



**Responses to questions for the Firemen's Annuity & Benefit Fund of Chicago ("FABF")  
Request for Proposal (RFP): Private Credit**

*(Please note that similar questions have been grouped together.)*

**Note: If there are exceptions to the minimum requirements, please disclose/explain in the relevant section of the Statement of Certification.**

1. *Could you confirm that a real estate debt fund would be considered in this search? Would a core mezzanine real estate fund qualify for the requested strategies of direct lending or structured credit?*

**Answer:** FABF is not considering real estate funds for its private credit allocation. Real estate investments are considered under FABF's real estate allocation.
2. *What was the main reason for Firemen's Annuity & Benefit Fund of Chicago to release a RFP?*

**Answer:** The RFP is being issued to fill an allocation to Private Credit.
3. *How many candidate responses are you looking to receive?*

**Answer:** We do not have a targeted number of responses.
4. *In the RFP, I am able to see the target allocation as of December 2021; however, I am wondering where could I find the latest allocations?*

**Answer:** Asset Allocation & Performance reports are posted to our website quarterly: <https://www.fabf.org/AssetAllocation.html>. Other investment reports would be available through the FOIA process. Please see our website for directions: <https://www.fabf.org/FOIA.html>.
5. *Is there a list of your current managers in the portfolio or specifically private credit for example in the latest investment report?*

**Answer:** The list of current investment managers is maintained on our website: <https://www.fabf.org/InvestmentManagers.html>.
6. *We would like to propose our 2<sup>nd</sup> [fund] which is a residential mortgages and consumer loan strategy. We have previously raised [Fund] 1 which was the first external fund and an internal fund which was a dedicated fund for an internal client. Would you accept [Fund 1] and [internal fund] as two prior funds with [Fund 2] as the 3<sup>rd</sup> fund to be raised in the strategy?*

**Answer:** As long as the internal fund is managed in the same strategy as Fund 2, we will count the existence of the internal fund in the requirement for "two prior funds." Strategies are considered the same if they share the same historic track record.
7. *[Fund 2] has a target capital raise of £750m. Would this be accepted as a minimum of \$1bn equivalent?*

**Answer:** Non-USD denominated funds will be considered but FABF desires all non-USD currency exposure to be hedged. Prevailing currency exchange rates should be considered when evaluating fund size relative to the stated \$1 billion minimum.

8. *Do you have a geographic target exposure? [Fund 2] can invest globally but must have a minimum of 60% exposure in the UK and Europe. Would this be accepted?*

**Answer:** We will consider funds that invest in the UK and Europe but funds must be US dollar denominated or if denominated in a non-USD currency, fully hedged back to USD.

9. *Do you have a target return objective?*

**Answer:** The expected return objective for the total private credit allocation is 8-10%+ and can be levered.

10. *We are raising \$1 b+ in our private credit strategy but that will be in the commingled fund along with separately managed accounts. Do we qualify for your minimum fund size? All other minimum requirements are clearly qualified.*

**Answer:** Funds with a stated target of \$1 billion will be considered. We will also consider separately managed account assets as contributing to the fund minimum size if the strategy of the commingled fund and separate account(s) is the same. Strategies are considered the same if they share the same historic track record.

11. *A manager has a \$200 billion alternatives platform that has been in the direct lending space before and is raising a first-time fund with a seasoned investment team. Would the manager be able to submit a response for a new fund?*

**Answer:** We would consider any assets of a similar strategy managed by the seasoned investment team as counting toward the three-year experience and \$3 billion of private credit assets. If the manager can present a track record for the seasoned team and its previous fund investments, the manager will be considered.

12. *Does the requirement for prior experience include separate accounts?*

**Answer:** Yes, prior experience managing separate accounts in a like strategy as the proposed commingled fund would count toward three-year track record requirement. The fund strategy and separately managed account assets will be considered the same strategy if they share the same performance track record.

13. *Is the pool of capital subject to ERISA?*

**Answer:** FABF assets are not subject to ERISA.

14. *How does The Firemen's Annuity & Benefit Fund of Chicago define "qualified" diverse ownership? For context, women and minorities hold a 35% ownership stake in our firm.*

**Answer:** The definition of "qualified diverse ownership" may be found in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act (30 ILCS 575/2). This Act promotes and encourages the continuing economic development of minority-owned businesses, women-owned businesses, and businesses owned by persons with disabilities ("MWDBE"). "Minority-owned business," "Women-owned business" or "Business owned by a person with a disability" means a business that is at least 51% owned by one or more persons who are

minorities/women/or persons with a disability. Your firm does not qualify as a MWDBE-owned business.

15. *How does The Firemen's Annuity & Benefit Fund of Chicago define "Fund of Funds"? It states in the RFP "Fund of fund products will not be considered".*

**Answer:** FABF defines "fund of funds" as follows: a pooled investment vehicle that primarily invests in other funds, instead of directly investing in the debt of operating companies.

16. *Would FABF consider multiple product submissions from the same manager?*

*Can one manager submit two different RFPs?*

*Is the Fund looking to source one manager/private fund to meet the diversified mandate objectives or are multiple managers/private funds being considered to build a diversified solution? If multiple managers/private funds are being considered to build a diversified solution, can firms respond with multiple private funds for consideration?*

**Answer:** FABF is seeking diversification within the private credit allocation. Execution will be dependent on responses. It is possible that FABF will hire one manager who offers a diversified product. It is also possible that FABF will hire multiple managers. Managers may submit multiple products in responding to RFP.

17. *If the manager is not registered with the SEC is it acceptable for the manager to be registered with an SEC equivalent such as the FCA or for the manager to be registered with the SEC as an Exempt Reporting Adviser in order to be considered for this mandate?*

**Answer:** No, it is not acceptable for a manager to be registered with an SEC equivalent. FABF is subject to the provisions of Chapter 40, Act 5, Articles 1, 1A and Article 6 of the Illinois Compiled Statutes. Consistent with Sec. 1-101.4, an Investment Adviser must be one of the following: i) registered as an investment adviser under the federal Investment Advisers Act of 1940 (15 U.S.C. 80b-1, et seq.); (ii) registered as an investment adviser under the Illinois Securities Law of 1953; (iii) a bank, as defined in the Investment Advisers Act of 1940; or (iv) an insurance company authorized to transact business in this State. Any other registrations would not be accepted.

18. *In the mandate it is noted that funds must be diversified, and targeted strategies are direct lending, structured credit, distressed/special situations, specialty finance, and multi-strategy.*

*Can you please confirm whether funds with any of these individual strategies would be considered or is the investor looking for funds that are diversified with a combination of these strategies?*

**Answer:** FABF is seeking funds investing in any of the individual strategies. A fund does not have to be invested across multiple strategies.

19. *We have a question related to the minimum requirements listed in the search for a private credit manager. For the requirement below, will there be further consideration for a Qualified Women, Minority, or Disabled Owned Business?*

- *Respondent must have a documented, current and verifiable track record of at least three (3) years for managing a private credit fund.*

**Answer:** For MWDBE firms, in lieu of having a verifiable three-year track record, FABF would consider a team with at least three years of experience in managing private credit assets.

20. *Our direct lending strategy has managed private credit funds for third party investors for approximately 2 years. However, we also manage a junior credit strategy that has been managing private credit funds for over 20 years. Additionally, our senior credit strategy has a 5 year track record of managing money on behalf of our insurance general account. Can you please confirm that we meet the [3 year track record] requirement when considering either or both of (a) our junior credit track record or (b) our track record on investing on behalf of the general account directly outside of a private credit fund structure?*

**Answer:** FABF is seeking a private credit team with at least three years of experience managing private credit. The direct lending strategy would not meet the minimum requirement, but the junior and senior credit strategies would.

21. *We currently manage less than \$3 billion in private credit commitments across our clients and inclusive of commitments from our general account. Note that our credit strategies are part of a broader platform of Private Equity & Credit with \$18.6 billion in AUM & unfunded commitments as of 12/31/21. Additionally, since inception, we have deployed greater than \$6 billion across our two private credit strategies (direct lending and junior credit). Given the scale of our broader platform and the amount of historical deployment, can you confirm our eligibility for this RFP though we currently do not meet the explicit requirement of \$3 billion in private credit commitments?*

**Answer:** Your platform appears to be tilted toward private equity, with minimum assets in private credit. Additionally, your deployment of \$6 billion of private credit appears to be the cumulative sum across 20 years. We are seeking an experienced team with a solid base of private credit exposure today. If your firm does not have \$3 billion in private credit under management, your firm would not be eligible to participate in this search.

22. *Our proposed strategy is in market with the second fund for this specific strategy, however, we believe there is a substantial track record on which to evaluate the strategy and team within the broader context of our \$14B Private Credit platform. Fund I was over \$1 billion and the strategy has led over \$3 billion of investment including significant co-investments for our LPs. Fund II is currently in market and has already raised \$1.3 billion. Our Private Credit platform includes two funds for the proposed strategy as well as four commingled direct lending funds. With this in mind, would you consider our fund for this mandate?*

**Answer:** FABF is seeking a firm who has raised at least two prior funds. In evaluating the funds offered by your firm, we would include the four commingled direct lending funds. Your firm would meet the “prior fund” requirement to be considered in this search.

23. *Will the Fund consider a diversified Multi-Asset Credit, open-end Evergreen vehicle (quarterly liquidity features) with a proven track record investing across liquid credit (ie. Bank Loans & HY), middle market direct lending, structured credit, distressed/special situations and specialty finance?*

**Answer:** Yes, FABF would consider a diversified Multi-Asset Credit open-end Evergreen vehicle.

24. *If a fund is currently not in market but will be in market before the end of the year, will an RFP for that fund that be accepted or do funds need to be in market when the RFP is submitted?*

**Answer:** Yes, FABF would consider a Fund that is expected to launch before year end from an established firm that is launching a fund similar to other funds managed by the firm.

25. *It's stated that the Respondent must specify which statutory exemption applies for each piece of confidential information identified, consistent with the requirements of FOIA. Is there any guidance that can be provided around what the investor is expecting in the "redacted" version of the RFP? We have not seen a FOIA request as detailed as this before, and we typically state that we deem certain information to be confidential/trade secrets. Will this be sufficient to satisfy the RFP requirement?*

**Answer:** It is appropriate to redact trade secrets and commercial or financial information furnished under a claim that the information is proprietary, privileged, or confidential, and that disclosure of this information would cause competitive harm. It is not expected that the entire submission would be considered trade secrets or confidential financial information, hence the request for a redacted version.

26. *The terms of the commingled fund that we would like to propose for this mandate provide a gross negligence standard, not the ERISA prudent expert standard, and the fund does not include indemnification from the GP to the Fund. Would it still be acceptable to the Firemen's Annuity & Benefit Fund of Chicago to propose this commingled fund for the private credit mandate? Can you please confirm whether the indemnification standard proposed in Section 6 of the RFP (including the negligence standard), like the fiduciary standard of care, is a statutory or regulatory requirement under applicable state or local law or regulation?*

**Answer:** Neither the negligence standard nor the indemnification standard suggested in the RFP is a statutory or regulatory requirement. However, both are consistent with the Fund's policies and procedures to ensure that it is taking steps to protect the assets of the Fund and to uphold the fiduciary standards required under the Illinois Pension Code (40 ILCS 5/1 et seq.) Thus, it would still be acceptable to propose a fund with a different negligence and indemnification standard than what was asked for in the RFP.

However, the fiduciary standard is non-negotiable. The Firemen's Annuity & Benefit Fund of Chicago (the "Fund") is a statutorily created public pension fund that is administered pursuant to the Illinois Pension Code (40 ILCS 5/1 et seq.) (the "Pension Code"). The Pension Code requires that the Fund's investment contracts specifically state that the applicable investment adviser or manager with management authority over the Fund's assets be a "fiduciary" with respect to the Fund. That fiduciary standard has been reviewed by Illinois courts who have confirmed that the fiduciary standard required under the Pension Code is the prudent man standard reviewed in the ERISA context.

27. *On the Callan database, which fields are required to be populated to be considered for the mandate? Furthermore, certain fields are not relevant to our strategy (i.e., the Target at Entry stats on the Guidelines tab); will we remain eligible if certain fields are not populated?*

**Answer:** Ideally, all fields are required to be populated. However, any fields that are not relevant do not need to be provided. Please contact Callan directly for any questions specific to the Callan database.

28. *Is the plan considering commingled fund formats only or open to open-ended, evergreen funds?*

**Answer:** FABF is open to investing in an open-ended, evergreen fund, provided the underlying assets are private credit in nature.

29. *Are there any liquidity preferences / constraints?*

**Answer:** There are no liquidity preferences/constraints.

30. *Is there a targeted investment horizon?*

**Answer:** FABF is a long-term investor.

31. *How does the plan view current income distributions during the life of their investment?*

**Answer:** FABF is currently open to funds that offer income distributions as well as those that reinvest income.

32. *Within Part 1 – Statement of Certification: “The Adviser must have at least two public pension plan clients.” Can you please clarify whether or not you’d like this information at the Advisor-level or the strategy-level?*

**Answer:** Ideally, this requirement would be met at the strategy level. However, we will accept measurement at the firm level.

33. *Within Part 1 – Statement of Certification: “Selected Adviser shall provide monthly, quarterly, and annual performance reports and portfolio valuations (or standard commingled fund reporting) to the Fund and Callan.” We do not provide monthly data, rather only quarterly and annual reports. Can you please confirm that it would be okay to proceed without monthly reports to the Fund and Callan? In addition, would it be okay to provide the Fund access to our secure data room in order to download those requested files or is it a requirement to send it to the Fund directly?*

**Answer:** FABF will accept the standard commingled fund reporting on a quarterly basis. FABF does ask for additional reporting on an annual basis, as detailed in the Statement of Investment Policy. Reports do not have to be sent as FABF staff can access a data room to retrieve reports.

34. *Within the Adviser Disclosure Statement. For Statement #8 as it relates to the two sections below, if the firm does not track this information, can we proceed with providing “0” for all categories and footnote that we do not track this information at such a granular level?*

- *The number of oral or written contracts for investment services, consulting services and professional and artistic services that you have with (i) a minority owned business; (ii) a female owned business; and (iii) a business owned by a person with a disability.*
- *The number of oral or written contracts for investment services, consulting services and professional and artistic services that you have with a business other than a minority owned business, a female owned business, or a business owned by a person with a disability, if more than 50% of the services performed pursuant to the contract are performed by a (i) minority person; (ii) female (iii) person with a disability.*

**Answer:** The proposed answer of “0” with a qualitative footnote is acceptable disclosure. It would not be acceptable to leave the answer blank or to answer “NA.”

35. *What loan types/risk-appetite is targeted for this mandate? (i.e. senior loans vs. mezzanine, etc)*

**Answer:** There are no specific loan types targeted for this mandate.

36. *Will the \$30 million mandate be made in one fund or split across multiple funds?*

**Answer:** The \$30 million mandate may be allocated to one fund or it may be split across multiple funds.

37. *Would the plan seek to make co-investments alongside its \$30 million fund investment?*

**Answer:** It is possible that FABF would make co-investments.

38. *Do you have any geographic preferences or parameters that would factor into an investment decision?*

**Answer:** There are no geographical preferences.

39. *We will be one month shy of the 3-year fund track record requirement you outlined. [The Fund] will also be the second vintage, not the third. We do have a longer-term private credit track record in composite form. With that in mind, would you consider a response for [The Fund]?*

**Answer:** FABF is seeking a manager with at least three years managing a private credit fund. We would accept a fund that is one month shy of the three-year record. If the “longer-term private credit track record” follows the same strategy as the proposed fund, then this requirement would also be met. Strategies are considered the same if they share the same historic track record.