

## REQUEST FOR QUALIFICATIONS

The Comptroller of the City of New York (the “Comptroller”), on behalf of the New York City Retirement Systems (the “Systems”) intends to deploy an allocation of up to \$175 million to investments in private equity funds managed by emerging managers (“Private Equity Emerging Manager Funds”).<sup>1</sup> The Comptroller is soliciting expressions of interest from qualified managing partners to deploy this investment allocation through one or more fund(s)-of-funds or similar investment vehicles.

Private Equity Emerging Manager Funds are private equity limited partnerships raising first-time funds with target sizes of \$200 million or less. Such partnerships may have as their strategies targeting underserved markets for capital, goods or services, or may otherwise seek to reach specific market niches. They also may use more conventional private equity investing strategies (such as buyouts, venture capital, mezzanine finance, secondary interests, etc.).

Goals of investing with Private Equity Emerging Manger Funds include:

- Maximizing the risk-adjusted return on capital invested;
- Taking advantage of the market opportunity presented by small, first-time funds, particularly those owned and operated by women or members of minority groups, seeking to raise institutional capital to invest through private equity limited partnerships; and
- Using niche strategies to achieve value unavailable to investors pursuing broader strategies.

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<sup>1</sup> The Board of Trustees of each of the Systems has exclusive control of all assets of each respective System, subject to applicable law, and has full power to hold, purchase, sell, assign, transfer, or dispose of System assets, including securities and other investments in which its funds have been invested as well as the proceeds of such investments. The Comptroller serves as investment advisor and custodian for the Systems.

The Comptroller invites interested firms to submit a brief description of their qualifications to manage a Private Equity Emerging Managers investment vehicle. Responses should include descriptive and statistical evidence of the firm's experience managing private equity investment instruments through a fund-of-funds approach or similar structure, or as a manager of emerging managers of financial instruments. Firms must have an AIMR-compliant, auditable track record in private equity investing.

The Comptroller's Office will evaluate initial submissions based on the following criteria:

- Track record, relative to the level of risk assumed;
- Understanding of and commitment to the market opportunity presented by small, first-time funds, particularly those principally owned and operated by women and members of minority groups, seeking to raise institutional capital to invest through private equity limited partnerships;
- Networks of contacts and sources of deal flow and intelligence;
- Demonstrated experience and skills necessary to execute the proposed strategy, including evidence from similar prior accomplishments;
- Organizational strength, capacity and stability;
- Character, reputation and integrity of the firm as well as of other investors in vehicles managed by the firm;
- Nature and quality of value-added involvement by the firm;
- Pre-existing commitments of general partner (with particular emphasis on unrealized investments in previous funds);
- Basic economic terms of the investment, including financial commitment of the firm, preferred return and proposed split of carry;
- Alignment of firm's interests with those of the Systems; and
- Alignment of employee interests with those of principals of the firm.

Responses must be no more than 5 pages and should be submitted to:

[PEEM@comptroller.nyc.gov](mailto:PEEM@comptroller.nyc.gov), no later than 5 p.m. Eastern, Friday, November 7, 2003.

The Comptroller's office may consider firms that it is aware of that do not submit a response to this request. Based on its evaluation of initial responses, the Comptroller may request certain firms to submit a more detailed investment proposal. By soliciting investment proposals, the Comptroller's Office is not obligated to make any investment.