**The Weymouth Retirement System**

**Request for Proposal**

**Fund-of-Funds Opportunistic Co-Investment Investment Manager Services**

**Notice to Prospective Respondents**

The Weymouth (MA) Retirement Board is seeking proposals from qualified investment managers of fund-of-funds portfolio specializing in a diversified opportunistic co-investment strategy for the Retirement System’s $260 million investment portfolio. The Board expects to allocate $2.5 - $10 million to the mandate.

All investments made by the Weymouth Retirement Board are subject to the provisions of the Massachusetts General Laws, Chapter 32, as amended by Chapter 176 of the Acts of 2011, and the rules and regulations of the Public Employees Retirement Administration Commission (PERAC), 840 CMR. The selected investment manager(s) must have familiarity and agree to comply with all applicable laws and PERAC regulations. Additional information on applicable laws and investment regulations may be found on PERAC’s website at [www.mass.gov/perac](http://www.mass.gov/perac).

The Board reserves the right to cancel or reject in whole or part any or all proposals in the best interest of the Retirement System.

The RFP is available up to the proposal deadline by visiting <https://www.fiducientadvisors.com/client-rfps>.

Proposal deadline is Tuesday May 31, 2022 at 4:00 PM EDT. Late proposals will not be accepted.

**GENERAL INFORMATION AND INSTRUCTIONS**

Please carefully review the terms and conditions outlined in the following sections of the RFP prior to submitting a proposal.

* General Information and Instructions
* Mandatory Terms and Conditions per MGL Ch. 32, s.23B, as amended by Ch. 176 of the Acts of 2011.
* Required PERAC Disclosures – Vendor Contact Form, Vendor Certification, Vendor Disclosures (Compensation Paid, Compensation Received and Conflict of Interest) and Placement Agent Statement
* Evaluation Criteria
* Minimum Criteria Certification
* Executive Summary and Investment Manager Questionnaire

Please direct any questions pertaining to this RFP via e-mail to:

Richard Carey

Fiducient Advisors

100 Northfield Drive

Windsor, CT 06095

E-Mail: rcarey@fiducient.com

(860) 697-7448

**Availability of RFP:**

The RFP is available up to the proposal deadline by visiting <https://www.fiducientadvisors.com/client-rfps>.

**Proposal deadline:** Tuesday May 31, 2022 at 4:00 PM EDT. Late proposals will not be accepted.

**Opening of Proposals:** Wednesday June 1, 2022 at 9:00 am EDT

A register of proposals will be maintained for public inspection.

**GENERAL INFORMATION AND INSTRUCTIONS, cont.**

**Expected Timing of Award**

Manager selection is expected to take place within 180 days of the RFP’s submission deadline. The timing of the award of the contract may be extended at the Board’s discretion upon agreement between the Board and bidder(s).

The Board reserves the right to make an award without interviews of the bidders. A bidder should submit a proposal on its most favorable terms considering both services and price. The Board shall have sole discretion in deciding which bidders, if any, will be considered following the initial evaluations and/or interviews.

**Rejection of Proposals**

The Retirement Board may, at its discretion, cancel a request for proposals or may reject in whole or in part any or all proposals in the best interest of the Retirement System.

**Modification of Proposals**

A bidder may correct, modify or withdraw a proposal by written notice to both the Retirement Board and Fiducient Advisors, the Board’s Investment Consultant, prior to the deadline set forth in the proposal.

The Retirement Board reserves the right to waive minor informalities and/or allow the bidder to correct them.

**Submission of RFP: due on Tuesday May 31, 2022 at 4:00 PM EDT. Late proposals will not be accepted.**

**Submit one complete electronic zip file copy via email to:**

Richard Carey

[rcarey@fiducient.com](mailto:rcarey@fiducient.com)

Senior Consulting Analyst

**Please note in the subject line: Weymouth Retirement – (Manager) RFP Response**

All respondents **must include** the following with its proposal:

* Signed Cover Page - On the Cover Page, please note your firm name, the RFP for which you are responding to, and the proposed strategy. The proposal must be signed by an official authorized to bind the firm, and it shall contain a statement to the effect that the proposal is firm offer for acceptance by the Retirement Board for 180 days from the date of submission.
* Required PERAC forms and disclosures
* Certified Minimum Criteria Response
* Investment Manager Questionnaire
* Form ADV
* Other attachments as may be specified in the manager questionnaire

**Required Vendor and Certification Forms**

**(as required by amended M.G.L. Ch. 32 s.23B)**

**Please note: Submit one set of completed and signed** required PERAC forms below with your submission to the Board's Investment Consultant. The forms have been included with the RFP documents for your convenience. They may also be found on PERAC's website at <http://www.mass.gov/perac/compliance-investments/compliance-forms/>.

1. Vendor Contact Information
2. Vendor Certification of Good Faith
3. Vendor Disclosures (Compensation Paid, Compensation Received and Conflict of Interest)
4. Placement Agent Statement (See Placement Agent Policy under mandatory contract terms and conditions)

**Failure to complete and submit all required disclosures will result in rejection of bidder's proposal.**

**EVALUATION CRITERIA**

**Evaluation Criteria**

Each proposal that satisfies the minimum criteria will be evaluated initially through due diligence in the following areas. Each evaluation criteria will be assigned a rating of Highly Advantageous, Advantageous, Not Advantageous, or Not Acceptable. Each proposal will receive a composite rating taking into consideration the collective ratings of the individual criteria.

* Organization
* Assets Under Management
* Investment Team
* Investment Philosophy & Process
* Investment Performance
* Investment Fees

The Retirement Board reserves the right to waive certain minimum requirements or other provisions if deemed by the Board to be in the best interest of the Retirement System to do so.

**MANDATORY CONTRACTUAL TERMS AND CONDITIONS**

Chapter 176 of the Acts of 2011, through the addition of Section 23B to Chapter 32 of M.G. L., expanded the mandatory contract provisions for the procurement of investment related services for Massachusetts Public Retirement Systems. The legislation may be found through the accessing the following link: <http://www.malegislature.gov/Laws/SessionLaws/Acts/2011/Chapter176>

The following mandatory contractual terms and conditions must be incorporated into the final written contract with the selected contractor (“Manager”). If terms and conditions cannot be met within a prospective fund’s offering and subscription documents, then the selected manager(s) will be expected to agree to the terms via side letter/agreement. Exceptions for closed-end investment vehicles are noted.

* The Retirement Board (“Board”) has advised the Manager that the Retirement System is subject to Investment Regulations (hereinafter the “Regulations”) promulgated by the Commonwealth of Massachusetts, Public Employee Retirement Administration Commission (“PERAC”), as set forth in 840 CMR, pursuant to Chapter 7, section 50 and is subject to Chapter 32, sections 21 and 23, and Chapter 176 of the Acts of 2011, of the Massachusetts General Laws.
  + The selected Manager(s) will be expected to acknowledge their ability and willingness to comply with all applicable laws and PERAC regulations.
* The contract shall not exceed a term of seven years, including any renewal, extension or option;
* The contract must contain a termination clause by which the contract may be terminated by 30 days written notice of either party to the other;
* Statement that the Manager is a fiduciary with respect to the funds which the Manager invests on behalf of the Retirement Board;
* Statement that the Manager will not delegate its fiduciary responsibility to the Board under the contract;
* Statement that the Manager shall not be indemnified by the Retirement Board;
* Acknowledgment that the Manager is required to annually inform the Retirement Board and PERAC of any arrangements in oral or in writing, for compensation or other benefit received or expected to be received by the contractor or a related person from others in connection with the manager’s services to the Retirement Board or any other client;
* Acknowledgement that the Manager is required to annually disclose to the Retirement Board and PERAC compensation, in whatever form, paid or expected to be paid, directly or indirectly, by the Manager or a related person to others in relation to the Manager’s services to the Retirement Board or any other client;

**MANDATORY CONTRACTUAL TERMS AND CONDITIONS, cont.**

* Acknowledgement that the Manager is required to annually disclose to the Retirement Board and PERAC in writing any conflict of interest the contractor may have that could reasonably be expected to impair the Manager’s ability to render unbiased and objective services to the Retirement Board;
* Placement Agent Policy – Each contract and amendment to an existing contract as of January 1, 2012 shall secure the agreement of the Manager in the final written agreement between the Retirement Board and the Manager to provide the board with the following remedies in the event the Manager knew or should have known of any material inaccuracy or omission in the placement agent information disclosure or any other violation of this policy:
  + The reimbursement of any management or advisory fees paid by the Board for the prior two years or an amount equal to the amounts paid or promised to be paid to the placement agent as a result of the Board investment, whichever is greater.
  + The authority to immediately terminate the investment management contract or other agreement with the Manager without penalty, to withdraw without penalty from a limited partnership, limited liability company or other investment vehicle, or to cease making further capital contributions (an paying any fees on these recalled commitments) to the limited partnership, limited liability company or other investment vehicle without penalty.
  + Each contract and amendment to an existing contract as of January 1, 2012 shall secure the agreement of the Manager in the final written agreement between the board and the manager that the manager shall be solely responsible for, and the board shall not pay (directly or indirectly), any fees, compensation or expenses for any placement agent used by the manager.

**MINIMUM CRITERIA RESPONSE**

Firms must meet all of the following minimum criteria. If your firm does not meet the minimum criteria, please do not submit a proposal. Failure to meet minimum qualifications will disqualify the bidder.

|  |  |
| --- | --- |
|  | **Yes/No** |
| 1. The firm is a registered investment advisor with the SEC or, if exempt, is registered with the Massachusetts Office of the Secretary of State. | |  |
| 1. The firm has been in operation as an investment management organization for at least five years and has at least five years of experience in managing opportunistic co-investment portfolios similar to that being proposed. | |  |
| 1. The firm has at least $1 Billion in firm assets under management and at least $500 Million in opportunistic co-investment strategies as of December 31, 2021. | |  |
| 1. The firm has completed, signed and submitted an original copy of the Vendor Certification, Disclosures, and Placement Agent Statement as required by PERAC. Failure to submit these forms will result in disqualification. | |  |
| 1. If selected, the bidder acknowledges that the firm is willing to represent that it will act as a fiduciary as set forth in Section 23(B) of M.G.L Ch. 32, will not require indemnification from the Retirement Board and that it will comply with additional mandatory contractual terms and conditions set forth in M.G.L. Ch. 32, Section 23(B) as amended by Chapter 176 of the Acts of 2011.   **Important Notice:** If your firm is proposing a commingled fund or a mutual fund vehicle, as is with the case of a separate account, your firm will be required to address areas of non-compliance through representations via side letter agreement, regardless of the investment vehicle being proposed. Please email the Board’s consultant if you require a sample side letter. | |  |

Certified by: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name Date

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

Authorized Signature/Title

**EXECUTIVE SUMMARY**

**(Maximum of three pages)**

**Provide all information as of December 31, 2021**

1. Full name of firm and main location – also note the location of the proposed product’s investment team and where these investment management services are carried out:
2. Primary contact information for this search - please include all contact information including email and phone:
3. Provide a brief description of your firm and history in opportunistic co-investment management.
4. Name of proposed investment strategy:
5. State the Investment Objectives of your proposed strategy and include the following:

|  |  |
| --- | --- |
|  | Objectives |
| Investment Period |  |
| Stage Focus |  |
| Geographical/Regional Focus |  |
| Investment Types |  |

1. Briefly describe the legal structure of the proposed fund.
2. Please summarize the principal terms for the proposed fund, including:

|  |  |
| --- | --- |
|  | Principal Characteristics/Terms |
| Target size |  |
| Minimum commitment |  |
| Term |  |
| Commitment period |  |
| Capital calls |  |
| Management fee1 |  |
| Credit fees if applicable |  |
| Carried interest |  |
| Hurdle/Preferred ROR |  |
| GP commitment |  |
| Additional fund expenses |  |
| Fundraising status |  |
| Expected initial close |  |
| Expected final close |  |

1 Include tier-based details and graduating schedules, if applicable

1. Month and Year firm began managing Fund of Funds in opportunistic co-investment. Please provide a list of Fund of Funds closed over the past five years. Include a brief description of the fund’s strategy including target allocations (venture capital, buy-out, distressed debt, etc.) Please note the size focus and international exposure within each fund.
2. Please provide a list along with a brief description of those funds for which you are currently raising capital and planned funds to be raised in the near future.
3. Firm-wide assets under management (total).
4. Total assets under management in dedicated opportunistic co-investment funds.
5. How would you characterize your co-investment style? What kinds of investment opportunities do you seek out?
6. ***Briefly*** describe your investment philosophy and process and note how your firm intends to add value for clients invested in the proposed product. Please explain how you differentiate your firm and investment strategy from your competitors. Note any unique characteristics of your research and/or investment process.
7. List the key members of the investment team. For each key member, please provide the years of investment experience, years in current role and years at the firm. Note the lead decision maker(s) or team leader(s). Are team members responsible for other investment strategies at the firm?

**INVESTMENT MANAGER QUESTIONNAIRE**

1. **GENERAL BACKGROUND INFORMATION**

1. Name and Full Address of Firm
2. Please check appropriate fiduciary classification for your firm:

\_\_\_\_\_Bank

\_\_\_\_\_Insurance Company

\_\_\_\_\_Registered Investment Advisor (Investment Advisors Act of 1940)

\_\_\_\_\_Registered with Massachusetts Office of Secretary of State

\_\_\_\_\_Affiliate of Fiduciary (Name Classification)

\_\_\_\_\_Other (explain)

1. Company Contacts

Primary Client Service/Relationship Manager: Title:

Phone:

E-Mail:

Portfolio Management:

Title:

Phone:

RFP/Data Contact:

Title:

Phone:

E-Mail:

1. Ownership & Affiliates
2. Briefly describe the organizational structure of the firm.
3. Please list all owners of firm include breakdown of internal and external ownership.
4. List all companies affiliated with the firm.
5. Please provide a brief history of your firm. Provide a timeline of key dates and events.
6. Offices and their Functions:

Please list primary locations and functions where the firm has offices and provide number of personnel at each location. Highlight the location of where the investment and service capabilities for the proposed product are carried out.

Location Function # Personnel

1. Please indicate month and year any external assets were first managed by the firm.
2. Insurance/Legal/Compliance
3. Please indicate the name of carrier, dollar amount of coverage and note any deductible.

|  |  |  |  |
| --- | --- | --- | --- |
| Type | Carrier | Aggregate Coverage | Deductible |
| Errors & Omissions |  |  |  |
| Fiduciary Liability |  |  |  |
| Fidelity Bonding |  |  |  |
| Cyber Liability |  |  |  |
| Other (please explain) |  |  |  |

1. Is there current or pending business litigation or legal proceedings against your firm? If yes, please describe.
2. Has there been any business litigation, legal proceedings or regulatory action against the firm during the previous ten years? If yes, please describe.
3. Indicate the date of your most recent SEC examination. Were there any major deficiencies? If yes, please explain the findings and the firm’s resolution to such deficiencies.
4. Is there a dedicated compliance officer? Who is primarily responsible for developing policies and procedures to ensure firmwide compliance with applicable state and federal law?
5. Has your firm adopted the CFA Institute’s Asset Manager Code of Professional Conduct? If not please attach a copy of the firm’s code of ethics and/or professional conduct.
6. Do you have a written Anti-Money Lending (“AML”) or Know-Your-Client (“KYC”) policies and procedures? If yes, please provide. If no, please explain how you guard against money laundering and, if applicable, how do you comply with the Patriot Act?
7. Please describe your policies and procedures as they relate to personal trading for your employees.
8. Describe your policies and procedures on eliminating potential conflicts of interest.
9. Are there any circumstances under which your firm and, if applicable, your parent company, or any individual in your firm receives compensation, finder’s fees, or any other benefit from investment managers or third parties? If so, describe in detail. Please specify fee offsets if there are any.
10. What systems are in place for ensuring that portfolio managers are in compliance with client guidelines?
11. Please describe the firm’s disaster recovery plan. Indicate if it has ever been implemented and provide the date of the most recent test.

I. Personnel:

1. Please indicate the number of people that have the following titles or perform the following roles as their primary responsibility (Please do not double count).

|  |  |  |
| --- | --- | --- |
|  | Firm-wide | Proposed Product |
| Chief Investment Officer |  |  |
| Portfolio Managers |  |  |
| Research Analysts |  |  |
| Economist |  |  |
| Traders |  |  |
| Portfolio Administration |  |  |
| Marketing |  |  |
| Client Service |  |  |
| Compliance |  |  |
| Administrative |  |  |
| Executive |  |  |
| Other (specify) |  |  |
| Total Employees |  |  |

2. Please provide an organizational chart of the key investment professionals responsible for managing the proposed fund of funds. Please note the roles of all individuals directly involved in the investment process, their experience at the firm, and in the specific fund of funds product.

1. Are the investment professionals involved in the fund of funds group responsible for research for other investment strategies at the firm? If so, please describe the additional research responsibilities of these individuals.
2. What measures are taken to increase retention of key investment professionals?
3. Describe the compensation structure for your firm's key investment professionals (portfolio managers, research analysts, etc.) including incentives, bonuses, performance based compensation, and equity ownership.
4. Please describe the resources and staff dedicated to operations, including Fund accounting and administration. Please note if any of these functions are outsourced.
5. Describe firm’s succession plan relative to the departure of key investment professionals.
6. Please list personnel changes over the last five years for the key executives of the firm *and* key investment personnel dedicated to research and management of the firm’s fund of funds strategies.

*Key Executives of the Firm*

*Departures*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Name | Position | Start  Date | Departure Date | Reason for Leaving |
|  |  |  |  |  |
|  |  |  |  |  |

*Additions*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Name | Position | Start  Date | Departure Date | Comments |
|  |  |  |  |  |
|  |  |  |  |  |

*Key Investment Personnel for Proposed Product*

*Departures*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Name | Position | Start  Date | Departure Date | Reason for Leaving |
|  |  |  |  |  |
|  |  |  |  |  |

*Additions*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Name | Position | Start  Date | Departure Date | Comments |
|  |  |  |  |  |
|  |  |  |  |  |

1. **ASSETS UNDER MANAGEMENT**
2. Please list the size and commitments raised for your various Fund of Funds over the past ten years.
3. Please list the number of Massachusetts public fund clients you have on a firm wide basis and also for the proposed product as of December 31, 2021.

|  |  |  |
| --- | --- | --- |
| **Massachusetts Public Fund Clients** | Market Value ($Mil) | Number of Clients |
| Firm wide |  |  |
| Proposed Product |  |  |

1. Please note any Massachusetts Public Fund Clients Gained or Lost over the past five years ending December 31, 2021, firm wide and for the proposed fund.
2. **CLIENT SERVICE**
3. Indicate the key personnel involved in client service and their years of experience. Please highlight the client service professional/relationship manager that would be assigned to this account.
4. Indicate the frequency for various forms of communications:

Portfolio Review: \_\_\_\_ Market Letter: \_\_\_\_

Conference Calls: \_\_\_\_ Whitepapers: \_\_\_\_

1. What size account is required to merit participation by the senior portfolio managers in finals presentations to potential clients? For accounts that are below this cutoff, who would attend the finals presentations?
2. Are portfolio managers otherwise accessible to clients?
3. Do you copy the consultant on all correspondence to clients?
4. Please provide a description of the reports you typically provide to clients. Is your firm able and willing to comply with special reporting requirements as required by PERAC and/or the Board’s consultant?
5. **INVESTMENT PHILOSOPHY and PROCESS**
6. Briefly describe your investment philosophy. Discuss why you believe this investment philosophy will be successful in the future, including supporting evidence.
7. Briefly describe this strategy’s return objectives.
8. Describe in detail the type of opportunistic co-investment strategy you are proposing.
9. Please describe your investment discipline and process, both the quantitative and qualitative aspects. Describe how you perform initial screenings among the universe available at any given time. Include a description of any databases used to evaluate and whether they were developed internally or purchased externally.
10. Please describe your due diligence and portfolio construction processes, highlighting key drivers in:
    1. Sourcing deals
    2. Evaluation
    3. Deal Selection
    4. Approval Process including final decisions
    5. Monitoring Investments
    6. Other (please describe)

Please include a description of roles and interactions of key professionals, analysts, teams and/or committees involved in the decision-making process from identifying and vetting deals to final selection of partnerships. If a dedicated investment committee exists, describe the structure and role of key decision makers and describe the process of arriving at investment decisions, noting who has ultimate responsibility.

1. How does your firm approach allocation decisions?
2. What factors are favored over others when sourcing co-investments?
3. How many investments does the final portfolio typically hold?
4. Please state any type of investment strategy, sector, structure, region or industry that the firm typically avoids, noting the reason.
5. Please describe the advantages your firm has in providing access to the most selective funds, providing specific examples.
6. What is the firm’s process for adding value to the investments after they are made? Please provide representative examples of how the firm’s active participation has enhanced limited partners’ value once investment in a partnership was closed.
7. Describe the strategy for exiting a position.
8. Describe your firm’s experience in serving and participating on advisory boards of partnerships in which you invest.
9. **RISK CONTROL PROCEDURES**
10. Please define the risks for the opportunistic co-investment strategy that you are proposing
11. How does your firm monitor and manage such risks? Describe any risk measurement models or tools used in the investment and portfolio management process.
12. Describe your firm’s operational capabilities including resources both internal and external, internal controls procedures for validating and tracking funding commitments, capital activity, partnership management fees, expenses, and extensions.
13. Who has primary responsibility for the product's risk management?
14. **PERFORMANCE**
15. Please provide a summary of historical returns (net IRR, Total Value to Cost Multiple, and Distributed to Paid In Capital) for your opportunistic co-investment strategies managed by the firm and any applicable prior track record of the lead partners. Please note any key differences from the strategy being proposed.

**XI. INVESTMENT MANAGEMENT FEES and TERMS**

**Investment manager fee proposals should reflect the respondent’s most advantageous terms.**

* 1. Please state the Terms and Conditions of your proposed strategy, including management fee and all applicable tiers, underlying fees, and expenses.

|  |  |
| --- | --- |
|  | Principal Terms, Fees and Expenses |
| Minimum $ Commitment |  |
| Term |  |
| Initial close |  |
| Expected final close |  |
| Commitment period |  |
| Management fee1 |  |
| Credit fees if applicable |  |
| Early close discount |  |
| Carried Interest |  |
| Hurdle/Preferred ROR |  |
| Clawback provision |  |
| Additional fund expenses |  |
| Target fund Size |  |
| Hard Cap |  |

1. Please disclose and describe any expenses in addition to those outlined above.
2. Please describe the process for distributing Carried Interest across the firm.
3. Describe the legal structure of the fund (L.P., LLC, etc.)
4. Please describe the extent to which the fees and terms are negotiable.
5. **ATTACHMENTS**
   1. Organizational Chart
   2. Firm’s Form ADV
   3. Sample marketing presentation typically provided to a prospective client
   4. Copy of the most recent SEC letter covering findings and your response (if applicable)
   5. Code of Ethics
   6. Disaster Recovery Plan
   7. Summary of manager due diligence process for fund of funds
   8. Any other information that you deem appropriate that will assist in the evaluation of this product