

The City of Bethlehem Aggregated Pension Plan

Request for Proposal for Professional Services

Middle-Market Private Debt Fund Management

Responses due by 4 pm ET, Thursday, March 26, 2020

The City of Bethlehem, with approximately \$160 million in aggregated pension plan assets, is soliciting proposals from qualified investment companies to manage an allocation of approximately \$5-\$7 million in a middle-market private debt fund. It is expected that the City will engage two managers for a total allocation of \$10-\$14 million. The Authority is not seeking credit hedge funds, fund of funds, infrastructure funds, real assets funds, or Act '40 mutual funds.

In conjunction with this RFP, the City has engaged the investment consulting services of Morrison Fiduciary Advisors, Inc. to assist in the evaluation process. Morrison is a fee-only, institutional investment consulting firm with no affiliation with any money manager or broker dealer, which allows Morrison to be completely objective when advising the Plan.

This Request for Proposals (RFP) is issued in accordance with the requirements set forth in Pennsylvania Act 44 of 2009 and any potential vendor should familiarize themselves with this Act and conform to its specific requirements including complete an Act 44 disclosure form as part of its response to this RFP.

In selecting the Middle-Market Private Debt Manager, the City has established the following minimum standards:

- Responding firm is a registered investment advisor with the SEC pursuant to the Investment Advisors Act of 1940 for at least 10 years.
- Responding firm and its team have all authorizations, permits, licenses and certifications required by federal and state laws and regulations to perform the services specified by this RFP.
- Responding firm, has over \$1 billion in assets under management, managed over \$300 million in middle-market private debt assets and has raised at least 2 prior funds in this asset class with successful results.
- National-caliber firm in terms of private equity and debt capabilities, institutionally-focused as demonstrated by client base and a fee schedule which reflects the competitiveness of today's marketplace.

I. GENERAL CONTACT INFORMATION & MINIMUM STANDARDS

1. In the transmittal letter, include general contact information and state whether or not you comply with all of the minimum standard requirements listed above. (Appendix A)

II. INVESTMENT STRATEGY & PROPOSED FUND TERMS

1. Describe your firm's investment philosophy regarding middle-market private debt and what significant factors influence your success with this asset class? What is considered to be the competitive advantage of this investment philosophy? Limit answer to 1-2 pages. (Appendix D)
2. Submit the most recent comprehensive pitch-book on your firm's proposed fund that is currently open for capital commitments. Provide a detailed fee schedule regarding the fund you are proposing including management fees, carried interest and a preferred return. State whether management fees are paid on invested capital or committed capital? (Appendix D)

III. Submission Information and Summary

Please submit your response to this RFP as follows:

1. Please submit in electronic PDF form the items listed below:
 - Appendix A: Transmittal letter & executed PA Act 44 disclosure form (**electronic copy only**)
 - Appendix B: Form ADV Part 2A (**electronic copy only**)
 - Appendix C: Private Placement Memorandum of fund being proposed (**electronic copy only**)
 - Appendix D: Most recent pitch-book on proposed fund with prior fund(s) detailed performance data (**electronic copy only**)

When submitting a response, use the following address:

Morrison Fiduciary Advisors, Inc.
Attn: Robert Bulas
1405 McFarland Road
Pittsburgh, PA 152
rjb@morrisonadvisors.com

Projected RFP timeline:

RFP Issue Date:	Thursday, March 5, 2020
RFP Due Date:	Thursday, March 26, 2020 @ 4pm ET
Anticipated Award Date:	2 nd quarter 2020

To ensure a more efficient evaluation process, respondents should direct all inquiries regarding this RFP to Robert Bulas at Morrison Fiduciary Advisors via email only. Respondents should not contact City Officials directly. At any time during this RFP process, the City has the right to consider all factors and take any action to ensure the Fund obtains the best possible manager evaluation result. These City actions include the City's right to negotiate proposals received, amend the RFP process, accept additional proposals, consider information not contained in the original proposals and consider all factors in addition to price.

IV. Act 44 Disclosure (Appendix A)

PA ACT 44 DISCLOSURE FORM

CITY OF BETHLEHEM AGGREGATED PENSION PLAN, PENNSYLVANIA

LIST OF MUNICIPAL OFFICIALS FOR THE CITY OF BETHLEHEM

APPLICANTS: Certain questions on this Disclosure Form will refer to a *“List of Municipal Officials”*. To assist you in preparing your answers, you should consider the following names to be a complete list of pension system and municipal officials and relevant employees.

Elected Officials

Robert J. Donchez – Mayor/Pension Board Member
Bryan G. Callahan – Councilmember
Paige Van Wirt – Councilmember
J. William Reynolds – Councilmember
Adam R. Waldron – City Council President
Grace Crampsie Smith – Councilmember
Michael G. Colon – Councilmember
Olga Negron-Dipini – Councilmember
George H. Yasso – Controller/Pension Board Member
Kaija Farber – Treasurer/Pension Board Member

Pension Board Members

Eric R. Evans – Pension Board Member
Sean Molony – Pension Board Member
Matthew Vanic – Pension Board Member
Samuel Kessler – Pension Board Member
Neil Lipinsky – Pension Board Member
Robert Shuck – Pension Board Member
Warren Achey – Pension Board Member
Edmund Healy – Pension Board Solicitor
Mark W. Sivak – Dir. of Budget & Finance

APPLICANT STANDARD DISCLOSURE QUESTIONS

APPLICANT INSTRUCTIONS: In accordance with Chapter 7-A of Act 44, 2009, ALL applicants responding to this RFP must complete the following Standard Disclosure Form Questions.

1. Initial each question (except **Q1**!) to provide your response in the space provided to the right of each question.
2. **THEN:** provide explanations for all *“Yes”* or *“Applies”* responses **AND**, the information requested in **Q1: (mandatory)**, on a separate sheet(s) of paper with the question you are responding to clearly noted. Attach your response sheet to this Disclosure Form.

Required Act 44 Professional Services Contract Disclosure Information:

In accordance with Pennsylvania Act 44 of 2009, all Professional Services Contracts must disclose the following information in their Request for Proposal (RFP) response documents. All potential vendors should refer to PA Act 44 of 2009 and become familiar with their procedures and disclosures and then adhere to these standards throughout the RFP process.

1. Disclose the names and titles of each individual who will be providing professional services to the municipal pension system, including advisors or subcontractors and a description of the responsibilities of each individual and their resumes (as an exhibit).

For any individual listed above:

a. Is the individual(s) listed above a current or former official or employee of the municipality entering into the contract: _____(No), If Yes, please explain below.

b. Is the individual(s) listed above a registered Federal or State lobbyist: _____(No), If Yes, please explain below:

2. Disclose the terms employment/compensation of any third-party intermediary agent or lobbyist who will directly or indirectly communicate with a municipal pension system official(s) or employee(s) in connection with any investment transaction involving the potential vendor and the municipal pension system.

_____(not applicable) , If applicable, please explain below: _____

3. Disclose any person that enters into a professional services contract with a municipal pension system that has a direct financial, commercial, or business relationship with any of the municipal pension system officers or employees which controls the municipal pension system.

_____ (not applicable), If applicable, please explain:

4. Disclose any apparent, potential or actual conflicts of interest of any person or entity who potentially enters into, or applies for, submits an offer or bid for, responds to a request for, or otherwise solicits, a proposal or a contract with the municipal pension system.

_____ (not applicable), If applicable, please explain:

5. Disclose all contributions (political contributions and gifts) to which all of the following apply:

- a. A contribution was made after the Act's December 18, 2009 effective date.
- b. A contribution was made by an officer, director, executive-level employee, or owner of at least 5% of the potential vendor.
- c. The amount of the contribution was at least \$500 in aggregate.
- d. The contribution was made to a candidate for any public office serving in the Commonwealth of Pennsylvania or to an individual who holds that office.
- e. The contribution was made to a political committee of a candidate for public office in the Commonwealth or to an individual who holds that office.

_____ (not applicable), If applicable, please list the name and address of the contributor, the contributor's relationship to the potential vendor, the name, office and position of each person receiving a contribution, the amount of the contribution, and any gifts to an official or employee of the municipal pension system:

APPLICANT VERIFICATION

I, _____, hereby state that I am the _____
for (Name) (Position)

_____ and I am authorized to make this verification.
(Contractor / Company Name)

I hereby verify that the facts set forth in the foregoing Act 44 Disclosure Form for RFP Applicants seeking to provide Professional Services to the City of Bethlehem Aggregated Pension Plan are true and correct to the best of my knowledge, information and belief. I also understand that knowingly making material misstatements or omissions in this form could subject the responding **Applicant** to the penalties in Section 705-A (e) of Act 44.

I understand that false statements herein are made subject to the penalties of 18 P.A.C.S. § 4904 relating to unsworn falsification to authorities.

Signature Date

DEFINITIONS FOR THIS DISCLOSURE FORM

TERM:	DEFINITION:
CONTRACTOR (ALSO – “APPLICANT”)	Any person, company, or other entity that receives payments, fees, or any other form of compensation from a municipal pension system in exchange for rendering professional services for the benefit of the municipal pension system. <u>This term shall also Apply</u> to any Applicant who solicits, applies for, or responds to a Request for Proposal for the purpose of gaining a professional services contract.
SUBCONTRACTOR OR ADVISOR	Anyone who is paid a fee or receives compensation from a municipal pension system – directly or indirectly from or through a contractor.
AFFILIATED ENTITY	Any of the following: 1. A subsidiary or holding company of a lobbying firm or other business entity owned in whole or in part by a lobbying firm. 2. An organization recognized by the Internal Revenue Service as a tax-exempt organization under section 501(c) of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 501 (c) established by a lobbyist or lobbying firm or an affiliated entity.
CONTRIBUTIONS	As defined in section 1621 of the act of June 3 rd , 1937 (P.L. 1333, No. 320), known as the Pennsylvania Election Code.
POLITICAL COMMITTEE	As defined in section 1621 of the act of June 3 rd , 1937 (P.L. 1333, No. 320), known as the Pennsylvania Election Code.
EXECUTIVE LEVEL EMPLOYEE	<u>ANY employee or person or the person’s affiliated entity who:</u> 1. Can affect or influence the outcome of the person’s or affiliated entity’s actions, policies, or decisions relating to pensions and the conduct of business with a municipality or a municipal pension system; or 2. Is directly involved in the implementation or development policies relating to pensions, investments, contracts or procurement or the conduct of business with a municipality or municipal pension system.

<p>MUNICIPAL PENSION SYSTEM</p>	<p>Any qualifying pension plan, under Pennsylvania state law, for any municipality within the Commonwealth of Pennsylvania; includes the Pennsylvania Municipal Retirement System.</p>
<p>MUNICIPAL PENSION SYSTEM OFFICIALS AND EMPLOYEES; MUNICIPAL OFFICIALS AND EMPLOYEES</p>	<p><u>Specifically</u>, those listed in the preceding section titled: <i>“List of Municipal Officials & Employees for the Requesting Municipality:”</i> and / or whenever applicable, may include <u>any</u> employee of the Requesting Municipality.</p>
<p>PROFESSIONAL SERVICES CONTRACT</p>	<p>A contract to which the municipal pension system is a party to that is: (1) for the purchase of professional services including investment services, legal services, real estate services, and other consulting services; and, (2) not subject to a requirement that the lowest bid be accepted.</p>