FPIF

FIREFIGHTERS' PENSION INVESTMENT FUND

Illinois Firefighters' Pension Investment Fund

Responses to Submitted Questions:
Private Markets Investment Consulting and Discretionary OCIO Advisory Services

This document serves as a formal response to the questions submitted through the process established by the Illinois Firefighters' Pension Investment Fund ("FPIF") in its Request for Competitive Proposal ("RFP") for Private Markets Investment Consulting and Discretionary OCIO Advisory Services. As stated in the RFP, questions concerning the RFP had to be submitted in writing via e-mail to the Procurement Contact by **12:00 PM Central Time on Friday, February 24, 2023**. Responses to questions properly submitted are consolidated into a single Q&A document as detailed below and posted to FPIF's website on **Friday, March 3, 2023**. The Q&A document does not identify the source of the query.

1. How many years after implementation is FPIF looking to hit their Advisor targets for various asset classes (i.e. 4% target for PE Advisor)?
   FPIF strives to deploy its assets efficiently without over-concentrating in any single vintage year. Staff believes that five years is a reasonable period for private equity and real assets. Three years may make sense for private debt. Staff will establish a formal pacing plan with its Private Markets Consultant.

2. What is FPIF's return expectation for the private equity allocation?
   FPIF strives to achieve a 2X TVPI and 20% IRR, or greater, through its private equity program.

3. What is the expected return on assets for FPIF?
   FPIF has an actuarially assumed rate of return of 7.125%

4. Is FPIF open to considering commingled offerings for co-investments and secondaries within a separate account structure?
   Yes.

5. Could you please confirm if questions 66 and 67 are directed toward consultant proposals?
   Questions 66 and 67, as well as all questions in the Operations section, should be completed by all Respondents.

6. How are you defining the word “emerging” when referring to emerging managers?
As defined in Section 5/1-109(4) of the Illinois Pension Code, an “Emerging Investment Manager” is a qualified investment adviser that manages an investment portfolio of at least $10,000,000 but less than $10,000,000,000 and is a “minority owned business, “female owned business,” or a “business owned by a person with a disability,” as those terms are defined in the Business Enterprise for Minorities, Females, and Persons with a Disabilities Act.

7. Is FPIF willing to invest in a commingled secondaries or coinvest solution?
Yes.

8. Can our firm apply for multiple discretionary mandates? If we apply for multiple mandates, should we apply with one submission or separate submissions?
Firms may apply for multiple discretionary mandates. Only one submission is necessary.

9. Regarding the “public market equivalent” benchmark in the table of question 53w, we are planning to us the MSCI World. Is that ok or does FPIF have a preference as to which PME benchmark we should use?
If the Respondent proposes a global private equity solution, then the MSCI World is a sufficient PME. Respondents should disclose the PME presented. If the Respondent proposes a U.S. focused solution, then a U.S. benchmark such as the Russell 3000 would be appropriate.

10. The fee proposal requests a flat annual fee structure from consultants. Is there a term that Respondents should consider?
The term of the Consulting agreement would be for five years.

11. Does FPIF have a range of annual commitments anticipated?
Annual commitments will be determined collaboratively with FPIF’s Staff, its Private Markets Consultant, and the OCIO. Guidelines such as a maximum percent of a total fund, maximum exposure to a specific GP, and capital deployment targets will be established.

12. With regard to question 52, could FPIF describe its current process for legal document review and negotiations, including involvement of both internal and external counsel?
FPIF currently relies on external counsel for its contract negotiation and finalization, under the direction of FPIF’s investment staff. FPIF entered into an investment consulting agreement with its general consultant based on a form used by that consultant and conformed to comply with requirements of the Illinois Pension Code

and FPIF rules and policies. Subsequently, the FPIF Board of Trustees adopted a form of Investment Management Agreement that has been used for several investment managers and would be used for investment managers. As a new organization, FPIF has not yet committed to a limited partnership, so has not yet had occasion to standardize its approach to limited partnership agreements, subscription agreements, side letters, and other such documentation, but would look to the advice of its investment manager (the OCIO) and the OCIO's legal counsel.

13. Does FPIF have a preferred mix of the structure of the underlying investments for the Opportunistic mandate, i.e. investments outside of traditional fund structures vs fund investments?
    The Opportunistic Strategies OCIO is expected to offer a fund structure that provides access to co-investments and/or other direct opportunities that may not otherwise be accessible to FPIF. This could be an internally managed product by the OCIO. The allocation should represent approximately half of the Opportunistic Strategies private equity allocation, or 1.5% of FPIF. The remaining 1.5% is intended for traditional fund commitments.

14. The RFP has been issued for three separate investment verticals. Are you considering proposals for an OCIO manager across all three verticals as well – private equity, private debt, and real assets?
    FPIF will consider all services proposed.

15. Could you please provide any further guidance on which specific questions to answer for the Opportunistic Mandate given there isn't an explicit section for it?
    As indicated in section 1.2 of the RFP, the Opportunistic Strategies mandate may include private equity and private debt. Therefore, a potential respondent to this mandate should respond to question 53 for private equity and question 54 for private debt.

16. Would FPIF be willing to consider investing in a group trust investment vehicle in connection with the Discretionary Real Assets OCIO Advisory Mandate?
    FPIF prefers direct GP relationships.

17. Regarding the Discretionary Real Assets OCIO Advisory Mandate, is FPIF open to a broad definition of real assets including real estate, infrastructure, and other real assets such as natural resources?
    FPIF's asset allocation does not include natural resources.

18. With regard to the Discretionary Private Equity Advisory mandate, does FPIF have a target portfolio construction across primaries, secondaries, and co-investments?

The mandate is intended to include 25% in co-investments. Secondaries are permitted, though FPIF prefers that secondaries are used tactically. A dedicated long-term allocation to secondaries is not required. The remainder of assets will be invested in primaries.

19. With regard to the Opportunistic Strategies mandate, does FPIF have a target portfolio construction across primaries, secondaries, and co-investments?
    FPIF expects that approximately 50% of the Opportunistic Strategies private equity mandate will be invested in co-investments and the remaining 50% will be invested in primaries.

20. Does FPIF have any specific target returns or objectives for the Discretionary Opportunistic Strategies Advisory mandate?
    FPIF strives to achieve a 2X TVPI and 20% IRR or greater.

21. With regard to the Discretionary Opportunistic Strategies Advisory Mandate, the RFP references deal flow available outside traditional fund structures. Could you please explain what is meant by that?
    FPIF seeks exposure to non-traditional investments which are typically not found in common private equity funds. The mandate targets smaller, niche, and uncorrelated exposure to positions that are sourced on a proprietary basis.

22. Does FPIF envision the discretionary OCIO mandates to be a Fund of One Structure?
    An SMA structure is preferred.

23. Does FPIF have a preference for a flat fee vs asset-based management fee for Discretionary OCIO Advisors?
    FPIF generally prefers flat fees. However, FPIF will consider various fee structures for the OCIO mandates.

24. How many private equity funds are currently in FPIF's portfolio?
    Zero.

25. How many private real assets funds are currently in FPIF's portfolio?
    FPIF has one ODCE fund.

26. How many private credit funds are currently in FPIF's portfolio?
    Zero.

27. Over the last three years, how many private equity, private credit, and private real assets managers has FPIF committed to annually?

FPIF has only managed assets since 10/1/2021. The Fund has a single ODCE fund and no other private market exposure.

28. How many meetings does FPIF expect to have in-person on an annual basis?
TBD.

29. What is the size of your staff? Do you have any dedicated staff to private equity, private credit, and/or private real assets?

FPIF has five staff members.

Executive Director: William Atwood
Investment Officer: Mitchell Green
CFO: David Zaloga
COO: Steve Zahn
Member Services Officer: Robina Amato

30. For the Discretionary Private Equity OCIO Advisory mandate, would a primary-only proposal focused on the lower middle market, growth and VC be preferred, or would it be of interest to add an allocation to global, secondaries, and co-investments?
The mandate will allow for all components, including global, secondaries, and co-investments.

31. In relation to the Illinois Freedom of Information Act (5 ILCS 140), would it be possible to submit two versions of the proposal? One would have full details, the other would exclude all confidential information and can be viewed externally.
Yes. That is acceptable. Please also note the requirement of Section 2.8 of the RFP to specify which statutory exemption applies for each portion of confidential information, including providing any justification required by the Illinois Freedom of Information Act.

32. If we are bidding on multiple service lines, do we need to complete a separate RFP (including Exhibits) for each service offering? Or, can one RFP contain all offerings?
One RFP may contain all offerings.

33. Beyond marking items confidential, should we submit a redacted copy along with our proposal?
Redacted copies are not required.

34. Would FPIF consider proposals from an advisor that's been in existence for <10 years, provided the senior team leaders have worked together at an institutional asset manager for more than 10 years prior to forming their current firm?

FPIF has modified Exhibit C, item 7, from requiring a minimum of ten years to requiring a minimum of seven years in operation as an investment management organization. Please see Addendum 1.

35. Would FPIF consider a mandate proposal that includes aspects of each category (private equity, private debt, real assets, and opportunistic strategies) with one advisor?
    Yes.

36. Does FPIF have specific geographic targets for the private equity mandate?
    FPIF has yet to establish formal targets. However, a 25% international allocation is a reasonable assumption.

37. Regarding private equity portfolio concentration, does FPIF have a target number of funds it wants the advisor to commit to per annum?
    No – not at this time.

38. Regarding portfolio construction, does FPIF have target investment size ranges for each of its primaries and co-investments?
    Co-investments are likely to represent 20% to 30% of FPIF private equity assets. Commitment sizes to primary funds will vary by asset class and by the consulting/OCIO mandate. A pacing plan will be established in collaboration with FPIF Staff, its Private Market Consultant, and the OCIO.

39. For questions 49 and 50, how should we define "any employee"?
    For purposes of all questions in the RFP that refer to "any employee," please include actual full-time, part-time, and temporary employees of the firm as of the date of the proposal, as well as individuals as of such date who are devoting the equivalent of a full-time position to the firm under a secondment or contracted arrangement (e.g. as an independent contractor or through a staffing agency).

40. Please define "investment fund" described in question 50. As an example, should we include cases where an employee sits on the Investment Committee of a college endowment?
    An "investment fund" is any fund or pool of capital that may invest its assets with external investment managers. Common examples of investment funds are public pension funds, corporate pension funds, endowments, foundations, healthcare systems, insurance companies, high-net-worth assets, etc.

41. Would you like us to provide performance data as of September 30, 2022 in addition to June 30, 2022?

At minimum, please provide June 30, 2022 performance data. Performance data as of September 30, 2022 may be provided in addition to June 30, 2022 data.

42. Will you consider our firm's proprietary products to the extent they are useful in portfolio construction?
Yes.

43. Is the current general consultant invited to bid on this new mandate?
Any firm may respond.

44. Could you please advise on the proposed number of years of the contract? Will there be any possibility of extension?
The maximum term of any consultant services contract under the Illinois Pension Code is five years. FPIF anticipates that any consulting contract resulting from this procurement will be for five years, subject to customary termination rights. An OCIO is anticipated to qualify as an investment manager (rather than a consultant), for which the term is not statutorily limited. FPIF anticipates than an investment management agreement will not be limited to a specific term, but will remain in effect until terminated by either party.

45. Has there been any private markets pacing work completed by either staff or the general consultant?
No.

46. We understand the selected consultant will be expected to attend Board and Committee meeting in-person. Could you please comment on the number of meetings the selected consultant will be expected to attend per year?
TBD.

47. Would the non-discretionary consultant be expected to provide back-office accounting services for investments made by the discretionary advisors?
TBD.

48. Are sourcing and recommending secondaries and co-investments in direct deals part of the Non-Discretionary Investment Consulting Services scope?
The non-discretionary consultant is not expected to source co-investments. Experience in direct secondaries is preferred. FPIF will consider direct secondaries and secondaries funds.

49. Will FPIF work with the consultant and the private market advisors separately or does FPIF seek collaboration?

OCIO Advisors will primarily interact with the FPIF Staff. However, the OCIO Advisors, Consultant, and Staff will work collaboratively, especially as pacing plans are established.

50. What information will be shared across the consultant and advisor mandates?
FPIF anticipates bi-weekly pipeline calls between Staff and OCIO Advisors. OCIO Advisors will have full transparency into other segments of FPIF's portfolio as desired.

51. What are FPIF's target returns in each asset class?
Private Equity: 2X MOIC, 20% IRR or greater
Non-Core Real Assets: Upper Teens
Private Debt: Low-to-Mid Teens

52. If an OCIO sits within a much larger firm, should firm data questions refer specifically to the OCIO or broader firm?
Please respond to firm data questions with information pertaining to broader firm. Please provide all information necessary to understand the firm and team structure.