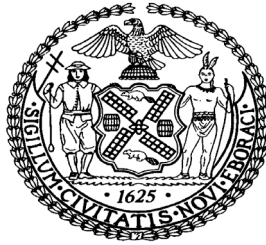

**CITY OF NEW YORK
OFFICE OF THE COMPTROLLER**



**REQUEST FOR PROPOSALS
TO PROVIDE
ECONOMICALLY TARGETED
INVESTMENT PROGRAMS
FOR THE DEFINED BENEFIT ASSETS OF
THE NEW YORK CITY RETIREMENT SYSTEMS**

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Comptroller**

**Prepared by:
Office of the New York City Comptroller**

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**REQUEST FOR PROPOSALS
FOR
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SECTION 1. INTRODUCTION AND BACKGROUND

The Comptroller of the City of New York (the “Comptroller”), on behalf of the New York City retirement systems, pension funds, and variable supplement funds (collectively, the “Systems”)¹ is issuing this Request for Proposals (“RFP”) to expand the Systems' Economically Targeted Investment (“ETI”) program. The Systems' ETI program began in 1982. The Systems' ETI objectives are to identify investments that:

- Provide a market rate-of-return to the Systems that is commensurate with the risk assumed.
- Fill capital gaps in New York City and/or the surrounding commuter New York State counties of Orange, Putnam, Rockland, Nassau, Suffolk and Westchester, (hereinafter, “NYC Area”); *i.e.*, offer financing in areas that are underserved by existing market mechanisms.
- Provide specific quantitative and/or qualitative collateral benefits to the NYC Area, and, in particular, to its low-, moderate- and middle-income communities and populations.

Proposers are invited to propose investment programs that would achieve these objectives. ETI investments may be in any asset class.

Current ETI programs of the Systems include agreements with lending institutions, investment managers and funds to originate mortgages or mortgage-backed securities that help finance affordable single and multi-family homes, and participation in a revolving line of credit to fund construction loans for affordable housing

This RFP, which was originally issued in May 2003, is being amended and re-issued to update program and related requirements, as well as administrative information.

¹ The Comptroller serves as investment advisor, custodian and trustee for the New York City retirement systems and related funds. There are ten (10) New York City retirement systems and related funds which are government plans under IRC Section 414(d): New York City Employees' Retirement System, The Teachers' Retirement System for the City of New York, New York City Board of Education Retirement System, New York City Fire Department Pension Fund, Subchapter Two, and New York City Police Pension Fund, Subchapter Two; and five variable supplements funds. The Comptroller is one of the trustees for each System except the Board of Education, and is investment advisor and custodian for all Systems.

Given the unique nature of economically targeted investments, the Comptroller's Office strongly encourages *all* proposers to meet with ETI Staff before completing and submitting a proposal.

Respondents to this RFP may propose one or more investment programs, but a separate proposal must be submitted for each. Allocations for selected proposals will depend initially on the program proposed, but may increase or decrease over time based on the proposer's performance and ability to deploy assets in accordance with its strategy.

The Board of Trustees of each System has exclusive control of all assets of its respective System subject to applicable law, with 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's asset management and custodian functions reside under the direction of the Deputy Comptroller/Chief Investment Officer. The Chief Investment Officer supervises the development of overall investment policies, standards and guidelines, and oversees the evaluation, selection and oversight of investment advisors.

By soliciting proposals, the Systems are not obligated to select any investment program or to allocate assets to any proposer. This is an open-ended RFP; there is no due date or deadline for the submission of proposals. This RFP may be canceled at any time. Proposers should check the Comptroller's Web site for any Addenda to this RFP before submitting a proposal. The Addenda will be posted on the Comptroller's Web site (www.comptroller.nyc.gov) and will be available for downloading.

Consistent with the policies expressed by the City of New York, proposals from minority-owned and women-owned businesses or proposals that include partnering arrangements with minority-owned and women-owned investment firms are encouraged.

A. Scope of Request

This RFP seeks proposals for market-rate investments that fill a capital gap (*i.e.*, provide financing that is not readily available through existing market mechanisms) and that provide collateral benefits in the NYC Area. In particular, this RFP seeks investment proposals that benefit the City's low-, moderate-, and middle-income communities and populations. In addition, this RFP sets forth criteria for lenders to make application to the existing Public/Private Apartment Rehabilitation ("PPAR") Program (Exhibits 1 and 2).

Investment proposals may be structured (1) as an on-going relationship such as a programmatic investment vehicle between the proposer and the Systems, or (2) as a single event financing, provided the financing is for a program or projects totaling at least \$20 million and, if the financing proposed is debt financing for multifamily housing, financing could not be provided through the Systems' existing PPAR Program. The Systems will consider stand-alone programs with a System or Systems as sole lender or participant, or joint venture programs with the proposer as co-lender or co-participant.

Proposed programs may include government participants or subsidies. Note that decisions by other government agencies are independent and unrelated to those of the Systems. Approval or funding by the Systems does not imply any assurance of other government assistance or approval.

Credit enhancements from agencies such as the State of New York Mortgage Agency ("SONYMA"), the New York City Residential Mortgage Insurance Corporation ("REMIC"), the Federal National Mortgage Association ("Fannie Mae"), the Federal Housing Administration ("FHA"), the Small Business Administration ("SBA"), or credit enhancements from private insurers and letters of credit, although not required, will increase the attractiveness of proposals if the proposer can demonstrate a commitment from the relevant entity.

Preference will be given to programs that (1) can be implemented within a 6-12 month period; (2) are structured as a co-lending or co-investment program; and (3) directly invest in low-, moderate- and middle-income communities or minority and women-owned businesses in New York City; and (4) are administratively feasible for Comptroller staff.

The proposed investment program may, but is not required to, include portfolio-level services (e.g., calculating return for a portfolio of loans, etc.).

Each selected proposer will be required to comply with the business terms specified in this RFP and as set forth in the resultant contract or implementing document

NOTE: Proposers are advised that the Comptroller's Office, together with the New York City Employees Retirement System ("NYCERS"), the Teachers Retirement Systems of the City of New York ("TRS") and the Board of Education Retirement System ("BERS"), has implemented certain policies and procedures for investment managers seeking to do business with these Systems. Specifically, any manager proposed to be hired by one of these Systems will be required to provide additional diligence information regarding "Gifts" (to certify that the manager has not given any gifts in violation of rules and policies of the City and Comptroller's Office) and "Contacts". On

“Contacts,” managers will be required to disclose all contacts with any employee of the Comptroller’s Office or with trustees or employees of NYCERS, TRS or BERS. Contact is defined as any form of communication or association made for the purpose of solicitation of these Systems as a potential client or the retention of these Systems as an existing client. The Comptroller’s Office will notify managers if and when they are required to provide this information; this information is not required to be provided in the firm’s RFP response.

B. Minimum Requirements and Qualifications

Proposals that do not meet the following minimum qualifications, or which do not comply with the specifications or material terms and conditions of this RFP, are non-responsive and shall be rejected.

1. All proposed investment products must offer projected market rates of return on a risk-adjusted basis. The proposed product must have a rate of return comparable to similar products with similar risks, maturities and conditions. Concessionary (below market) rates on the Systems' portion of any product are not permissible, *i.e.*, the proposed ETI product must have an expected rate of return that is equal to or better than the rates of return of non-ETI investments with similar risks, maturities and conditions available to the System(s). Given the unique nature of Economically Targeted Investments, it is possible that a proposed investment may not have an existing industry investment benchmark. In this instance the Comptroller’s Office may consider an alternative method of determining that a return is appropriate (non-concessionary) if the proposer provides an extensive, detailed analysis and substantiation of what the proposer considers to be a risk-adjusted rate-of-return in the market under consideration. **For real estate proposals**, the NCREIF Property Index will be utilized or another measure as deemed appropriate. **For private equity proposals**, investments should seek to provide returns higher or comparable to the Russell 3000 benchmark plus 500 basis points. The proposed fund strategy and business plan should provide reasonable assurance that the investment can produce the target return.
2. Proposals must identify the capital gap the investment is seeking to address, the sector of the market that is not efficiently served, and clearly demonstrate the collateral benefits to the NYC Area’s low-, moderate- and middle-income communities and/or populations. Collateral benefits may be quantitative, *e.g.*, the investment results in affordable housing or job creation, or qualitative, *e.g.*, the investment results in improved public facilities or environmental

improvements. If the program involves investments outside of the NYC Area, the proposal must clearly articulate the reasons why investments consisting of 100% NYC Area investments are not practicable or prudent, and show how the NYC Area-based component can be maximized. Separate account relationships where investment and programmatic guidelines can be customized for the Systems are preferred to commingled funds. In general, preference will be given to proposals that maximize the NYC component.

The NYC Area investment must be verifiable and enforceable. There will be special reporting requirements relating to NYC Area investments as it relates to the measurement of performance and collateral benefits for investment vehicles with broader geographic scope. The Systems must be able to exit from the investment if NYC Area investment objectives are not met.

3. For all categories of proposals, proposers and/or key staff members must have verifiable experience in the type of program proposed, and the proposer must have adequate resources to carry out the functions proposed. It is preferred that the firm, its principals and/or key staff members have a minimum *three-year track record* in the type of program or single-event financing proposed. The proposing firm may link its track record with the track record of its principals from a predecessor firm as long as the products of the two firms are substantially the same.

Additionally, proposers of real estate funds shall demonstrate relevant experience and expertise in implementing the proposed strategy and establish the experience and expertise of staff in origination and analysis, portfolio and property management, and property disposition. Proposers should demonstrate knowledge of NYC Area Nmarkets and if applicable, awareness of the issues and sensitivities related to the low-, moderate- and middle-income residential markets. Proposers must make a meaningful financial commitment to the proposed investment preferably in the form of cash invested alongside other investors.

Proposers of private equity funds shall demonstrate relevant experience and expertise in the strategy they propose to execute and operate. The principals must demonstrate the ability to execute the proposed strategy by providing a track record from similar prior funds. Proposers must make a meaningful financial commitment to the proposed investment preferably in the form of cash invested alongside other investors.

Evaluation Process

A committee made up of staff of the New York City Comptroller's Office will evaluate responsive proposals (the "Evaluation Committee"). The Chief Investment Officer and Director of Economically Targeted Investments are standing committee members (unless there are reasons to recuse themselves). The additional composition of each committee will be determined based on the asset class of the proposal.

Evaluation will be done as an ongoing, multi-stage process as proposals are received:

1. Proposals will be screened to determine whether minimum qualifications are met. Proposals that do not meet minimum qualifications (non-responsive proposals) will be rejected.

Responsive proposals will be evaluated in accordance with the Investment Review criteria listed in Section D.1 below including "Proposed Program," "Projected Risk-Adjusted Returns and Costs" and "Organizational Characteristics." **Proposers should consider carefully the expectations in regard to risk-adjusted returns. If the proposed product does not have an existing industry investment benchmark, the proposer must provide an extensive, detailed analysis and substantiation of what the proposer considers to be a risk-adjusted rate in the market under consideration.**

2. Proposals that have met the minimum qualifications and have been determined to offer a competitive risk-adjusted return will then be evaluated with respect to their New York City Benefits (see Section D.2 below). This could result in the rejections of additional proposals.
3. Proposers may be requested to provide clarifications or additional information regarding their proposal(s) at any time during the evaluation process. Information gathered from discussions or any negotiations with a proposer for one program might also be used in the evaluation of that proposer for another program if more than one program is proposed.
4. Comptroller staff may initiate discussions/negotiations after the completion of an interview, if any. As the due diligence process advances, site visits to a proposers' office may be scheduled at the option of the Comptroller.
5. If in the opinion of the Evaluation Committee a proposal is of high quality both in terms of the Investment Review and the New York City

Benefits, the proposal will be submitted to the Trustees for consideration. Proposers may be requested to make presentations to the Systems' Trustees. The Systems are not obligated to select any investment program or to allocate assets to any proposer.

The Comptroller will conduct contract negotiations with proposer(s) selected by the Systems' Boards of Trustees. Should negotiations fail to result in an appropriate implementing agreement within a reasonable amount of time, the Comptroller shall have the right to terminate negotiations. Evaluation criteria are summarized below.

D. Evaluation Criteria

1. Investment Review

a. Proposed Program

- Program Concept, Approach and Strategy
- Program Structure and Operations
- Risk Control Mechanisms
- Problem Loan or Asset Management Timeline for Implementation and Projected Demand
- Ease of Program Implementation and Administration

b. Organizational Characteristics

- General
- Organizational Structure
- Staffing and Resources
- Nature and Size of Assets Managed
- M/WBE Diversity
- Demonstrated Knowledge of NYC Area markets
- Financial Plan

c. Historical Returns, Projected Risk Adjusted Returns, Risk Sharing and Costs

- Performance Record
- Market Rate Analysis
- Anticipated Return
- Attribution Analysis
- Cash Flow Distributions
- Carried Interest
- Exits and Realizations
- Methods of Tracking and Reporting Performance

- Risk Sharing Features
- Fees and Other Costs to the Systems and Borrowers

2. NYC AREA BENEFITS

- NYC Area Capital Gap Addressed
- NYC Area Collateral Benefits Anticipated
- Proposed Impact (on low-, moderate- and middle income neighborhoods and populations or women and minority populations)

E. Verification

All information submitted in the proposal is subject to verification by the Systems' consultants and the Comptroller's staff.

SECTION II. PROPOSAL CONTENT

Use the following outline and reference the titles and numbering used in the outline. Each point must be addressed. If it is not applicable to your proposal, indicate this by responding with "N/A". In addition to supplying answers to questions applicable to both equity and debt proposals, equity proposers should submit such additional information regarding their proposal to enable appropriate due diligence.

Note: See Section VI for Proposal Submission Procedures. For proposers applying to join the Public/Private Apartment Rehabilitation (PPAR) Program described in Exhibits 1, follow the special instructions in Exhibit 2.

A. Proposed Program

1. Executive Summary

Provide a short general description of the proposed program concept, approach and strategy. If appropriate, use a term sheet format.

Summarize how the proposal meets each of the Minimum Requirements and Qualifications as stated in Section 1.B.

2. Debt-Based Program Structure and Operations

- Describe the structure of the proposed program, *e.g.*, a separate portfolio of loans to be purchased by the proposer as agent for the Systems, a Limited Partnership with the Systems, etc.
- Describe the nature of the instrument (*e.g.*, a first mortgage, a collateralized line of credit), its underlying security and its priority. State any non-standard features.
- Describe how project sites will be selected if applicable.

- d. Describe the role of guarantee agencies, if applicable, or other participants, including any sources of credit enhancements.
- e. Describe the role of any city, state or federal agency and describe any grants, tax credits, subsidies or tax abatements etc. to be utilized in the program, if applicable.
- f. Describe the role of the proposer with respect to the product, *i.e.*, originator, manager, co-lender, and/or servicer.
- g. Describe the respective roles of the proposer and the Systems regarding the administration of the program, *i.e.*, involvement with initiating each individual loan, responses to defaults, packaging into securities, record-keeping, performance measurement etc. Please note: the Systems do not have the capacity to evaluate individual projects and therefore will not approve a “program” that requires System review of each individual project or loan. However, the Systems will consider substantial single-event financings.
- h. Describe how your firm will allocate product amongst your own portfolios, other clients’ and the Systems’.
- i. Describe who will service loans or mortgages. Discuss servicing procedures including monitoring of loan payments.
- j. Describe your marketing plan and how you will source product. Will this program differentiate itself from others in this market? What is the value added to this market by a pension fund economically targeted investment?
- k. If you are proposing loan pools as a product, indicate whether these loans will consist exclusively of NYC Area loans. If the proposed loan pool will consist of less than 100% NYC Area loans, explain why loan pools consisting of 100% NYC Area loans are not feasible. Describe the geographical area covered and the proportions of loans in terms of dollars and number of loans which will be NYC Area-based. Explain the basis for the proportions of NYC Area to non-NYC Area loans you are proposing and show how the NYC Area-based component has been maximized in your plan.
- l. If you are proposing a national commingled fund, indicate how you will invest a substantial amount of the fund in the NYC Area. State clearly how the NYC Area investment will be verifiable and enforceable. Describe how a System can withdraw easily from the fund if the NYC Area investment objectives are not met. Is a separate account relationship for direct investments in NYC Area feasible?
- m. Describe any portfolio-level services to be provided. (The proposal may, but is not required to, include portfolio-level services, *e.g.*, calculating return for a portfolio of loans.)

3. Private Equity Program Structure and Operations

- a. Describe the proposed program investment strategy including any geographic/company type profile.
- b. Detail key investment terms. Highlight any non-standard features. Describe the role of other participants,
- c. Describe the role of any city, state or federal agency including any investments, grants, subsidies or tax abatements to be utilized in the program, if applicable.
- d. Describe the role of the proposer with respect to the product.
- e. Describe the respective roles of the proposer and the Systems regarding the administration of the program.
- f. Describe how your firm will allocate product amongst your own portfolios, other clients' and the Systems'.
- g. Describe your marketing plan and how you will source product. Will this program differentiate itself from others in this market? What is the value added to this market by a pension fund economically targeted investment?
- h. Indicate whether the product you are proposing will be invested solely in New York City. If the proposed product or program consists of less than a 100% NYC Area investment, describe the geographical area covered and the proportions of investments which will be NYC Area-based. Explain the basis for the proportions of NYC Area to non-NYC Area investments you are proposing and show how the NYC Area-based component has been maximized in your plan.
- i. If you are proposing a national commingled fund indicate how you will invest a substantial amount of the fund in the NYC Area. State clearly how the NYC Area investment will be verifiable and enforceable. Describe how a pension system can withdraw easily from the fund if New York City investment objectives are not met. Is a separate account relationship for direct investments in the NYC Area feasible?
- j. Describe any portfolio-level services to be provided. (The proposal may, but is not required to, include portfolio-level services, e.g., calculating return for a portfolio of loans.)

4. Real Estate Program Structure and Operations

- a. Describe the proposed investment strategy including any geographic/ property type focus
- b. Detail key investment terms. Highlight any non-standard features.
- c. Describe the role of other participants,
- d. Describe the role of any city, state or federal agency including any investments, grants, subsidies or tax abatements to be utilized in the program, if applicable.

- e. Describe the role of the proposer with respect to the product, *i.e.*, involvement with sourcing, due diligence, commitments and portfolio management.
- f. Describe the respective roles of the proposer and the Systems regarding the administration of the program, *i.e.*, development of investment strategy, an annual investment plan, day-to-day portfolio management, deal sourcing, record-keeping; and performance management. Please note: The Systems do not have the capacity to evaluate individual real estate projects and therefore will not approve a “program” that requires System review of each individual project. However, the Systems will consider substantial single-event financings.
- g. Describe how your firm will allocate product between your own portfolios, other clients and the Systems.
- h. Describe who will perform portfolio and property management.
- i. Describe your marketing plan and how you will source product. Will this program add value to the ETI market and what is unique about your program approach?
- j. If you are proposing loan pools as a product, indicate whether these loans will consist exclusively of New York City collateral. If the proposed product or program consists of less than 100% NYC Area investments, explain why that is not feasible. Describe the geographical area covered and the proportions of investments which will be NYC Area-based. Explain the basis for the proportions of NYC Area to non-NYC Area produce you are proposing and show how the NYC Area-based component has been maximized in your plan.
- k. If you are proposing a national real estate fund indicate how you will invest a substantial amount of the fund in the NYC Area (at least equal to the amount of NYC pension systems’ interest). State clearly how the NYC Area investment will be verifiable and enforceable. Describe how a pension system can withdraw easily from the fund if NYC Area investment objectives are not met. Is a separate account relationship for direct investments in the NYC Area feasible?
- l. Describe any portfolio-level services to be provided. (The proposal may, but is not required to, include portfolio-level services, *e.g.*, calculating return for a portfolio of loans and/or property investments.)

5. Risk Control Mechanisms for Debt-based Proposals:

- a. Describe the proposed underwriting criteria. Where appropriate for debt investments, include maximum loan-to-value ratios, debt

service coverage and collateral requirements. Describe how the credit-worthiness of borrowers will be determined.

- b. Describe your strategy for minimizing risk.
- c. Describe the investment approval process, including the levels of responsibility for approval.
- d. Describe your strategy for monitoring the status of investments.
- e. Describe the criteria and overall methodology used to identify and measure lending and investment risk on a product. For example, does the organization use an objective scoring process to identify and aggregate risks for a particular project or pool? Whatever the specific methodology used, how are the elements of the risk assessment process documented? Describe the kinds of risk involved with this program. Under what circumstances will the value of the loan collateral decline?

If you are the servicer of a debt portfolio, describe in detail procedures for handling delinquencies, non-performing loans and workouts. Include any sale and buyout provisions with owners. Describe your plans for calling on guarantors, if any. How will specific covenants and loss-recovery provisions be included in loan documents to ensure that the Systems can take action to recover defaulted principal or delinquent interest payments?

6. Risk Control Mechanisms for Equity and Real Estate

- a. Describe the due diligence and investment process; diversification strategy and policies, leverage ratios, management of interest rate and inflation risk, minimum and maximum investment thresholds in dollars and as a percentage of the proposed fund and the monitoring and reporting and fund dissolution and redemption protocols.

7. Risk Control Mechanisms for All Proposals

- a. Describe the risks related to this investment and how they will be handled.
- b. Detail how the proposer's interests and the Systems' interests will be aligned in this program. Include comments on joint investing, or co-investing. Identify any conflicts that may arise and describe how your firm will handle potential conflicts of interest.
- c. Describe your policy regarding a Watch List.
- d. Describe the exit strategy applicable to this investment.

8. Timeline for Implementation and Projected Demand

- a. Describe the timing of implementation of the program, and deployment of capital. What factors could affect the timing?
- b. Quantify project demand. How large is this market and how large is the demand for this product? What is the projected volume of product in terms of dollars over a one-year, three-year, and five-year period? For loan programs, include the number of loans over this period of time. Provide justification for your projections and explain your methodology in detail. For equity managers, broadly discuss the market opportunities and demand relative to your strategy. How many dollars can be deployed under your strategy over the next one-year, three-year and five-year periods?
- c. Project the capital required from the Systems over each of the first three years of the program. Assume that this is the allocation you are requesting from the Systems.

9. Ease of Program Implementation and Administration

Describe how the program will be implemented and how you anticipate it will be administered.

B. Organizational Characteristics

1. General

- a. Identify the organization's main office, address, phone number, e-mail address and Web site, if any.
- b. Identify the locations of loan originating offices, if applicable.
- c. In what year was your firm established?
- d. Describe your firm's mission. Include the long-term objectives of your firm.
- e. In what year was the loan product (or similar product) you are proposing to the Systems first offered by your firm?
- f. State the total number of clients for whom you provide the same or similar service or the same or similar product for sale.

2. Organizational Structure

- a. Describe the ownership structure of your firm. Is your firm's ownership public, private or not-for-profit? Is your firm a corporation or a limited partnership? Other? (Specify).
- b. If incorporated, identify the officers and any shareholders of the responding entity owning 5% or more of equity. If a limited partnership, identify holders of 10% or more of equity of the general and limited partners as applicable. If a joint venture, provide the

information separately for each entity that comprises the joint venture.

Name

Ownership Interest

-
- c. How long have the firm's officers and directors been in place?
 - d. Within the past three years, have there been any significant changes in your organization? If yes, describe the nature and status of such changes.
 - e. Provide a copy of your firm's most recent annual report.
 - f. Is the firm or any principal or officer at the firm now, or has the firm or any principal or officer at the firm during the past 5 years been involved, in litigation relating to the business of the firm or management of client assets or any other legal proceeding related to investment activities? If yes, describe the nature and status of each such litigation.
 - g. Is the firm or any principal or officer at the firm now, or has the firm or any principal or officer at the firm during the past 5 years ever, been sanctioned by a regulatory agency? Provide details.
 - h. Describe any affiliations, joint ventures or partnerships with other firms (*i.e.*, parent companies, insurance companies, banks, brokerage firms, and investment banking firms or other entities) including name and line of business for any affiliated companies.
 - i. Giving specific details with regard to your parent and any affiliates, provide organizational charts that diagram relationships (i) between the firm and parent, subsidiary, affiliate or joint ventures, if any and (ii) among the Key Professionals within the firm, emphasizing the relevant business units.
 - j. Provide a copy of any licenses or registrations required to perform the services proposed.
 - k. If applicable, provide copies of certification from guarantee agencies, such as FHA, Fannie Mae, Ginnie Mae, SONYMA or REMIC.
 - l. Provide a copy of any disclosure documents available to your clients relevant to the product proposed.
 - m. If you are required to file a CRA report, please attach your most recent report and rating.
 - n. Identify all current relationships that your firm has with any of the New York City Retirement Systems.
 - o. Have you provided this product to any other entity? Identify them.

3. Staffing and Resources

- a. Identify who will manage the proposed program and who will work on this account. Describe their functional responsibility (including title) for this program. Provide a biographical sketch including their related experience and academic background. If you are proposing to use the track records of a professional or professionals who have recently joined your firm to qualify under the minimum requirements, identify the individual(s), and in addition to the above, identify the firm they were with previously, the title they had at the firm, and the dates they joined and left that organization.
- b. Provide the following information about key professionals who will be involved with the proposed program.

<u>Name/Title</u>	<u>Year Joined Organization</u>	<u># Years in Function</u>	<u>#Years Product Experience</u>
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- c. List Key Professionals involved with the Proposed Program who have left your staff during the past three years.

<u>Key Professional</u>	<u>Title/Function</u>	<u>Date Joined</u>	<u>Date Left</u>	<u>Replacement</u>
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- d. The Comptroller's Office and the Systems are interested in making NYC Area business opportunities available to firms with strong Equal Employment Opportunity programs, including those with significant woman and minority-ownership. Proposers are encouraged to provide information to allow the Comptroller's Office to access the firm in this regard.
- e. Describe the information system capabilities (databases, hardware and software) supporting the firm's investment operation.

4. Nature and Size of Assets Managed

- a. Describe your track record in managing similar programs. For debt proposals include information on volume and delinquencies (for each category number of loans, original amount, and current balance) for the last three years. (If you are proposing to link track

records of the professionals currently with your firm with a track record established at another firm, clearly indicate that here. Demonstrate that the individual(s) were primarily responsible for the referenced loan program.)

- b. Describe your investment experience in low-, moderate- or middle-income neighborhoods, and/or in relationship to low-, moderate- or middle-income individuals. Provide specific and comprehensive examples. For debt proposals include experience in residential lending (multifamily, single family), commercial lending (real estate, business loans etc.) and community facility lending.
- c. Provide references from three non-affiliated clients for the same product or similar product to that proposed.

<u>Company</u>	<u>Name</u>	<u>Phone Number</u>
1.		
2.		
3.		

5. Demonstrated Knowledge of the NYC Area Markets

Describe total investment activity in New York City for each neighborhood and borough, including volume and location. Identify any differences in investment criteria and evaluation process from the proposed program.

6. Financial Plan

- a. Provide a financial plan that includes evidence that the firm has the resources to sustain the program during the development of the proposed program.

C. Historical Returns, Projected Risk-Adjusted Returns, Risk Sharing and Costs

1. Performance Record

- a. Describe your performance record with the product being proposed or similar product for the previous three calendar years. The proposing firm may link its track record with the track record of its principal(s) from a predecessor firm as long as the products of the two firms are substantially the same and the principal(s) are responsible for the track record.
- b. Compare returns to what you consider an appropriate benchmark. Discuss the benchmark chosen and state your reasons for choosing the benchmark. If the proposer thinks there is not an appropriate existing benchmark, present an alternative method of determining that a return is appropriate (non-concessionary). Provide an extensive, detailed analysis and substantiation of what your firm considers to be a valid method for determining a risk-adjusted rate in the market under consideration.

2. Market Rate Analysis for Debt-Based Products

Describe the pricing mechanism that will be used to determine the rates for loans and securities to be sold to the Systems. What benchmark(s) will be used to establish market interest rates for the loan or pool? What process will be used to adjust up the benchmark rate to establish a pricing increment for high-risk product or to mark down the benchmark rate for guaranteed or lower-risk product?

3. Anticipated Return

- a. For debt or core equity strategies, describe the anticipated returns for your proposed product for 1 year, 3 years and 5 years. If proposing a real estate or equity program, what are your targeted preferred returns? What is your IRR target? What are the terms for carried interest?
- b. Under what circumstances would you expect the program to generate higher returns? Lower returns?

4. Methods of Tracking and Reporting Performance

Describe how performance will be tracked and reported.

5. Risk Sharing Features

Describe any risk sharing features of the proposed program, *i.e.*, co-lending, etc.

6. Fees and Other Costs to the Systems and Borrowers

- a. Provide a description of how your firm proposes to be compensated for this program. Proposals should not include the costs for developing the organizational capacity to deliver the proposed program. The Systems will not provide any funding for organizational development or for developing a product pipeline.
- b. Identify all costs associated with for equity a separate account, joint venture, commingled fund, etc.
- c. Indicate all sources of compensation for your firm regarding or related to the proposed product including the fees/expenses that will be paid by a borrower, the Systems, or any other source. Include information on fees/expenses charged/received by your organization.

D. New York City Benefits

1. NYC Area Capital Gap

Identify the capital gap the investment is seeking to address, the sector of the market that is not efficiently served, including any available statistical evidence of that capital gap. Describe the value added by the Systems (*e.g.*, their ability to invest long-term).

2. NYC Area Collateral Benefits Anticipated

Describe the potential collateral benefits for the NYC Area. Specify (and quantify to the extent possible) the demographic or economic sector expected to benefit. Identify any collateral costs (*e.g.*, sectors or population groups likely to be disadvantaged by selection of the proposal).

3. Proposed Impact

Specifically address impact on low- and moderate- and middle-income neighborhoods and populations or women and minority populations. Describe any “qualitative” collateral benefits.

E. M/WBE and Diversity

1. Describe your diversity/affirmative action policies and practices as they pertain to employee hiring.
2. Within the last three years, how many employees have been hired by your company? What percentage of all new hires within the last three years were women and/or minorities? What percentage of new managerial hires within the last three years were women and/or minorities? What percentage of all managerial positions in your firm are women and/or minorities?
3. Describe your diversity/affirmative action policies and practices in relation to sub-contracting by the firm.
4. Describe how your firm demonstrates a commitment to diversity as it relates to community involvement, service providers, vendors, and the philosophy of the organization.
5. Over the last five years, has your firm been the subject of any actions complaints or adverse determinations concerning violations of Federal, State or City equal opportunity laws or regulations? If yes, please provide details.
6. Is your firm a minority-owned or woman-owned business enterprise (M/WBE) and, if so, is it certified by any local, state or other authorized jurisdiction?
7. Does your firm have any current partnering arrangements with M/WBE firms to perform any of the services required pursuant to this RFP?
8. Will your firm consider partnering or subcontracting with any M/WBE firms to perform any of the services required pursuant to this RFP? If so, what arrangements would you proposer?

F. Placement Agents

1. Is the firm using or does it plan to use the services of a placement agent, solicitor or other third party marketer (“Placement Agent”) in connection with the firm’s proposal pursuant to this RFP.

Yes _____

No _____

2. If the answer to question 1 above is “Yes,” provide detailed information on the name of the Placement Agent, all fees or other compensation paid or promised to be paid the Placement Agent, the specific nature of the services provided or proposed to be provided, whether the Placement Agent is an SEC-registered broker-dealer. Firms are advised that they will be required to provide and execute a separate certification in accordance with System requirements regarding use of Placement Agents.

SECTION III. ADMINISTRATIVE REQUIREMENTS

A. Meetings

Managers must be available to meet in New York City upon the request of the Comptroller’s Office. Costs to attend such meetings are to be borne by the Manager and are non-reimbursable.

B. Reports

Managers must provide reports on a regular basis. The content and timing of the reports will be determined by the particular features of the program(s) established via this RFP and may include monthly and/or quarterly reports which may be general activity reports, remittance reports, delinquency reports or any other report which may be reasonably requested by the Comptroller.

C. Time Payments

The time of any payments will be governed by the implementing documents. If applicable, fees paid to a Manager will be based upon fee rates applied to the aggregate of all assets similarly managed by the Manager on behalf of the Systems, and then prorated between them.

D. Maximum Contract Payment

If applicable, a contract entered into by the Systems will contain a maximum fee provision.

E. Standard of Care

A Manager shall perform as a fiduciary to the Systems.

F. Performance Measurement

Performance is measured monthly using performance reports generated by the System's master custodian bank and various internal analytical systems. These performance reports are considered official for the purpose of evaluating any investment and/or Manager. The custodian bank also reports the market value of securities held and of accrued income and computes the rate of return for periods ranging from one month to several years. These returns are measured against appropriate benchmarks. All selected proposers are expected to cooperate fully with the master custodian, authorized consultants, and the Comptroller's Office in reconciling performance, accounting and other matters as required.

SECTION IV. ALLOCATION PROCEDURES

Upon a Systems' selection of a proposal and a determination on the level of allocation, an appropriate implementing agreement will be prepared, incorporating business terms included in this RFP, the proposal, and applicable City requirements. Subject to the terms of the implementing agreement, additions or reductions in allocations or assets shall be at the discretion of the Systems, or the Comptroller acting on behalf of the Systems, and any such addition or reduction shall be without fee or penalty.

SECTION V. PROJECT TIMETABLE

This is an open-ended RFP; there is no due date or deadline for the submission of proposals. This RFP may be canceled at any time.

SECTION VI. PROPOSAL SUBMISSION PROCEDURES

A. Communications with Agency

1. Agency Contact for Submission

The Comptroller's exclusive agency contact for purposes of receiving proposals and responding to proposer's inquiries regarding RFP requirements, unless otherwise specified in this RFP or notified in writing by the Chief Investment Officer, is:

Ms. Denise Hudson
Director of Contracts, Bureau of Asset Management
Office of the New York City Comptroller
David N. Dinkins Municipal Building
One Centre Street, 8th Floor

New York, New York 10007-2341

Telephone: (212) 669-8235

E-mail: bamcontracts@comptroller.nyc.gov

The Comptroller's Office shall not be bound by, and proposers may not rely on, information regarding RFP requirements obtained from any other person.

2. Preproposal Questions

Questions concerning the business sections (scope, minimum requirements, proposed program, etc.) of the RFP should be addressed to:

Mr. Christopher Pak
Director of Economically Targeted Investments
Office of the New York City Comptroller
David N. Dinkins Municipal Building
One Centre Street, 8th Floor South
New York, New York 10007-2341
Telephone: (212) 669-3431
cpak@comptroller.nyc.gov

Questions concerning other parts of the RFP (administrative requirements, allocation procedures, etc.) should be addressed to Ms. Hudson, info above.

B. Submission Requirements

1. Delivery of Copies of the Proposal

- a. Proposals are to be sent to the Agency Contact at the address set forth in Section VI.A.1 of this RFP.
- b. Proposers must submit five (5) separately bound copies and one unbound copy of their proposal. **The proposal must include page numbers.** Proposers should also submit electronic versions, both in pdf and Word format. Proposers may be asked to send additional copies of their proposals.
- c. The cover sheet asks proposers to identify the number of proposals submitted in "Proposal # _____ of _____". Most firms will submit one product for consideration and will identify this as 1 of 1. If your firm is proposing more than one product at

a time, a separate proposal along with all documents should be submitted for each separate product proposed, and the number of each product proposed/proposal should be separately identified.

d. One (1) copy of the following items must also be submitted:

- Attachment 2, Acknowledgment of Addenda.
- Proposer's latest ADV (parts 1 and 2) or 10K (whichever is applicable), or a representation of registration with the SEC with an explanation of why an ADV or 10-K is not available.

2. News Release

The proposer shall not release any news or make any statements to the public, press or other media relating to the proposal without approval from the Comptroller.

3. Amendments to RFP

Any substantial clarification or change to this RFP shall be by amendment to the RFP. Proposers are encouraged to check the Comptroller's Web site for any change to this RFP prior to submitting a proposal.

4. Disclosure

The proposer shall disclose publicly available developments that may materially affect its ability to perform the services requested in this RFP or to fulfill its obligations under an Agreement that results from this RFP.

SECTION VII. AWARD PROCESS

A. Contract Award

1. Any agreement entered into between the Comptroller on behalf of the System(s) and any selected proposer shall be based on the requirements of the RFP and shall incorporate all or part of each firm's

proposal. Standard provisions that must be attached to all New York City contracts for consultants, professional and technical services, Appendix A, are enclosed with this RFP and will be incorporated where applicable.

2. Award is subject to applicable provisions of federal, state and local laws and executive orders addressing affirmative action and equal employment opportunity.

B. Prime Proposer Responsibilities

The Comptroller will negotiate and enter into an agreement only with the selected proposer(s). The selected proposer(s) shall have the responsibility to carry out the resulting agreement and shall be the only entities to receive payment from the Systems.

EXHIBIT 1

PUBLIC PRIVATE APARTMENT REHABILITATION PROGRAM (PPAR)

The PPAR program was established in 1984. The goal of this program is to facilitate financial institution construction lending for multifamily, mixed-use or small commercial retail properties (including daycare centers and senior centers) in low-, moderate- and middle-income neighborhoods. The program offers forward rate commitments up to 24 months for permanent loans (takeout loans) at the end of construction. Program features and requirements include:

- Loans for moderate and gut rehabilitation and for new construction
- Terms of up to 30 years
- Forward commitments up to 24 months
- Fixed-rate financing
- Minimum loan size of \$100,000
- Required 100% SONYMA, REMIC or FHA guarantees
- LTV of up to 90%
- Required first mortgage position, government second mortgages permitted
- A standardized rate formula is used
- Prepayment fees for the first 10 years
- Servicing must be provided by a servicer approved by the Comptroller's office
- The lender is compensated by origination fees

CONTACT FOR MORE INFORMATION ON THE PPAR

Mr. Christopher Pak
Director, Economically Targeted Investments
Bureau of Asset Management
Office of the New York City Comptroller
One Centre Street, 8th Floor South
New York, NY 10007
Telephone: (212) 669-3431
E-mail: cpak@comptroller.nyc.gov

EXHIBIT 2

SPECIAL INSTRUCTIONS FOR PPAR PROPOSERS

Directions

Use the following outline and reference the titles and numbering used in the outline to respond to the following items. Each point must be addressed. If it is not applicable to your proposal, indicate this by responding with "N/A".

A. Organizational Characteristics

1. Identify the organization's main office, address, phone number, e-mail address and Web site, if any.
2. Identify the locations of loan originating offices.
3. In what year was your firm established?
4. Describe your firm's mission. Include the long-term objectives of your firm.
5. In what year did your firm begin originating the type of loans that are similar to the PPAR Program loans?
6. Describe the ownership structure of your firm. Is your firm's ownership public, private or not-for-profit? Is your firm a corporation or a limited partnership? Other? (Specify).
7. If incorporated, identify the officers and any shareholders of the responding entity owning 5% or more of equity. If a limited partnership, identify holders of 10% or more of equity of the general and limited partners as applicable. If a joint venture, provide the information separately for each entity that comprises the joint venture. If a non-for-profit, list your Board of Directors and their affiliations.

Name

Ownership Interest/Affiliation

8. How long have the firm's officers and directors been in place?
9. Within the past three years, have there been any significant changes in your organization?
10. Provide a copy of your firm's most recent annual report.

11. Is the firm or any principal or officer at the firm now, or has the firm or any principal or officer at the firm during the past 5 years been involved in litigation relating to the business of the firm or management of client assets or any other legal proceeding related to investment activities? If yes, describe the nature and status of each such litigation.

12. Is the firm or any principal or officer at the firm now, or has the firm or any principal or officer at the firm during the past 5 years ever been sanctioned by a regulatory agency or convicted of a crime? Provide details.

13. Describe any affiliations, joint ventures or partnerships with other firms (*i.e.*, parent companies, insurance companies, banks, brokerage firms, and investment banking firms or other entities) including name and line of business for any affiliated companies.

14. Giving specific details with regard to your parent and any affiliates, provide organizational charts that diagram relationships (i) between the firm and parent, subsidiary, affiliate or joint ventures, if any and (ii) among the Key Professionals within the firm, emphasizing the relevant business units.

15. Provide copies of certifications from SONYMA or REMIC. Is the staff responsible for the account familiar with SONYMA and REMIC underwriting criteria? Have you applied for SONYMA or REMIC coverage previously?

16. If you are required to file a CRA report, please attach your most recent report and rating.

17. Identify all relationships that your firm currently has or has had with any of the New York City Retirement Systems.

B. Staffing and Resources

1. Identify who will work on this account. Provide a biographical sketch including their related experience and academic background and attach their resumes. Describe their functional responsibility (including title) for this program using the following chart:

<u>Name/Title</u>	<u>Year Joined Organization</u>	<u># Years in Function</u>	<u>#Years Product Experience</u>
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2. List key professionals involved with activities similar to those of this account that have left your staff during the past three years.

<u>Key Professional</u>	<u>Title/Function</u>	<u>Date Joined</u>	<u>Date Left</u>	<u>Replacement</u>
<hr/>				
<hr/>				

3. Describe the information system capabilities (databases, hardware and software) supporting the firm's investment operation.

C. Track Record

1. Describe your track record in originating loans and/or managing similar loan programs in New York City (minimally for the three years prior to the date of submission). Include information on experience in multifamily residential lending, commercial lending (real estate, business loans, etc.) and community facility lending organized by borough and neighborhoods. Provide the information in chart form. Also provide specific and comprehensive project examples. If you do not have an NYC Area track record, provide the track record you believe would qualify you to be a Lender in the PPAR Program.

2. Provide delinquency statistics on your PPAR-like portfolio for the three years prior to the date of submission. Show loans in each category (as above) and include original amount, current balance and show delinquencies for 60 days, over 90 days, and in foreclosure.

3. Provide statistics on loan losses for the three years prior to the date of submission.

D. Lending Guidelines and Policies

1. Describe the proposed underwriting criteria and loan evaluation process. Identify any differences in underwriting criteria as compared to SONYMA and REMIC criteria.

2. Describe how the credit-worthiness of borrowers will be determined.

3. Describe in detail your due diligence process for all borrowers, including any criminal and business integrity background checks.

4. Describe your strategy for minimizing loan defaults.

5. Describe the loan approval process, including the levels of responsibility for approval.

6. Describe your strategy for monitoring the status of loans and borrowers during the construction period.

7. Identify any conflicts that may arise with the Systems' interests and describe how your firm will handle potential conflicts of interest.

E. Timeline for Implementation and Projected Demand

1. Describe the timing of implementation of the program. When would you anticipate that the first loans or product could be presented for rate lock (forward commitment)? What factors could affect the timing?

2. Project the capital requested from the Systems by quantifying project demand. What is the projected volume of loans you expect to sell to the Systems in terms of dollars and number of loans over a one-year, three-year, and five-year period?

3. Describe your marketing plan and how you will source product.

F. References

Provide references from three non-affiliated clients for the same product or similar product to that proposed.

<u>Company</u>	<u>Name</u>	<u>Phone Number</u>
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1.	_____	
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2.	_____	
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3.	_____	
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ATTACHMENT 1

PROPOSER'S COVER SHEET

Economically Targeted Investment Programs
for the Defined Benefit Assets of
the New York City Retirement Systems

PIN 015-0387800 TF

Proposal _____ of _____

Proposer Name (Company or Firm): _____

Address: Administrative Office _____

RFP Contact Name: _____

Title: _____

Phone: (____) _____ Fax: (____) _____ E-mail: _____

Address: Service/Operations for New York City: _____

Contact Name: _____

Title: _____

Phone: (____) _____ Fax: (____) _____ E-mail: _____

Date: _____

ATTACHMENT 2

ACKNOWLEDGEMENT OF ADDENDA

PIN: 015-0387800 TF: Request for Proposals to Provide Economically Targeted Investment Programs for the Defined Benefit Assets of the New York City Retirement Systems

DIRECTIONS: COMPLETE PART I OR PART II, WHICHEVER IS APPLICABLE.

PART I: LISTED BELOW ARE THE DATES OF ISSUE FOR EACH ADDENDUM RECEIVED IN CONNECTION WITH THIS RFP:

ADDENDUM #1, DATED _____, 20__

ADDENDUM #2, DATED _____, 20__

ADDENDUM #3, DATED _____, 20__

ADDENDUM #4, DATED _____, 20__

ADDENDUM #5, DATED _____, 20__

ADDENDUM #6, DATED _____, 20__

PART II: ____ NO ADDENDUM WAS RECEIVED IN CONNECTION WITH THIS RFP.

PROPOSER: FIRM

NAME

SIGNATURE

DATE

ATTACHMENT 3
DOING BUSINESS DATA FORM