

2021 MWDBE Private Equity RFP

Questions & Answers:

1. Please clarifying if the firm qualifies in all other areas and is collectively owned by more than 71% Minority and/or Women do we qualify as a MWDBE manager under the intent of this RFP?

Yes, you would qualify. We do require a third party to provide certification to your firm. NAIC (www.naicpe.com) and the NMSDC (www.nmsdc.org) are both good places to start. Given that it can take some time to secure those certifications, we can accept pending applications.

2. Regarding “certification as a minority-owned business, a women-owned business, or as a business owned by a person with a disability as those terms are defined in the Illinois Business Enterprise for Minorities, Women, and Persons with Disabilities Act”, we plan to submit for outside certification, but do not presently have a certificate. Is it possible to submit our response to the RFP with such certification pending?

Yes, we will accept pending certifications with supporting documentation. NAIC (www.naicpe.com) and the NMSDC (www.nmsdc.org) are both good places to start.

3. Please let us know your preference for the items submitted via email (due by close of business on May 10th). Would you prefer one email? Additionally, would you prefer a zip file in order to ensure that the file size limit isn't exceeded?

Your submission does not have to be one email. We realize these submissions can be massive. Multiple emails and zip files are fine. Just mark each email something like 1 of 3. (Each email attachment size limit is 15MB.)

4. Please confirm that all items submitted via email (due by close of business on May 10th) should also be included in the printed and mailed package to follow, including larger documents such as the Fund's LPA and PPM. Additionally, how would you prefer the documents be bound?

We are agnostic on the binding protocol you use. We realize in this work from home environment that normal publishing resources are limited and expensive. The hard copy requirement is a policy and statue requirement. Staples, Rubber bands, envelopes and large binder clips are fine.

5. For the MBE certification, will you accept a PSWMSDC MBE certification?

Yes, we will accept this certification.

6. If our MBE application is still under review on May 10th, will you accept our MBE application submission and any supporting document that confirms our eligibility for the MBE certification?

Yes, we will accept pending certifications with supporting documentation.

7. Will the lack of venture capital track record eliminate us from consideration?

Track record is an extremely important part of our evaluation for applying investment managers and will be factored into our decisions.

8. Would a resume or deal sheet be an acceptable form of proof of relevant investment experience?

You may submit whatever you think will give us a clear picture of your talents and capabilities.

9. This second vehicle, the one for which we are submitted the RFP, will be audited, and will have its first audit for the year ending Dec 31, 2021. Will you accept unaudited financials for the time being?

Yes, please submit your proposal with clear explanations to any such issues.

10. Our fund is a Limited Liability Corporation (LLC Agreement), but it is taxed as a partnership. Since we are still ahead of our first close, we can modify the structure, but we wanted confirmation that a change to a partnership is necessary.

We are seeking to invest in a traditional partnership. We cannot advise you on making any structural changes to your fund as this is at your discretion.

11. We expect to have our first close in June 2021 and all of our commitments have been received in 2021. We currently have \$15M in commitments. Should we answer \$0.0 given the December 2020 date of total assets or should we specify commitments to date?

Answer the question asked first, meaning please express the total assets as of 12/31/2020. Then if there is additional narrative, please provide anything you think will help us make an informed decision on the manager that we will select.

12. Could you provide some context or metrics around what qualifies as “well capitalized and stable?”

There are no hard and fast metrics. We will make a decision based on the firms starting capital, expected revenue, headcount, overhead and the general partners ability to attract, retain and grow talent.

13. Similarly, on the “sufficient assets under management”, do you have some context around the minimum asset level you expect to see? As we noted, we currently have \$15M in commitments.

There are no hard and fast metrics. We will make a decision based on the firms starting capital, expected revenue, headcount, overhead and the general partners ability to attract, retain and grow talent.

14. What are the minimum system requirements for a backup / full recovery? We plan to bring on a Managed IT firm this year.

We have no hard and fast minimum requirements. We do want to see that you have carefully and thoughtfully considered your IT infrastructure as an important firm asset. IT infrastructure is a rapidly evolving business. There is nothing wrong about using external managed IT.

15. We see the 10% of portfolio value or \$10M errors and omissions insurance parameters. What are the acceptable comparable instruments that could be used in lieu of omissions insurance?

We cannot give specific guidance on this number. As an institutional asset manager, we expect you to propose to us a E&O solution that provides us comfort that our members assets are protected should we ever get to that point.

16. Do you have a term sheet that you like from a VC fund that you've recently closed on?

We are not able to provide sample documents.

17. Does the LPA need to be posted by May 10th or can it be provided at a later date and if so, what date?

At a very minimum, we require a very clear term sheet when you submit your proposal. The LPA and Side Letter negotiation process begins once the winning firms are selected. We do need to very clearly understand the terms to do our evaluation of your proposal. A term sheet or Private Placement Memorandum would be the best way to communicate that to us.

18. As an exempt reporting advisor that will register as an investment adviser under the U.S. Investment Advisers Act of 1940, as amended after reaching the \$150 million in AUM as required by law after the first close in July 2021, we wanted to confirm if this would be acceptable?

Yes, if you are an Exempt Reporting Advisor and have a CRD#, that will meet the requirements.

19. You specifically mention a “transportable track record” and as a first fund, we wanted to better understand what the expectations would be on this front?

While a transportable track record is the best way to impress upon us the historical performance of your principals' prior investments, you are free to submit anything you think will show us your ability to manage institutional capital.

20. We are in the process of obtaining a MWBE certification from NAIC. Can you please confirm this certification satisfies your MWDBE certification requirements?

Yes, NAIC certification is acceptable.

21. The firm's founder has significant Private Equity experience and have held Senior Roles in over 40 investments throughout our careers. However, our founders do not have attribution rights over their private equity track records. Can you please opine on whether this presents an issue for our submission?

While a transportable track record is the best way to impress upon us the historical performance of your principals' prior investments, you are free to submit anything you think will show us your ability to manage institutional capital.

22. The firm was formally formed in May 2020 and conducted a first closing March 8, 2021. We do not plan on having an audit for 2020, but we will have both the Fund and the Management Company audited for 2021 and beyond. We can of course prepare unaudited financial statements for 2020 at your request. Please let us know if this presents an issue/

Submit your proposal with clear explanations to any such issue.

23. Should we submit EEOC Tables as of December 31, 2020, as of submission date, or both?

We have requested a common date of December 31, 2020. That is the one we would like. If you wish to submit additional data, that is your prerogative.