



**Introduction:**

The Metropolitan Water Reclamation District Retirement Fund (Fund) is requesting proposals from investment management firms (Investment Manager) interested in providing Private Credit products (Mandates) with a US-focused geographic target exposure. The Fund will entertain both Open-End/Evergreen structures and Closed-End products. The preference is for Open-end strategies; however, Closed-end strategies will be considered depending on length of lockup period. The Fund is seeking a verifiable track record in the strategy.

**Goal:**

The Board of Trustees (Board) is soliciting firms that provide the Mandates requested. The size of the Mandates in aggregate is expected to represent 3%-5% of Fund assets or approximately \$40 million - \$70 million. This Request for Proposal (RFP) is not an offer to contract but seeks the submission of proposals from qualified, professional firms that may form the basis for a successful negotiation of a contract (Agreement). The Fund reserves the right to reject any or all proposals and to solicit additional proposals if that is determined to be in the best interests of the Fund.

The Board sets secondary goals of identifying, reviewing, and considering firms owned by minorities, women, or persons with a disability (Diverse Firms). The Board encourages Diverse Firms to participate in this RFP.

**Timeline:**

RFP Date of Issue:	Wednesday, January 18, 2023
Deadline to Submit Written Questions:	Friday, January 27, 2023
Responses to submitted questions - Fund website:	Friday, February 3, 2023
RFP Due Date:	Friday, February 24, 2023
<b>Proposal Evaluation to Staff (Tentative):</b>	<b>Friday, March 17, 2023</b>
Finalists Determination (Tentative):	TBD
Finalists Presentations (Tentative):	TBD

**Submission Process:**

The RFP process will be overseen by the Fund’s investment consultant, Marquette Associates (Consultant). This RFP, the Fund’s Investment Policy, and Ethics Policy are available on the Fund’s website [www.mwrdrf.org](http://www.mwrdrf.org).

Questions concerning the RFP must be submitted via email to [openrfp@marquetteassociates.com](mailto:openrfp@marquetteassociates.com) by 3:00 PM Central Standard Time on Friday, January 27, 2023.

Respondents must submit an electronic copy of the completed RFP to the Consultant at [openrfp@marquetteassociates.com](mailto:openrfp@marquetteassociates.com) by 3:00 PM Central Standard Time, on Friday, February 24, 2023.

Any responses received after the deadline will not be considered for this search.

**Consultant Search Contact:**

[openrfp@marquetteassociates.com](mailto:openrfp@marquetteassociates.com)

Marquette Associates, Inc.  
180 N LaSalle St., Suite 3500  
Chicago, IL 60601

**Scope of Services:**

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

**Minimum Qualifications:**

Fund Staff and Investment Consultant will consider the following criteria, along with other evaluation criteria, when considering Investment Managers who respond to the RFP:

1. Accept responsibility as a fiduciary with respect to the work performed and investment recommendations made by the Investment Manager.
2. Comply with all Federal and State laws applicable regarding investment entities.
3. Carry errors and omissions insurance or a comparable instrument to cover any negligent acts or omissions of the Investment Manager.
4. Maintain sufficient procedures and capabilities to ensure the timely and accurate backup and full recovery for all computers and other data storage systems related to the Agreement.
5. Provide a verifiable track record for the proposed strategy with at least three years of history.
6. Represents and warrants to the Fund that it is not barred from doing business with the City of Chicago under the Chicago Municipal Code, including but not limited to under Article I of Chapter 1-23 or Section 2-92-320 of the Chicago Municipal Code.
7. Certifies to the Fund that it is not barred from being awarded a State of Illinois contract or subcontract because of a conviction or admission of guilt for bribery or for bribing an officer or employee of the State of Illinois or any other state in that officer's or employee's official capacity as provided in Section 50-5 of the Illinois Procurement Code, 30 ILCS 500/50-5.
8. Certifies to the Fund that it is not barred from contracting with any State of Illinois entity because of a violation of either Section 33E-3 (bid-rigging) or 33E-4 (bid-rotating) of Article 33E of the Criminal Code of 1961, 720 ILCS 5/33E.
9. Any fee structure or other relevant information provided in the RFP is accurate and will be honored for a period of at least one year from the RFP due date.

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**Evaluation Criteria:**

1. Fit with the Fund's Overall Investment Policy and Allocations Among Existing Investment Advisers
2. Investment Philosophy and Methodology
3. Background, Experience and Reputation
4. Performance
5. Portfolio Management and Client Services
6. Reasonableness of Fees

The Consultant, with the guidance of the Fund'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.

**Quiet Period:**

In accordance with the Fund's Ethics Policy, a quiet period shall begin as of the publication date of this RFP and end when an Agreement has been successfully negotiated. The quiet period prohibits respondents from communicating with the Board or staff regarding any product relative to this search. During the quiet period, the Board, Fund staff and Consultant cannot accept meals, travel, lodging or any other goods or service of value from the Investment Managers. A respondent will be disqualified for violating the quiet period. Questions regarding the search shall be forwarded to the Consultant.

**Performance Review Process:**

Performance review shall normally be conducted in accordance with the Fund's Investment Policy.

**Disclosure of Proposal Content:**

Respondents are advised that proposal materials are subject to the Illinois Freedom of Information Act, 5 ILCS 140 (FOIA). The law requires that at the conclusion of the selection process, the contents of all proposals be open to inspection by interested parties. Trade secrets, confidential or proprietary information must be clearly identified as such in the proposal and the proper exemption of the FIOA must be identified for consideration.

**Disposition of Proposals:**

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

**Direct Lending Request for Information**

**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 describe your firm initiatives for diversity and inclusion in terms of your overall firm, senior leadership, and investment teams.
- 8) Please provide the following diversity & inclusion statistics:

<b>Males</b>	Caucasian	African American	Asian	Hispanic	Disabled	Other	Total
Senior Executives / Mgmt.							
Inv. Professionals (Excluding Traders)							
Inv. Professionals (Traders)							
Inv. Professionals (Excluding Sales / Marketing & Client Service)							
Sales / Marketing & Client Services							
Other Non-Professionals							
Total							

From the above, how many are Veterans? \_\_\_\_\_

<b>Females</b>	Caucasian	African American	Asian	Hispanic	Disabled	Other	Total
Senior Executives / Mgmt.							
Inv. Professionals (Excluding Traders)							
Inv. Professionals (Traders)							
Inv. Professionals (Excluding Sales / Marketing & Client Service)							
Sales / Marketing & Client Services							
Other Non-Professionals							
Total							

From the above, how many are Veterans? \_\_\_\_\_

Services provided pursuant to your firm's contracts for services	#Contracts with MWDBE businesses	#Contracts with <b>non-MWDBE</b> businesses, where >50% of the services were provided by a MWDBE person
Investment services		
Consulting services		
Professional services		
Artistic services		

**II. Ownership**

- 9) What is the current ownership structure of the firm? Please include employees at all levels.
- 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) How are the fees and carried interests allocated among the principals and others? Please be specific. How is this split determined?
- 12) What provisions are in place to promote the retention of principals, and change allocations over time?
- 13) 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?

- 14) What is the firm's compensation structure? What are the vesting provisions? Are there vesting provisions for future general partner additions?
- 15) 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? (Cash, Deferred Fees, etc.)
- 16) Please provide a detailed three year budget for the general partner.
- 17) Please describe the firm's professional turnover for the last five years, citing reasons for each departure and contacts for departed partners.
- 18) 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).
- 19) What is the decision-making process internally among the principals for (i) internal matters, (ii) new partners, and (iii) partnership operations and management decisions?
- 20) Does the firm have a succession plan in place? If so, please describe.
- 21) Please complete the following table which addresses the principals' relationship with each other prior to becoming principals of the general partner.

Principals	Years Working Together Prior to Forming General Partner	Nature of Relationship

- 22) 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?
- 23) Do any of the principals have any conflicts of interest with the current fund?
- 24) 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.

25) 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?

26) Do any of the principals have any health or personal issues that should be of concern? Please explain.

27) Please provide 3 references for each principal.

**III. Client Breakdown**

28) Please provide the firm’s and product’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.” For product asset please include all prior funds using the same strategy as the current offering.

	<b>Corporate</b>	<b>Foundation/ Endowment</b>	<b>HNW/ Family</b>	<b>Insurance/ Financial</b>	<b>Mutual Fund</b>	<b>Public</b>
<b>Firm</b>						
<b>Product</b>						

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

29) 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.”

	<b>Corporate</b>	<b>Foundation/ Endowment</b>	<b>HNW/ Family</b>	<b>Insurance/ Financial</b>	<b>Mutual Fund</b>	<b>Public</b>
<b>Firm</b>						
<b>Product</b>						

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

30) Please provide the following information on the firm's and product's client breakdown:

	Assets (in Millions)
Average Aggregate Client Size:	
Largest:	
Smallest:	

31) 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.

32) Please complete the following table for all limited partners, for the current fund and previous fund.

Limited Partner	ERISA (Y/N)	Contact Name/Phone	Name of funds committed to	Commitment amounts	Commitment to this fund or explanation for opting out of this or future funds

**IV. Investment Professionals**

33) 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.

34) 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?

35) Are the investment professionals under employment contracts with the firm?



- 36) Discuss all turnover of investment professionals in the firm during the last three years.
- 37) Are you a registered minority (at least 51% minority/woman/disabled/veteran owned) investment manager? If so, please attach state or local registration.
- 38) Please provide brief biographies of the investment professionals on this product.
- 39) Please complete the attached table regarding board memberships.

Name of Principal	Current Board Memberships	Prior Board Memberships

- 40) How many board seats will each principal be expected to hold for this fund? How does this compare to prior funds?

**V. Compliance**

- 41) Is your firm affiliated with a broker dealer?
- 42) If yes to #41, do you trade with your affiliated broker dealer? If applicable, what percentage of trades for this product execute through the affiliated broker dealer?
- 43) If yes to #41, please describe, in detail, the processes the firm has in place to prevent the transmission of material nonpublic information between the asset management arm and the broker dealer?
- 44) If yes to #41, please describe the separation of duties and systems between the broker dealer and asset management in regards to traders, back office, and settlement functions.
- 45) If yes to #41, does your broker dealer have a separate profit and loss statement than the rest of the firm’s business entities? If no, please explain.
- 46) Are you compliant with GIPS® Standards? If yes, please indicate the last audit year. If yes, please provide the most recent verification letter.
- 47) Are you a registered investment advisor? Please attach a copy of your ADV Part II.

- 48) 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.
- 49) 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.
- 50) 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.
- 51) Do you have a dedicated compliance officer? Does this person serve other roles within the firm? If so, please describe.
- 52) Who is the firm'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.
- 53) 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.
- 54) Are you a registered investment advisor? Please attach a copy of your ADV Part II.
- 55) What is your firm's Errors & Omissions (E&O) Insurance policy limit in millions? Please attach proof of E&O Insurance coverage.
- 56) 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.
- 57) 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.
- 58) 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.
- 59) Will your firm acknowledge its status as a fiduciary under ERISA in a contract or side letter?

## VI. Product Investment Process

- 60) 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.
- 61) Please provide a complete review of your firm's investment methodology for the product and the decision making process. Please comment specifically on:
- Top-down versus bottom-up analysis, if appropriate
  - Initial loan universe/benchmark
  - Liquidity criteria
  - Credit Research
  - Security selection criteria
  - Buy/sell decision
  - Sector weightings
  - Number of portfolio holdings
  - Duration positioning
  - Yield Curve positioning
  - Loan Structure decisions
- 62) Against what benchmark is the product evaluated?
- 63) Do you think this is the appropriate benchmark or would you prefer an alternate benchmark? If so, please discuss.
- 64) Does the product invest in out of benchmark securities? If yes, please discuss the types of securities, typical and maximum weightings, and investment rationale (e.g. relative value, economic outlook, etc.).
- 65) Please discuss the product's philosophy towards managing default risk. If possible, please backup response with data.
- 66) Have there been any changes to the product's investment process over the past five years? If yes, please describe in detail.
- 67) Please discuss your risk analysis and control methodology.
- 68) Are lien (first, second, etc.) weightings determined relative to a benchmark? If so, which benchmark and what is the range relative to the benchmark?

69) Please describe portfolio credit quality:

<b>% Portfolio</b>	<b>Current</b>	<b>3 Year Min.</b>	<b>3 Year Max</b>
AAA/Aaa			
AA/Aa			
A			
BBB/Baa			
BB/Ba			
B			
CCC/Caa			
CC/Ca			
C			
D			
Not Rated			
<b>Total</b>	<b>100%</b>	---	---

70) Please provide the annual dollar weighted default rates and number of defaults for the product compared to the product's benchmark. Please show data for the past 10 calendar years, or inception, whichever is longer.

71) What part(s) of your process add the most value? Please provide backup data on your answer.

72) Does this product utilize leverage? If so, how is the leverage applied?

73) Please discuss your assessment of the current market outlook and how your firm plans to provide superior performance for clients in the years ahead.

74) What distinguishes your firm from other investment managers with respect to this product?

75) What is unique about this strategy?

76) Please discuss the current market opportunity. Please describe the current opportunity set and how the compares to the opportunity set for prior funds.

77) Please describe a "typical" transaction. Where in the capital structure do you typically invest (debt, preferred equity, common equity, warrants, etc.)?

78) Please discuss how deals are sourced. Please provide a breakdown of how deals are sourced (proprietary deals, sponsors, investment banks, etc.). Please list all sponsors or investment banks the firm has worked with on multiple closed transactions over the last three funds.

- 79) How does the investment committee for the fund operate? How are decisions made?
- 80) Is consensus required from each partner, or is a simple majority sufficient?
- 81) 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?
- 82) What is the policy/assumption for portfolio allocations between equity, debt, and other forms of investment?
- 83) Are there geographical preferences for investments? Industry preferences?
- 84) What is the estimated number of portfolio investments? Target dollar range for each investment?
- 85) What is the estimated length of time before the Fund will be fully invested?
- 86) Describe potential risk factors related to the strategy.
- 87) Who are the firm's competitors? How do you differentiate your fund from competitive funds?
- 88) What are the firm's documentation procedures? Please attach a sample of each of the following documents: due diligence checklist, deal log, a typical investment term sheet that you would use, and a summary investment memorandum.
- 89) What is the firm's valuation policy and methodology?
- 90) Is the partnership permitted to re-invest proceeds? What rules govern those re-investments?
- 91) What is the fund's approach to UBTI related investments? Do you have on-shore and offshore vehicles?

92) For each principal of the general partner, please provide the following information for every investment considered a part of that individual’s investment record.

Name of Investment	\$’s Invested and Date of Investment	Individual(s) Responsible for Sourcing Deal	Individual(s) Responsible for Monitoring	Individual(s) Responsible for Exit	Total Value Realized from Investment and Date of Realization	IRR

**VII. Current Offering**

93) 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? What is, or when will, the first closing of the Fund be, and at what commitment level? What is the projected final close?

94) What is the fee structure of the Fund? Please list the Management Fee, Carried Interest, and Hurdle. Is a European Waterfall structure utilized? Please complete the following table for all commingled funds for this strategy.

Fund/Vehicle Name & Type (CIT, LP, etc.)	Onshore/ Offshore	3c1/3c7	ERISA Eligible?	ERISA Capacity	DB Eligible?	DC Eligible?	Non-ERISA Eligible?	Liquidity

95) Please provide details on any step provision (i.e. changes over time) in the management fee, and provide an estimate of average annual fee over the life of the Fund.

96) What is the anticipated commitment amount (in millions) from the firm and employees?

97) What is the Partnership term, including provisions for extensions, if any?

- 98) What are the policies regarding allocation of 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.
- 99) 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.
- 100) Have any commitments been made? If so, please list.
- 101) Has the fund called any capital? If so, please list.
- 102) Is this an SBIC fund? If so, please discuss firm's prior experience with SBIC funds.

**VIII. Security and Miscellaneous**

103) Please complete the table below for each prior fund.

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

- 104) Describe each of the prior investments managed by the key investment professionals on the team responsible for the current offering.
- 105) State the frequency of investor reporting and provide a sample.
- 106) Please describe the firm's (or fund administrators') documentation requests related to AML/KYC when onboarding a new client to any commingled funds of this strategy. For each commingled fund (LP, CIT, LLC, etc.), each feeder (onshore, offshore), and each client type (E&F, pension, state/city, family office, individual, etc.), please list all documents required. Please be specific and note if you require any of the following: authorized signer's SSN; driver's license; passport; a government picture ID; list of Board of Trustees/Directors; notarized signature pages; third-party AML attestation; and any others.
- 107) Please list the firm's auditor, the fund auditor, legal counsel, and all third party service providers (include IT, due diligence, etc.)

- 108) 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.
- 109) Describe your firm’s approach to securing email and web communications.
- 110) How does your firm defend against cyber-attacks?
- 111) How does your firm secure mobile devices such as phones, tablets, and laptops?
- 112) Have you had your security assessed by a third party? If so, when was this last completed and by which provider?
- 113) Has your firm ever had a data security breach? If so, please describe the incident as well as the corrective actions.

**IX. Attachments and Disclosure**

Please check off items included as attachments. If any **required** items are excluded, please indicate an alternate means for our review of requested items.

<b>Required</b>	<b>Included?</b>
ADV	_____
SEC Review Findings Letter	_____
Disaster Recovery and Business Continuity Plans	_____
Code of Ethics	_____
PPM	_____
LPA	_____
Prior Fund’s Audited Financials	_____
Prior fund deal by deal attribution	_____
Proof of E&O Insurance Coverage	_____
<b>Include, if Applicable</b>	<b>Included?</b>
State or Local Registration for M/WBE	_____
GIPS Verification Letter	_____



**Chief Compliance Officer Signature**

I, chief compliance officer of \_\_\_\_\_, have reviewed all of the aforementioned statements and documents. To the best of our ability, we believe all statements and documents to be accurate, truthful and timely.

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Signature

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Print Name