?
60. Describe potential risk factors related to the strategy.
61. Who are the firm's competitors? How do you differentiate your fund from competitive funds?
62. What are the firm's documentation procedures? Please attach a sample of your fund due diligence.
63. What is the firm's valuation policy and methodology? Please attach a copy of the firm's valuation policy.
64. Is the partnership permitted to re-invest proceeds? What rules govern those re-investments?
65. What is the fund's approach to UBTI related investments?

## **VII. Current Offering**

66. What is the full name of the current Fund offering? What is the vintage year of the Fund? What is the target size of the Fund and what is the Hard Cap? What is, or when will, the first closing of the Fund be, and at what commitment level? When is the projected final close?
67. What is the fee structure of the Fund? Please list the Management Fee, Carried Interest, and Hurdle. Is a European Waterfall structure utilized?
68. Please provide details on any step provision (i.e. change in fee over time), and provide an estimate of average annual fee over the life of the Fund.
69. What are the fund formation costs that will be charged to the fund? What was to the total formation costs for the prior fund in this strategy?

70. What is the anticipated commitment amount (in millions) from the firm and employees?
71. What is the Partnership term, including provisions for extensions, if any? If there are extension please detail the approval process for extensions (advisory board approval, LP vote, etc.)
72. What are the policies regarding allocation of ongoing expenses to the Fund vs. the General Partner, e.g. overhead, legal fees, due diligence costs, etc. Provide a dollar estimate of the expenses that will be charged to the fund.
73. What are the policies regarding allocation of fees, such as transaction fees, investment banking fees, monitoring fees, directors' fees, etc., between the General Partner and the Fund?
74. Please detail the fund structure and why this structure was chosen (list onshore and offshore vehicles, master feeder or side-by-side structure, etc.)
75. What are the tax implications for both taxable and non-taxable clients associated with this structure?
76. Are you open to side letters to address client legal concerns?
77. Do you act as an ERISA fiduciary?
78. If this is not an ERISA fund, what is your current ERISA capacity?
79. Please complete the following table for each vehicle associated with this product. Please put an (X) where applicable

Fund/Vehicle	Onshore	Offshore	3c1	3c7	ERISA Fiduciary?	ERISA Capacity	QPAM?

80. Have any commitments been made? If so, please list.

81. Has the fund called any capital? If so, please list.

**VIII. Security and Miscellaneous**

82. Please complete the table below for each prior fund for this strategy and provide the "as of" date for the data provided.

Fund Name	Vintage Year	Fund Size	Called %	Distributed %	Remaining Value %	Multiple (Net of Fees)	IRR (Net of Fees)	As of Date

83. State the frequency of investor reporting and provide a sample.

84. Provide the PPM, LPA, a sample due diligence packet, ADV Part I and II, and the prior fund's audited financial statements for the past 2 years. Please also include a copy of the firm's allocation policy and valuation policy.

85. Please list all third-party service providers including auditor, legal counsel, etc.

86. Describe the firm's security environment. Specifically cover the physical, digital security, and policy measure safeguards that you have put in place to control access to portfolio reporting systems and client account information.

87. Describe your firm's approach to securing email and web communications.

88. How does your firm defend against cyber-attacks?

89. How does your firm secure mobile devices such as phones, tablets, and laptops?

90. Have you had your security assessed by a third party? If so, when was this last completed and by which provider?

91. Has your firm ever had a data security breach? If so, please describe the incident as well as the corrective actions.

92. Please provide three references, including contact phone number and email address. Please include, at least, one current and one former client in your references.

## IX. Diversity and Inclusion

93. Diversity is important to the Pension Board of the MCERS. The Board believes that racial, ethnic, and gender diversity amongst both leadership and staff within an investment organization can translate into diversity of thought and augment the decision-making process, ultimately leading to better outcomes for investors. Please comment on your organization's commitment to building a diverse workforce, both within your own firm, and within the underlying General Partner firms to which you have allocated capital to in the past, or plan to allocate capital to in the current fund offering. Please quantify these efforts.
94. The Pension Board of the MCERS is dedicated to expanding exposure to top performing fund managers that demonstrate exceptional potential and are committed to diversity in their investment decision-making process, ownership structure and compensation and profit-sharing policies. As such the Pension Board of the MCERS shall make a good faith effort to invest with qualified emerging managers who fit this definition. Please comment on your organization's efforts to invest in emerging managers across your investment platform and quantify these efforts. As a general guideline, MCERS defines emerging managers as newer, independent private investment management firms that manage less than \$2 billion, and/or have performance track records shorter than five years.
95. 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.
96. 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.
97. Describe the Firm's process for recruiting new employees to the investment team? Operations team? Administrative team?
98. If applicable, describe the Firm's formal mentorship program.
99. 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?
100. 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?
101. For investments made by the Firm during the last five years, what is the average percentage of female board members per company? Average percentage of minorities? Data should be as-of the earlier of the most recent quarter-end or the date the investment was exited. Only include investments

in which the Firm held a majority interest (either directly or through “club deals”).

102. 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.*