

NEW MEXICO STATE INVESTMENT COUNCIL



REQUEST FOR PROPOSAL

Private Credit and Credit Consulting

RFP No. 22-337-0008

April 13, 2022

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I. BACKGROUND OF NEW MEXICO FUNDS

The New Mexico State Investment Council (“SIC”) manages the assets of the state’s permanent funds (collectively, the “NM Funds”), as well as long-term assets of a number of New Mexico state agencies and municipalities. As of December 31, 2021 assets under management totaled \$37.1 billion.

The New Mexico (“NM”) State Legislature tasked the SIC with preserving and enhancing the principal of the NM Funds over the long term, while they operate under the Uniform Prudent Investor Act. Investments of the NM Funds are diversified to minimize the risk of significant losses. Total return, which includes realized and unrealized gains, plus income and less expenses, is the primary goal of the NM Funds.

II. PURPOSE OF REQUEST FOR PROPOSAL

The purpose of this Request for Proposal (“RFP”) is to solicit proposals from qualified non-discretionary investment consultants to consult to the Council and the State Investment Office regarding the allocation to Non-Core Fixed Income (primarily private credit and credit). Targeted allocation across all funds managed is roughly 18% of total assets.

III. STATE INVESTMENT COUNCIL POLICIES

The selected Offeror(s) must adhere to the broad guidelines set forth on the SIC’s website, including the Transparency and Disclosure Policy (collectively, the “Policies”), and any specific policies developed for the Contractor(s). The Policies may be accessed at: <http://www.sic.state.nm.us/policies-and-procedures.aspx>.

IV. DEFINITIONS

Terms that have specific meaning when used within this document are noted below. Should any conflict exist between these definitions and the draft contract attached to this RFP, the draft contract shall control.

1. “Contractor” (or “Consultant”) shall mean the consultant, the investing expert, as well as the fiduciary to the SIC.
2. “SIC” shall mean the State Investment Council.
3. “SIO” shall mean the State Investment Office. The SIO is the administrative arm of the SIC and is responsible for implementing investment and portfolio mandates.
4. “Prohibited Practice” shall mean the offering, giving, receiving, or soliciting of anything of value to influence the action of an SIC member or a New Mexico state or federal public official, or the threatening of injury to person, property, or reputation, in connection with the procurement process or in the contracting process in order to obtain or retain business or other improper advantage in the conduct of business.
5. “Evaluation Committee” shall mean the group of individuals, consisting of one or more representatives from the SIC responsible for evaluating the proposals. The Evaluation Committee, in its sole discretion, shall determine which proposals are most advantageous to the SIC.
6. “Fraudulent Practice” shall include a misrepresentation or omission of facts in order to influence a procurement process or the execution of a contract to the detriment of the State of New Mexico, the SIC, its clients and/or its beneficiaries, and includes collusive practices among RFP Offerors (prior to or after submission) designed to establish prices (or other terms) at artificial, non-competitive levels and/or to deprive the State of New Mexico, the SIC, its clients or beneficiaries of the benefits of free and open competition.
7. “Must,” “shall,” “will,” “is required,” “will be” and “are required” refer to items that are mandatory.
8. “Offeror” shall mean a person, corporation, partnership or other professional entity recognized under the laws of the State of New Mexico that is authorized to conduct business within the State.
9. “Policies” shall include, but are not limited to, the SIC General Investment Policy, Code of Conduct, and the Transparency & Disclosure Policy found at: <http://www.sic.state.nm.us/policies-and-procedures.aspx>.

V. SCOPE OF WORK

The selected Offeror(s), upon execution of the contract, shall perform and provide the following, as requested by the SIC and subject to New Mexico law and policies:

1. Consult and provide recommendations to the SIC and SIO regarding the private credit and credit markets, strategies, portfolio construction and managers;
2. Read, understand and act in full accordance with the SIC's investment policies and guidelines;
3. Conduct in-depth analyses, with expert due care, of strategies and managers prior to inclusion in the portfolio;
4. Advise the SIC and/or SIO staff on private credit and credit-related issues, including but not limited to, matters which represent significant changes in economic forecasts, investment outlook and industry emphasis;
5. Develop and implement governance, portfolio and other best-in-class risk management practices to ensure that risks are managed and measured as appropriate for the SIC;
6. Meet SIC and SIO reporting and communication requirements, providing the SIC and SIO staff with other reports and/or statements in a format as reasonably requested;
7. Produce current, applicable SIC portfolio information (e.g., most recent month-end, quarterly and year-end), including account summary, performance analysis, transaction history, fee/cost/expense, and portfolio characteristic reports;
8. Respond promptly and substantively to periodic private credit and credit-related questions from the SIC, SIO and/or their designees or consultants;
9. Meet, in-person or telephonically, at the reasonable request of the SIC, SIO staff, or SIC consultant;
10. Fully comply with all of the Agreement's investment guidelines and also with New Mexico and federal law and regulations;
11. Prepare investment management analyses, memoranda and reports as requested by the SIC and/or SIO, and perform all other reasonable actions requested relating to Council investment management services/portfolio management.

VI. MINIMUM QUALIFICATIONS

In order to be awarded this contract, Offerors must meet the minimum qualifications noted below and must agree to the terms outlined in this RFP, specifically the terms outlined in Section X. Any and all proposals shall be evaluated by the same criteria as outlined in this RFP in Section IX.

Any proposal that does not meet the minimum qualifications by the stated deadlines noted in Section VII (A) 4 and subject to change will be rejected. For all of the below, the minimum qualifications must be met by the entity that will be charged with management of the fund, not by the parent company. The Offeror must:

1. Be an investment advisor registered with the SEC or otherwise exempt from registration. If exempt, the Offeror must explain the nature of their exemption from registration;
2. Be prepared to submit Form ADV, Parts I and II, if selected as a semi-finalist;
3. Firm-wide Assets Under Management, as of December 31, 2021:
 - a. The Offeror must have at least \$50 billion in total firm assets under management/advisement as of December 31, 2021;
4. Have at least five (5) major U.S. tax-exempt clients that have \$2.0 billion or more in total plan assets as of December 31, 2021;
5. Agree to keep the proposal open for a period of not less than 180 days after submission;
6. Agree to comply with all terms outlined in this RFP, including but not limited to, the terms outlined in Section X that will be incorporated into any investment management agreement entered into by the SIC and the Offeror;
7. Offeror must submit Appendixes A, B, and C from this RFP by the submission deadline in order to be considered a complete proposal. Those failing to do so will be considered non-responsive and will be removed from the RFP process;
8. Offeror must be willing to sign Appendix D from this RFP without edits or amendments, substantive or otherwise; and
9. Offeror must be willing to sign Appendix E from this RFP with no (or minimal) changes.

VII. THE PROCUREMENT PROCESS

This RFP is investment-related and may be cancelled or modified, and any and all proposals may be rejected in whole or in part, at the sole discretion of the SIC, operating through the SIO.

This RFP shall not be modified in any way by the Offeror; the SIC may modify the RFP by written amendment. Offerors shall acknowledge receipt of any amendments in writing. In no event shall any entity or individual of the State of New Mexico, specifically the SIC, SIO, and their members or employees, be responsible for any claims, costs, outlays, expenditures, expenses, damages, or other monies of any Offeror incurred in, or related to, the preparation, submission, evaluation, or revision of a proposal.

A. Proposed Sequence of Events (subject to change at the sole discretion of the SIC):

ACTION	RESPONSIBILITY	DATE & TIME
1. Release of RFP	SIC	4/13/22
2. Deadline to submit written questions	OFFEROR	4/19/22, 5:00pm MST
3. Responses to written questions	SIC/SIC Consultant	4/26/22, 5:00pm MST
4. Deadline to submit proposals	OFFEROR	5/2/22, 5:00pm MST
5. Evaluation of proposals	SIC	5/3/22-5/26/22
6. Selection of Offeror	SIC	5/26/22
7. Recommendation to SIC for approval	SIC	6/28/22
8. Contract execution/Effective date	SIC	8/1/22

B. Explanation of Events

1. *Release of the RFP*

The RFP will be released on April 13, 2022. At such time, no contact by Offerors, or potential Offerors, or their representatives may be initiated by Offerors with the SIC, SIO personnel, or SIC consultant's (e.g., RVK) personnel related to this search until contracts have been awarded and the protest period has expired with the exception of the normal course of business. An Offeror's failure to comply with this restriction may result in full disqualification of the Offeror. Both the SIC, SIO and SIC's consultant retain the right to contact Offerors as necessary.

2. *Deadline to Submit Written Questions*

Offerors may submit questions by email, inquiring only to the intent or clarity of this RFP, by 5:00 p.m. Mountain Standard Time (MST), April 19, 2022. Offerors must address all written questions to the RFP Administrator e-mail address NMSIC.RFP@State.NM.US. Offerors should not use the question process to negotiate contract terms or requirements.

The email subject line should include the RFP number, page, and question number. For example: "Question-RFP 19-337-0008, B-1, B.1.a". Inquiries not submitted via email in accordance with these requirements will not be considered. No telephone inquiries or other non-written inquiries will be accepted.

3. *Response to Written Questions*

Written responses to appropriate and reasonable Offeror written questions may be posted at <http://www.sic.state.nm.us/request-for-proposal.aspx> by 5:00 p.m. MST, Friday, April 26, 2022, or otherwise transmitted in a reasonable manner.

4. *Submission of Proposals*

One (1) electronic copy of the proposal shall be delivered by each Offeror via email, in PDF to NMSIC.RFP@State.NM.US. The subject line and the file name should include the RFP number, and the name of the firm and the product. For example: "RFP 22-337-0008 ABC Company-Private Credit Consulting." No facsimile transmissions of a proposal will be accepted.

Proposals must be signed by an individual with the authority to bind the Offeror and Offeror's organization, and the authority of the individual signing should be stated with the signature. Failure to submit a signed proposal may result in rejection of the proposal at the sole discretion of the SIC.

Deadline for receipt of the proposal is 5:00 p.m. MST, May 2, 2022. The date on the email header will control whether a submission was made in a timely fashion. Failure to comply with any of the submission requirements may result in rejection of the proposal at the sole discretion of the SIC.

5. *Evaluation of Proposals*

Evaluation of proposals will be conducted by an Evaluation Committee

The SIC, SIO and/or RVK may initiate discussions with Offerors who submit proposals, but proposals may be considered without it. Discussion shall not be initiated by Offerors. Each proposal must include written acknowledgment of the terms and conditions of this RFP.

Proposals that are non-responsive because they fail to meet the minimum qualifications (See Section VI), or other material conditions, shall be eliminated from further consideration. The Evaluation Committee shall endeavor to rank the proposals for each evaluation factor in accordance with the evaluation criteria, and to select semi-finalists.

Also, at its sole discretion, the Evaluation Committee may at any time during the evaluation process eliminate from further consideration.

6. *Finalists Presentations/Interviews*

Finalist Offerors may be required to participate in presentations/interviews, at a location to be determined by the SIC Evaluation Committee. Offerors selected for interview will be expected to make a presentation followed by a question-and-answer period. The Evaluation Committee will make commercially reasonable efforts to notify Offerors at least three (3) days prior to their scheduled interview time.

7. *On-Site Due Diligence of Finalists*

SIO staff, consultants, or comparable representatives may make on-site due diligence visits to the offices of finalist Offerors.

8. *Selection of Offeror(s)*

Offeror(s) who are recommended to the Board may be requested to make a public presentation to the Board followed by a question-and-answer period.

9. *Recommendation to SIC for Approval*

The final contract award(s) shall be subject to such conditions as the Council and SIO deem appropriate.

10. *Contract Execution/Effective Date*

The SIC may award the contract subject to finalizing all terms and conditions. The contract only will take effect upon the execution by the State Investment Officer. The SIC is not obligated to award any contract, or to otherwise fund or implement, any mandate or portfolio described in this RFP.

C. General/Other Requirements

Submission of a proposal constitutes an acceptance of the evaluation process outlined in Section IX, and specifically the SIC's draft contract terms. In addition, the Offeror-proposal submission acknowledges and accept the requirements listed below.

1. *RFP Termination:*

This RFP does not obligate the State of New Mexico, SIC, SIO or any of its members, officers, or employees in any manner to the procurement of the services described, implied or which may be proposed, until confirmed and executed by written contract. Progress toward this end is solely, at the discretion of the SIC,

subject to final SIC terms and conditions, and the procurement may be terminated at any time prior to the signing of the contract.

The SIC reserves the right to cancel or modify this RFP at any time, and to reject any and all proposals submitted in response to this RFP.

Any contract awarded as result of this RFP may be terminated, at any time, if sufficient appropriations or authorizations are not available. The SIC's decision as to whether sufficient appropriations or authorizations are available will be final and non-appealable.

2. *Legal Review*

The State of New Mexico expects that all Offerors will agree to be bound by the terms and conditions, including Section X and Appendix E, articulated in this RFP. For this reason, it is strongly recommended that Offerors have the terms and conditions contained herein reviewed by legal counsel, and that any material Offeror concerns be brought to the attention of the SIC prior to submission. Appendix D, in particular, should be non-negotiable.

3. *Governing Law*

The laws and jurisdiction of the State of New Mexico shall govern this procurement and, to the fullest extent permitted by applicable law and regulation, any contract subsequently entered.

4. *Issuing Office*

The SIO has issued this RFP on behalf of the SIC. Questions concerning the RFP may be submitted as specified in Section VII (B) 2. Questions should not seek to indirectly amend Appendices D and E.

5. *Proposal Costs*

Any and all costs and/or expenses incurred by the Offeror in responding to this RFP shall be borne solely by the Offeror; this includes, but is not limited to:

- a) time and effort on the part of the Offeror, Offeror-agent, or affiliate, lawyer or third-party, in responding to the RFP, including through the evaluation process, and
- b) costs and expenses, including attorney's fees, incurred by the Offeror or on the Offeror's behalf, in responding to the RFP, likewise up and through the evaluation process.

6. *Public Records*

The Offeror hereby acknowledges that the SIC (including the SIO) is a public agency subject to state laws, including, without limitation, (i) the Inspection of Public Records Act, Section 14-2-1 through 14-2-12 NMSA 1978, which provides generally that all non-privileged records relating to a public agency's business are open to public inspection, and (ii) the Open Meetings Act, Section 10-15-1 through 10-15-4 NMSA 1978, which provides generally for open meetings for public deliberative bodies. Neither the Offeror nor any related entity shall make any claim against the SIC if it makes available to the public any report, notice or other information received from the Offeror or any related entity or person which was made public by the SIC pursuant to the Inspection of Public Records Act or the Open Meetings Act, or as otherwise required by law. In no event will the SIC be under any obligation to either contact any party or refuse to disclose information permitted to be disclosed by New Mexico law. In addition, the Offeror agrees to fully release, waive, and hold the SIC, SIO and their employees and officers harmless from any and all liability or costs associated with the release of any information whatsoever.

7. *Agreement Terms and Conditions*

The contractual agreement between the SIC and the Offeror resulting from this procurement includes all the terms and conditions outlined in Section X. Submission of proposal by an Offeror shall constitute acceptance of these terms and conditions.

8. *Offeror Qualifications*

The SIC may make such inquiries or investigations as necessary to determine the ability of the Offeror to qualify under this RFP. The SIC reserves the right to reject the proposal of any Offeror who, in the SIC's or SIO's judgment, is not a responsible Offeror, at any time and for any reason in the SIC's or SIO's sole discretion.

9. *Fraud, Corruption and Questionable Conduct*

The SIC, in respect of the procurement of services:

- a. will reject a proposal if it believes for any reason that the Offeror recommended for award has engaged in Prohibited or Fraudulent Practices in competing for the contract in question;
- b. will terminate and cancel any corresponding contract for services if at any time the SIC determines that Prohibited or Fraudulent Practices were engaged

- in by an Offeror during the procurement or the execution of a contract, without having taken timely and all appropriate action satisfactory to the SIC, in the SIC's sole discretion, to fully remedy the situation;
- c. will declare an Offeror ineligible, either indefinitely or for a stated period of time, if at any time the SIC determines that the Offeror has engaged in Prohibited or Fraudulent Practices in competing for, or in executing, an SIC contract or any contract with another State agency;
 - d. reserves the right, where an Offeror has been found by a judicial process or other regulatory inquiry to have engaged in Prohibited or Fraudulent Practices, to:
 - i. cancel all or part of the contractual commitments to such Offeror;
 - ii. declare that such Offeror is ineligible, either indefinitely or for a stated period of time;
 - iii. require that, in contracts with the SIC, a provision be included requiring service provider(s) to permit the SIC or its designee to inspect their accounts and records relating to the performance of the contract and to have them audited by auditors appointed by the SIC; and/or
 - iv. be entitled to such other relief and remedies as the SIC deems appropriate.

10. Equal Opportunity Employer

The Offeror agrees to abide by all applicable federal and state laws, rules and regulations and executive orders of the Governor of the State of New Mexico, pertaining to Equal Employment Opportunity. In accordance with all such laws of the State of New Mexico, the Offeror agrees to assure that no person in the United States shall, on the grounds of race, religion, color, national origin, ancestry, sex, age, sexual orientation or handicap, be excluded from employment with or participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity performed as a result of this RFP. If the Offeror is found not to be in compliance with these requirements during the life of the proposal or any agreement or contract with the SIC, the Offeror agrees to take appropriate steps to correct these deficiencies. Submission of proposal by an Offeror shall constitute acceptance of these terms and conditions.

11. Americans with Disabilities Act

By submission of a proposal an Offeror certifies that it complies with the Americans with Disabilities Act of 1990 and the regulations issued there under by the federal government, and certifies that programs, services and activities

provided to the general public on behalf of the SIC under any contract resulting from this RFP comply with the Americans with Disabilities Act.

D. Protest Procedure

An Offeror who believes that they have been aggrieved through the procurement process of this RFP shall follow the procedure below. Only those Offerors who respond to this RFP and follow the procedures below may have standing to protest.

1. A protest must be filed within five (5) business days of the date of the award by the SIC.
2. The protest must be submitted via email to NMSIC.RFP@State.NM.US. The protest must include the following information:
 - a. The name and contact information (including email address) of the Offeror;
 - b. Detailed grounds relied upon for submitting the protest;
 - c. All supporting evidence; and
 - d. An unqualified statement, signed by an authorized agent of the Offeror, certifying that all information included in the protest is true and correct.
3. Commencing upon the date the protest is received, the SIC will have at least thirty (30) days to respond to the protest. The SIC may in its sole discretion deny the protest, request additional information or re-evaluate the award.
4. If the protest is denied, the Offeror will have three (3) business days from the date of the denial to appeal. Appeals shall be made to the State Investment Officer. The State Investment Officer may convene a panel made up of at least one member from the SIC to assist with a determination of the merits of the appeal.
5. The SIO (and/or panel) may, at the sole discretion of the SIO (or panel), hear arguments from the protestor.
6. The SIO or panel (by majority vote, if the latter) will use reasonable commercial efforts to reach a final decision within twenty (20) days of the any hearing of arguments of the protestor.
7. The decision of the SIO or panel is final and may not be appealed, administratively or otherwise.

VIII. RESPONSE FORMAT AND ORGANIZATION

A. Proposal Format

Any proposal that does not strictly adhere to the format noted below, and does not address each specification and requirement within the RFP and the applicable forms may be deemed non-responsive and rejected at the sole discretion of the SIC.

Completeness, clarity and brevity are important. Please refer to Section VII (B) 4 above for the number of copies and the method for submission of proposals. Proposals consisting solely of marketing material will not be accepted.

Tab Element

1. Primary Proposal Material

a. Cover Letter (Appendix A).

A cover letter, which shall be considered an integral part of the proposal, shall be signed by the responsible individual(s) who is (are) authorized to bind the respondent contractually. The Offeror shall utilize the cover letter template, Appendix A, for completion of this requirement.

This cover letter also contains:

- i. a statement to the effect that the proposal is a firm and irrevocable offer for 180 days;
- ii. the Offeror's name, address and telephone number;
- iii. the Offeror's Federal Employer Identification number;
- iv. a statement expressing the Offeror's willingness to perform the services as described in this RFP;
- v. a statement as to the availability of staff to perform all services described;
- vi. a statement authorizing the SIC to contact references and perform background checks and other investigation as the SIC determines necessary to evaluate the proposal;
- vii. if applicable, identification of any confidential information contained in the RFP;

- b. *Investment Manager Questionnaire*: This must be completed in its entirety by the Offeror (Appendix B);
 - c. *Fee Proposal* (Appendix C);
2. *Supplementary Materials (as desired, labeled as an Exhibit)*
- Offerors may attach other supportive material that they feel may improve the quality of their response.

IX. PROPOSAL EVALUATION PROCESS

A. Evaluation Summary

The SIC may award one contract under this RFP for requested services as described in Part V, Scope of Work. The SIC Evaluation Committee will determine which proposal is most advantageous to the SIC, taking into consideration, but not limited to, the evaluation factors set forth below. The following process will be followed:

1. All proposals will be reviewed for compliance with the minimum qualifications as specified in this RFP, Section VI. Proposals that are found not to be in compliance will be rejected.
2. Proposals not rejected will then be evaluated on the factors listed in Section IX (B) below. A serious deficiency in any single criteria may be grounds for rejection. The SIC Evaluation Committee shall have the option to contact the Offeror for clarification of any portion of any proposal. The SIC Evaluation Committee also may use sources other than the information supplied by the Offeror to verify compliance with requirements of the RFP.
3. Semi-finalists Offeror(s) will make presentations before the SIC Evaluation Committee for selection of finalists.
4. SIC representatives may conduct on-site due diligence visits of finalists. Recommendations will be made to the Board of Offeror(s) to be awarded the contract. Recommendations will be determined on the basis of on-site due diligence, presentations, interviews, the information presented in the response to the RFP, and evaluations by the SIC Evaluation Committee.
5. The final contract award(s) shall be made by the Council and the selection of the winning Offeror(s) is subject to execution of the contract in agreement to all terms as outlined in this RFP. If the above does not occur, the SIC Evaluation Committee may select an alternate Offeror for the winning Offeror in the order the finalists finish in the evaluations. The SIC will not be required to initiate another formal RFP process, although a new RFP may be issued if the SIC considers it the most advantageous course of action.

B. Evaluation Factors

The award shall be made to the responsible Offeror whose proposal is most advantageous to the SIC, taking into consideration, but not limited to, the evaluation factors noted below. Please be aware that a serious deficiency in any one criterion may be grounds for rejection.

1. Organization:

- a. Ownership structure
- b. Compliance policies and procedures
- c. Absence of conflicts of interest
- d. Accommodation for growth
- e. Succession plan

2. Professional Staff:

- a. Qualifications of key personnel's background and experience on the product
- b. Results of background and reference checks
- c. Depth of team; adequacy of staffing
- d. Turnover
- e. Compensation plan
- f. Experience working with or representing public institutional investors in fund investment and advisement matters

3. Philosophy and Process:

- a. Approach to the private credit and credit markets
- b. Structure of research and due diligence process
- c. Due diligence management and controls
- d. Internal senior review/approval for quality and client appropriateness
- e. Preparation of reports and presentations

4. Operations:

- a. Quality and quantity of people
- b. Segregation of duties
- c. Computer systems
- d. Backup and recovery
- e. Reconciliation and administration
- f. Reporting
- g. Client services

5. Fees:

- a. Within the SIC fee guidelines
- b. Note: the SIC reserves the right to negotiate all fees

X. CERTAIN MATERIAL CONTRACT TERMS AND CONDITIONS

In addition to the Scope of Work as described in Section V and Appendix E, and a compensation paragraph, any investment agreement between the SIC and the selected Offeror shall generally contain the terms noted below. Such terms are non-negotiable. The following is provided as a summary; Offeror should consult Appendix E in detail. Any differences between this Section X and Appendix E shall be resolved in favor of Appendix E, which shall govern.

- | | |
|---|---|
| A. Fiduciary Expert
Standard of Care | Contractor represents that it is an expert in the field of fiduciary investment management. Therefore, over and above, and in addition to, its fiduciary status/obligations as an investment adviser under applicable federal and state law, Contractor agrees that it shall at all times exercise the highest degree of, expertise, due care and competence as would a professional expert and prudent investor with superior and specialized skills in the field of investment management. Therefore, Contractor is under a duty to conduct its activities and provide professional services under this Agreement with the heightened care, skill, expertise, prudence and diligence that a prudent investor and fiduciary would use. Contractor further represents that, in addition to its fiduciary duty of care, Contractor has absolute fiduciary duties of loyalty and fair dealing to the SIC and SIO. |
| B. Soft Dollars | All redemption proceeds in respect of SIC's investments in the fund shall be made only in United States dollars. Notwithstanding anything to the contrary in Contractor documents or policies, any soft dollar transactions in respect of the SIC Funds shall comply with the requirements of the safe harbor of Section 28(e) of the Securities Exchange Act of 1934, as amended. |
| C. Contractor Legal
Disclosure | Contractor represents that it is not aware of any regulatory or self-regulatory investigation or legal or arbitration proceeding against Contractor, and, if after the date hereof, Contractor should become aware of any regulatory or self-regulatory investigation or notice (other than information requests by the U.S. Securities Exchange Commission or other similar regulatory requests that Contractor reasonably believes are not confined only to Contractor, immaterial and in the ordinary course) or any legal or arbitration |

proceeding filed against Contractor, Contractor shall inform the SIO of such investigation or lawsuit promptly, and in any event within three (3) business days after learning of such investigation or lawsuit.

- D. Key Person

If [_____] should be released from employment by Contractor, or for any reason terminates its investment responsibilities to the SIC on behalf of Contractor, or becomes unable to maintain its investment responsibilities, Contractor shall notify the SIC/SIO within three (3) calendar days from the date of such release, termination or inability, and (b) the SIC/SIO shall have the right terminate this Agreement and to redeem all of its investment as promptly as reasonably possible without any payment of penalty.
- E. Negative Consents/No Deemed Consent

Notwithstanding anything to the contrary in the Contractor’s documents or policies, the SIC shall not be deemed to have consented to any action requiring the specific consent of SIC, unless such consent is obtained in writing.
- F. No Indemnification of Contractor

Notwithstanding anything to the contrary in Contractor’s documents or policies, the SIC (and/or the State of New Mexico) shall not be subject to any obligation to indemnify the Contractor, its employees or affiliates, an investment manager, or any third party.
- G. Redemption

Contractor may not intentionally cause the SIC redeem or otherwise require SIC to terminate its investment, in whole or in part, on less than ninety (90) calendar days’ notice.
- H. Fiduciary Investment Advisor

The Manager is a federally registered investment adviser with the SEC and shall maintain such registration at all times.
- I. No Pay-to-Play

No placement agents or third-party marketers have been, or will be, paid with respect to the SIC, or otherwise in relation to the SIC, at any time. No SIC funds, capital or monies will be used for the payment or reimbursement of placement fees, third-party marketing fees and/or related-expenses directly, indirectly or otherwise, including through an offset to a management fee or any other fee or expense. In addition, no political or charitable contributions have

been or will be made, or any other monetary or other benefits conferred, to or on any members (including former members) of the SIC or any of its committees.

J. New Mexico
Jurisdiction and
Venue

New Mexico law shall govern, without regard to conflict of laws principles or rules of New Mexico or any other jurisdiction. Offeror/Contractor irrevocably consents and submits to the jurisdiction of the courts in the State of New Mexico and of the federal courts located in New Mexico in connection with any actions or proceedings to which SIO is a party arising out of or relating to the Agreement; and in any such action or proceeding, the Offeror/Contractor absolutely and irrevocably (i) waives any objection to jurisdiction or venue, (ii) waives personal service of any summons, complaint, declaration or other process, and (iii) agrees that the service thereof may be made by certified or registered first class mail.

K. Termination by
SIC

Except as otherwise set forth in the written contract, the SIC shall be able to terminate the Manager upon thirty (30) calendar days' written notice to the Manager. Manager shall be able to terminate the relationship with the SIC upon ninety (90) calendar days' written notice to SIC. Upon termination, the Manager, shall liquidate all assets of the Fund or transfer the management of the fund to the SIC or another Manager approved by SIC, as determined by the SIC.

APPENDIX A

Cover Letter

Please affirm or answer *every* question below in an unqualified manner. Completion of the following constitutes the requested cover letter.

1. Name of Offeror:
2. Name of product:
3. Address of Offeror (including for service purposes):
4. Phone number:
5. Primary contact:
6. E-Mail address:
7. Federal employer ID#:
8. This Proposal is a firm and irrevocable offer for a period of 180 days, beginning May 2, 2022.
9. The Offeror is willing to perform all of the services as outlined in the RFP.
10. The Offeror accepts all terms and conditions as outlined in the RFP.
11. The Offeror is able to provide all of the services as outlined in the RFP beginning on: August 1, 2022
12. The following material is considered by the Offeror to be trade secret information:
13. The Offeror hereby acknowledges that the SIC is subject to the Inspection of Public Records Act, (NMSA 1978 Ch. 14, Article 2) and the Open Meetings Act, NMSA 1978, Chapter 10, Article 15, and may become subject to subpoenas as well as questioning and informational demands by the governor, legislature and other instrumentalities of the State of New Mexico. Consequently, the Offeror hereby agrees to indemnify and hold the SIC harmless for the SIC’s, SIO’s or State of New Mexico’s release of any information, including information deemed confidential or trade secret information by the Offeror.
14. The Offeror agrees to abide by the SIC’s Transparency and Disclosure Policy and will agree to submit any disclosures required by that policy in this response to the RFP.
15. The Offeror hereby certifies that the undersigned is authorized to contractually bind the Offeror:

By submission of this cover letter, the Offeror hereby certifies that all of the above are true and correct statements.

Name: _____

Title: _____

Signature: _____

Date: _____

APPENDIX B

Investment Manager Questionnaire

1. Scope of Work

The Offeror must describe in sufficient detail how the **Scope of Work** in Section V above will be accomplished.

2. Personnel and Organization

- a) Please provide an overview of the firm, including its history and any special expertise or experience that would be relevant to NMSIC. Please include any current or prior working relationship your firm, parent company, or affiliate has/ had with NMSIC.
- b) Please summarize the firm's qualifications and years of investment experience in private credit.
- c) Please provide a description of the ownership structure of the firm, including the parent company and any affiliated companies, joint ventures, and strategic alliances. Please also provide a list of firm owners with their ownership percentages. If any near-term changes to the firm's corporate or ownership structure are anticipated, please note them.
- d) Please provide a description of the firm's organization structure, including all operating divisions and functional areas, and the number of employees within each area. If any near-term changes to the firm's organizational structure are anticipated, please note them.
- e) Please list all office locations and the number of investment professionals and support staff working in each office. For key investment professionals, please indicate how long they have worked with your firm and how long they have worked in the investment industry. Who are the key people in your organization? Why are they key? How long have they worked together?
- f) Have there been any material organizational developments at your firm – such as changes in ownership, personnel, business – over the past five years? Describe such developments and emphasize the impact the changes on the services requested.
- g) Discuss any prospective changes in ownership, personnel, or the business scheduled or anticipated over the next 12 months.
- h) Please specify any turnover of private credit professional staff from December 30, 2015 to the date of submission of the RFP. State the professional's name, position at termination/ departure, years with the firm, date of departure, and the reasons for leaving.
- i) Please describe the approach to talent recruitment and retention at your firm, including the core attributes the firm seeks in its workforce. When hiring staff, what are the qualifications, skills, and experiences that the firm generally requires? Please also describe your recruitment practices.
- j) Describe how the Firm quantitatively and qualitatively measures its effectiveness in attracting and retaining its ideal workforce. Please summarize the Firm's performance on these measures for each of the past three years.
- k) If we spent a week at your Firm, what are three things we would notice about your Firm's culture? How do you assess and monitor employee engagement and firm culture.
- l) Please provide a brief description of the firm's compensation arrangements for professional staff, including any incentive bonuses, sharing of profits and/or equity

ownership. Specific compensation amounts need not be presented. Please discuss the firm's rationale and objectives for the current compensation structure.

3. Resources Dedicated to NMSIC

- a) Please identify the individual(s) who would perform the requested services for NMSIC. Please be sure to identify the back-up consultant (in instances when the proposed lead is unavailable) and all individuals who would be involved in due diligence and research assignments for the NMSIC account. Please describe your vision as to how the team dedicated to NMSIC account would function. For each person on the dedicated NMSIC team, please provide a full résumé as well as the following information (in the specified format):
 - i. Name:
 - ii. Title:
 - iii. Expected role:
 - iv. Percent of time spent on private credit:
 - v. Office location:
 - vi. Years of consulting experience:
 - vii. Years of private credit experience:
 - viii. Years of overall investment experience:
 - ix. Tenure with the firm:
 - x. Total current number of assigned accounts:
 - xi. Name, plan type, length of relationship, and size of each assigned client account:
 - xii. Other firm duties (e.g., research/due diligence) and percent of time spent on such duties: and
 - xiii. Percentage of time expected to be dedicated to NMSIC
- b) Please describe the firm's procedures in the event that key personnel assigned to this account leave the firm, are unable to serve, or are able to serve in only a reduced capacity. Is your firm willing to tie the key individuals in a Key Person clause in the contract? If not, why?
- c) Please describe the team's experience orally presenting investment recommendations to governmental boards of trustees or similar bodies. What other types of public speaking engagements and experiences do individuals possess?
- d) What policies are in effect to control the workload as it relates to the number of clients serviced by each consultant? Is there a limit on the number of accounts that a consultant may handle?

4. Clients, Products and Business Plans

- a) Describe the business objectives of your firm with respect to future growth, including the services requested. Comment on any present or planned area of emphasis expected in the future.
- b) Please provide the following client information as of December 30, 2021 for those clients

for which the firm currently serves in a retainer relationship. Please list the client by total plan size (not by allocation to private credit).

	Less than \$100 Million	\$100 Million to \$1 Billion	\$1 Billion to \$5 Billion	\$5 Billion to \$15 Billion	\$15 Billion to \$50 Billion	Over \$50 Billion	Total
Public Employees Retirement							
Union/Taft-Hartley							
Corporate (defined benefit only)							
Corporate (hybrid or defined contribution only)							
Endowment/Foundation							
Sovereign Wealth Fund							
Hospital							
Insurance							
High Net Worth							
Other							
Total:							

- c) Please provide the following information about the firm’s private credit clients over the past five years (as of December 31, 2021).

	2017	2018	2019	2020	2021
Total Non-Discretionary Retainer Clients					
Total Non-Discretionary Assets under Advisement					
Total Non-Discretionary Assets Invested					
Total Discretionary Separate Account Retainer Clients					
Total Discretionary Separate Account Assets under Advisement					
Total Discretionary Separate Account Assets Invested					
Total Single-Investor Fund-of-Funds Clients					
Total Multi-Investor Fund-of-Funds Clients					
Total Fund-of-Fund Assets under Advisement					

- d) Provide the following information about private credit clients for which the firm currently consults on an advisory basis or has discretionary management authority (excluding fund-of- funds).

Name of Client	Client Type	Date Retained (Mo/Year)	Non-Discretionary/Discretionary	Assets Under Management (\$Million)	Investment Focus	Partnerships/Direct

- e) Please list all services provided by the firm not related to private credit and the nature thereof.
- f) As of December 30, 2021, please list the dollar revenues received by the firm for each of the past five (5) years, grouped by a) consulting services, b) asset management, and c) other sources of revenue. If the firm has an ultimate parent company, please list the percentage of total income that the firm’s consulting services represent to the ultimate parent company for each of those years.
- g) Does your firm have a formalized process of collecting feedback on customer satisfaction? If so, what metrics are captured? What have been the results for the past three years? What changes have been implemented as a result of feedback?

- h) List any client accounts that have been lost from December 30, 2015 to the date of submission of the RFP. State the name or type of account, the size of the account at termination, and the reasons for the loss. If any clients were lost due to a conflict of interest, please explain.
- i) Please suggest a methodology for measuring your firm's performance as an investment consultant.

5. Alignment

- a) Does your firm, parent company, or affiliated entities offer any investment products (such as fund of funds) or have discretion over some client investments? If so, respond to the following questions:
 - i. Describe such strategies that are offered by your firm, the number of discretionary client accounts, and tenure of each account.
 - ii. If your firm sponsors fund of funds, describe your fund of funds by year raised, size of fund, and focus of fund.
 - iii. Which investment professionals are involved in the management of such products?
 - iv. Describe any and all current and potential revenue streams generated from investment products and discretionary client relationships. Comment on your fee structure for managing fund of funds or other investment funds for clients.
 - v. What procedures and policies are in place to ensure the inherent conflicts of interest between the products and needs of non-discretionary consulting clients are avoided? What conflicts cannot be avoided and how are these managed?
- b) Please provide the dollar amounts and nature of all material beneficial relationships that the firm, or any affiliate of the firm, engages in with investment manager clients or general partner relationships.
- c) Describe all relationships with investment managers where your firm, parent company, or an affiliate receives revenues, non-cash, or in-kind benefits.
- d) Describe all financial relationships with placement agents.
- e) Describe how investment opportunities are allocated among clients and/or fund of funds sponsored by your firm. Please indicate specifically how investment opportunities are (will be) allocated among non-discretionary advisory clients, discretionary advisory clients and fund-of-funds. Please state whether any clients or funds have preference or priority. Do prior relationships factor into the firm's allocation policy? If so, how do they impact allocation policy and investment prioritization? If the firm maintains an investment queue, provide details on how the queue functions.
- f) Describe any real or potential conflict arising from any business arrangement by your firm or an affiliate that competes with the interests of NMSIC in a specific transaction it is considering and how your firm will manage them. Please specifically indicate any circumstance where you, an affiliate, or a parent organization will receive revenues, non-cash, or in-kind benefits in connection with

an investment by NMSIC.

- g) Does the firm or any employee of the firm invest their own capital in investment opportunities that they also recommend for clients? If yes, please explain how potential conflicts that arise from these activities are mitigated. If no, please explain how you align interests between your employees and their clients.
- h) Please explain in detail any potential conflicts of interest that would be created by the firm's representation of NMSIC. Please include any activities of affiliated or parent organizations as well as other client relationships that may affect services to NMSIC.
- i) Please describe the firm's conflict of interest policy. Please include an explanation of how this policy, and any other measures taken by the firm, limits the likelihood that the client could receive investment advice that is not completely objective. Please provide the firm's code of ethics.

External Manager Research

6. Investment Philosophy and Due Diligence

Where appropriate please provide descriptions detailing how your firm's due diligence (investment and operational) processes have been altered, both temporarily and permanently, to accommodate Covid-19-related limitations on travel and in-person meetings.

- a) What do you consider to be your firm's private credit consulting specialties, strengths, and limitations? Describe your firm's competitive advantage over other private credit advisors.
- b) What private credit sectors are followed in your investment tracking system?
- c) Describe your coverage of U.S. and non-U.S. private credit. What resources does the firm utilize in sourcing and monitoring investments outside of the U.S.?
- d) Describe the internal research capabilities of your firm. Provide at least two examples of a research report prepared by your firm (white paper, etc.). (Identify as Exhibit #1.)
- e) Does your organization maintain a manager research database? If so, what database do you use and elaborate on how the database will support your relationship with NMSIC?
 - i. Is this database available to clients to conduct their own research?
 - ii. How many funds/managers do you track in your database?
 - iii. What private equity strategies do you track?
 - iv. What quantitative and qualitative metrics are maintained on both managers and investment opportunities?
 - v. What criteria do you use in evaluating each manager for inclusion? List screening steps and fundamental requirements
- f) What criteria do you use in evaluating each manager for inclusion in client portfolios? List screening steps and fundamental requirements.
- g) What quantitative and qualitative criteria are maintained on both managers and investment opportunities?
- h) Describe how your organization sources new investment opportunities. Explain how investment recommendations are identified and monitored within your organization. Specify how your data are generated.
- i) Provide a copy of your firm's tracking report. (Identify as Exhibit #2.)
- j) During the years 2019, 2020, and 2021, how many private credit investment opportunities (firms) did your organization:
 - i. Review,
 - ii. Meet with,
 - iii. Conduct due diligence on, and

- iv. Ultimately recommend or invest in for the benefit of either clients or your organization?
- k) How would your organization measure and compare relative differences of risk and return among funds/investment vehicles? Discuss how your firm compares investment opportunities with inherently different risk factors (e.g. direct lending, mezzanine, credit opportunities, specialty finance, real estate debt, distressed, special situations, capital appreciation, etc.).
- l) Regarding manager performance:
 - i. How important is last performance when deciding to recommend a manager?
 - ii. How often have you recommended new or re-up investments with managers that have underperformed recently? Please identify the occasions when you did so, describe the rationale, and provide results.
 - iii. Have you recommended terminating/ not reupping with a manager that has outperformed recently? Please identify the occasions when you did so, why, and the result.
 - iv. How often have you recommended managers with no prior track record?
 - v. Please identify the occasions when you did so, why, and the result.
- m) What qualifies an investment firm as “top tier,” and how does your organization identify these firms? Provide a list of top tier managers that you monitor and describe your relationship with these firms. How often is this list updated, and on average, how long is a manager considered top tier?
- n) Describe your clients’ success in gaining access to these funds.
- o) Discuss how portfolio fit is considered when making investment recommendations.
- p) Describe your organization’s ability to identify first time/nascent/emerging funds.
- q) Describe your external private credit research resources, if any, and how the information obtained is utilized by your organization.
- r) Describe your internal private credit research capability, if any, and how the information generated is used in advising your clients.
- s) Provide the number of investment recommendations and aggregate client dollars invested since January 2017 through the RFP response date across the following private credit sub-strategies:
 - i. Direct Lending
 - ii. Mezzanine
 - iii. Credit Opportunities
 - iv. Specialty Finance (including asset-backed lending, aviation and other transportation assets, royalties, insurance, litigation finance, agriculture finance, and other lending and esoteric strategies)
 - v. Real Estate Debt (including senior and mezzanine strategies)

- vi. Distressed and Special Situations
 - vii. Capital Appreciation (including structured equity strategies)
 - viii. Non-U.S. Strategies (including Europe, Asia, Latin America and other emerging markets)
 - ix. Other Credit and Credit-Related Strategies
 - x. Secondary Investments
 - x. Co-Investments
 - xi. Direct Investments
 - xii. Other (please describe the investments classified as “other”)
- t) Provide an example of your firm’s due diligence questionnaire.
 - u) How do you verify manager provided information?
 - v) Describe the number and types of references your firm speaks with when evaluating potential managers.
 - w) Describe, in detail, the methodologies your firm uses when conducting operational/ back office due diligence. Do you contract for criminal or other background checks? Please provide three recent examples of operational due diligence reports created by your firm
 - x) Attach copies of the two most recent investment recommendation memos your organization has provided to clients. If you provide clients with investment rejection memos, please attach a recent example.
 - y) If your organization manages private credit funds, how do you handle due diligence and formulate investment recommendations for external investments that may compete with your organization?
 - z) How does your firm handle the situation wherein a client is interested in making an investment and, after conducting due diligence, your firm is unwilling to recommend such investment? Identify the number of times this has occurred from December 30, 2017 to the submission of the RFP date and the outcome of those situations.
 - aa) List your ten largest general partner relationships on behalf of the firm’s clients.
 - bb) Describe your firm’s process for monitoring managers after they have been hired. On average, how often are subsequent meetings conducted?
 - cc) Please provide performance data, net of all fees, for the investments you were involved in selecting for your clients. Please provide inception-to-date IRRs, TVPI, and DPI for the last fifteen (15) years or since the inception of the firm broken down by vintage year and private credit sub-sector through September 30, 2020. Include a total by vintage year for all asset sectors. Returns are to be measured by vintage year since inception versus the industry top quartile and median returns as defined by Cambridge Associates, Burgess or comparable sources. This data should be CFA Institute compliant, pursuant to the provisions for alternative investments and real assets. If not, please disclose differences in methodology. Provide separate tables for each of the following:
 - i. Discretionary,

- ii. Non-discretionary,
- iii. Single investor fund-of-funds,
- iv. Multi investor fund-of-funds,
- v. Primaries,
- vi. Secondaries, and
- vii. Co-investments.

dd) Are your return calculations audited? If so, please provide documentation.

7. Co-Investments and Direct Investments:

- a) Discuss your firm's experience and philosophy regarding direct investments and co-investments in private credit as well as the role of co-investments in a private credit portfolio. Please provide examples of direct investments or co-investments you have recommended to your clients.
- b) During the years 2019, 2020, and 2021 how many private credit co-investment opportunities did your organization 1) review and 2) recommend for your clients/ invested in on behalf of your firm? Please specify the sub asset class (direct lending, mezzanine, credit opportunities, specialty finance, real estate debt, distressed, special situations, capital appreciation, etc.), geographic location, and aggregate allocation received for each opportunity. Please detail how much of the allocation for each co-investment was utilized by discretionary vehicles versus advisory clients.
- c) Please detail the due diligence process utilized for co-investment opportunities. Describe the major criteria your firm looks for in potential co-investments.
- d) Does your firm have a dedicated co-investment team? If so, please detail the size and structure of the team and include details on those resources dedicated specifically for private credit co-investments.
- e) Does the team underwrite non-private credit co-investments? If so, please detail how many non-private credit co-investment opportunities during the years 2019, 2020, and 2021 your organization 1) reviewed and 2) recommended for your clients/ invested in on behalf of your firm? Please specify asset class (private equity, real assets, hedge funds, etc.), geographic location, and aggregate allocation received for each opportunity.

8. Strategic and Tactical Investment Planning

- a) Briefly describe your firm's market outlook for the private credit markets. Please describe the firm's process and capabilities for monitoring and communicating market trends to clients.
- b) What are the different private credit segments (direct lending, mezzanine, credit opportunities, specialty finance, real estate debt, distressed, special situations, capital appreciation, etc.) that the firm will typically consider when planning an investment program? Would the firm describe itself as more "bottom-up" or "top-down" in portfolio construction?
- c) What is the role Private Credit allocations play in your client's portfolios? What %allocation do you recommend and what are the factors determining that allocation?
- d) In your view, what is the appropriate number of managers for a \$2.5 billion private credit portfolio? Why? Please provide details to support the rationale for your response.
- e) Are there common beliefs about the investment markets that underpin the firm's investment advice to clients? If yes, please describe them.

- f) Please outline your views on diversification within private credit portfolios and describe the key factors by which the firm would recommend diversifying a private credit investment program (i.e., sub asset class, capital seniority, industry, geography, company size, duration, investment vehicle, vintage year, etc.).
- g) What are your expected returns and risks for private credit sub asset classes? Please discuss the assumptions and analysis that support your assessment. Describe your organization's philosophy as it applies to a client's total portfolio, private credit, risk, and expected returns. Also, please describe your experience and abilities with long- range forecasting for expected performance of private credit.
- h) Describe your firm's experience in creating pricing models for private markets portfolios. What are the key inputs to your models?
- i) For each private credit sub-asset class please describe the following assumptions: 1) expected income and total returns; 2) expected capital call and distribution rates; 3) expected time horizons for capital calls and distributions.
- j) Describe how your organization provides customized consulting services while avoiding a more generic approach to its advisory services.
- k) Do you prefer investment houses offering strategies across asset classes or boutique firms focused on private credit? Why? Please provide details to support the rationale for your response.
- l) Do you prefer generalist managers or specialized strategies? Why? Please provide details to support the rationale for your response.
- m) Do you prefer concentrated managers, or diversified managers? Why? Please provide details to support the rationale for your response.
- n) Discuss the firm's opinion of the private credit secondary markets. Discuss the advantages and disadvantages of the secondary market for SFER' private credit program.
- o) Describe how benchmarks are chosen or developed and how performance is compared to similar portfolios. Describe your thoughts on the relevance of benchmarks in measuring a manager's performance and its relevance in achieving a plan's risk and return objectives. Please indicate whether the firm has ever developed benchmarks, and if so, please provide a description of the benchmarks developed and the process used.

9. ESG Practices

- a) Describe if and how ESG factors are considered during due diligence. Please provide specific examples.
- b) Do you provide ESG or impact ratings as part of manager research, due diligence, selection, and monitoring? If so, please describe in detail the nature of this research and services, the scope of coverage (percentage of managers covered), the length of time it has been in place, and any other relevant information. Please attach a sample report or reports that illustrate this service. If you do not offer such services, please explain why not.
- c) Describe the size and team structure of the firm's professionals dedicated to ESG

or impact investing. For each professional, please provide their title, length of experience with the firm, length of experience with ESG or impact investing, relevant education and qualifications, ESG-related responsibilities, location, and percentage of time dedicated to ESG (if not 100%).

- d) Indicate the amount of client capital (absolute dollars and as a percentage) currently invested in ESG/ impact strategies.
- e) Describe if and how any ESG-related factors are integrated into the Firm's performance reporting for individual managers, by asset classes, and at the total Fund level.

Performance Reporting

10. Performance Analytics

- a) Describe your benchmark capabilities. Are clients able to create custom benchmarks?
- b) Do clients have access to online reports? Please list the types of reports available to clients and provide samples. (Identify as Exhibit # 5.)
- c) What fund-level information is available for your clients? How often is this information updated?
- d) Please indicate how soon after quarter end preliminary and final performance reports are available.
- e) Can published reports be tailored to meet individualized client needs?
- f) Provide a list of private credit investment funds in which the firm or any employee of the firm currently holds an advisory board seat, and whether such relationships are on behalf of clients or your firm's fund of funds. (Identify as Exhibit # 6.)
- g) What is your firm's typical process for addressing situations where a manager's reported returns vary materially from the returns calculated by you or your clients? What thresholds does your team use to determine acceptable variances?
- h) List and describe by asset type the private credit investment benchmarks (both market index and peer group), and peer universes typically employed for your clients.
- i) Discuss the private credit portfolio analytics your firm can provide. Provide an example. (Identify as Exhibit # 7.)
- j) Please describe your firm's capabilities with respect to exposure modelling. What reports and tools do you provide clients? Does your firm work with any portfolio aggregation services like Caissa?

Other

11. Warranties

- a) Does your firm warrant that it maintains, or has applied for by the deadline for RFP responses, an Errors and Omissions ("E&O") insurance policy providing prudent coverage for negligent acts or omissions and will that coverage remain in place for

the duration of your firm's services under the anticipated contract? E&O insurance is required throughout the duration of the assignment. Please specify the types and amounts of insurance coverage your firm maintains.

- b) Does your firm warrant that all the information and statements provided in response to this RFP are complete and true? Any statement or claim found to be incomplete, misleading, or false will be grounds for immediate disqualification or dismissal and may be subject to legal action.
- c) Does your firm warrant that it is compliant with the Global Investment Performance Standards (GIPS)? If not, please explain.
- d) Does your firm warrant that it is an SEC registered investment advisor or exempt from registration? If so, please provide copies of the firm's Form ADV. If exempt, please explain the nature of the exemption.
- e) Does your firm warrant that it will be directly responsible for the management of the account and services provided under the anticipated contract and that all personnel responsible for the account will be employees of the firm?
- f) Is your firm a fiduciary as described by ERISA? Is your firm willing to commit to serving in a fiduciary capacity?
- g) Does your firm warrant that it has reviewed the sample Consulting Agreement, attached as Appendix E, and that the firm's counsel has reviewed that agreement? Please identify any changes you would request to the sample Consulting Agreement, either by providing a marked revised copy of the Consulting Agreement with your requested changes or by identifying each section of the Agreement where you would request changes and specifying the changes requested. Please warrant that the marked-up copy of the sample Consulting Agreement or list with Agreement sections and the specific changes requested to those sections represents your full list of requested changes.

12. Legal and Regulatory

- a) Has your firm or any officer or employee at your firm, parent company, or affiliate (or ex-officer or employee while employed at your firm, parent company, or affiliate) ever been involved in litigation or an administrative proceeding including but not limited to an arbitration where an allegation of a breach of fiduciary responsibility was made. If yes, for each litigation matter, please provide the following information:
 - i. Full name of the case;
 - ii. Court where the case was filed;
 - iii. Case number;
 - iv. Date the case was filed;
 - v. Summary of the allegations, including the names of all officers or employees referenced in the allegations or involved in the alleged conduct; and
 - vi. Procedural posture (if the case is pending) or outcome of the case (if the case is resolved).

- b) Identify any demands or claims asserted against your firm, parent company, or affiliate or any officer or employee at your firm, parent company, or affiliate (or ex-officer or employee while employed at your firm, parent company, or affiliate) alleging a breach of fiduciary duty that did not proceed to litigation or an administrative proceeding. For each such demand or claim, please provide the following information:
- i. The name of the person asserting the demand or claim;
 - ii. The date the person asserted the demand or claim;
 - iii. The person's relationship to the firm, officer or employee;
 - iv. A summary of the allegations, including the names of all officers or employees referenced in the allegations or involved in the alleged conduct; and
 - v. How the demand or claim was resolved.
- c) Identify all lawsuits and administrative proceedings filed against your firm, parent company, or affiliate or any officer or employee at your firm, parent company, or affiliate (or ex-officer or employee while employed at your firm, parent company, or affiliate) in the past five (5) years, and please provide the following information for each lawsuit:
- i. Full name of the case;
 - ii. Court where the case was filed;
 - iii. Case number;
 - iv. Date the case was filed;
 - v. Summary of the allegations, including the names of all officers or employees referenced in the allegations or involved in the alleged conduct; and
 - vi. Procedural posture (if the case is pending) or outcome of the case (if the case is resolved).
- d) Has your firm, parent company, or affiliate been involved in an investigation or enforcement action by a regulatory agency? If yes, please explain and provide the following information:
- i. The regulatory agency or agencies involved;
 - ii. The dates of the investigation or enforcement action;
 - iii. The nature of the investigation or enforcement; and
 - iv. Procedural posture (if the investigation or enforcement is pending) or outcome of the proceeding (if the investigation or enforcement is resolved).
- e) Have any officers or employees of your firm, parent company, or affiliate; or ex-officers or employees while employed at your firm, parent company, or affiliate; been involved in litigation, investigation, or enforcement action by a regulatory

agency or other legal proceedings related to investment activities. If yes, please explain.

- f) Does your firm provide health and other employment benefits to domestic partners of employees? If yes, describe. If no, indicate whether your firm would adopt such benefits if it were selected for this assignment.

13. Technology and Communication Resources

- a) Please describe the firm's technology capabilities and relate them to the firm's consulting services or products. Do you provide any custom computer-based analytical tools to the firm's clients? If so, please elaborate.
- b) Include a description of the research and other technical resources, including on-line databases and computer based analytical tools, that you make available for your clients.
- c) Discuss your firm's tracking system for prospective investments. How many funds/ managers do you maintain in your manager search database? How many years of performance data are in the system for prospective investments?

Requested Materials and Additional Information

In addition to any materials requested in the questions listed above, please send the following documents electronically (if possible), and in hard copy format, with each copy of your response.

1. A corporate organization chart (showing the consulting firm, parent and all affiliates and subsidiaries),
2. The biographies of the firm's professional staff, including education, investment and consulting experience, and the year they joined the firm,
3. A current company Annual Report,
4. A copy of the firm's mission statement, statement of values, and code of ethics,
5. Current firm policies related to conflicts-of-interest,
6. Most recently filed SEC Form ADV, Parts I and II;
7. A copy of the firm's standard marketing brochure that describes the firm's processes and services; and
8. Any other information you feel would be necessary to gain a complete understanding of the firm or the services it provides.

A. References

1. Provide the organization name, address, contact name and title, contact telephone number and email address for at least three, and preferably five, existing clients for whom your firm has provided non-discretionary private credit investment consulting services. Indicate the length of your relationship, nature of the services provided, and asset size for each reference. An omission of references will be considered non-responsive.
2. If relevant, provide the organization name, address, contact name and title, contact telephone number and email address for at least five existing clients for whom your firm

has provided discretionary private credit investment services. Indicate the length of your relationship, nature of the services provided, and asset size for each reference. If such clients exist, an omission of references will be considered non-responsive.

3. Provide the organization name, address, contact name and title, contact telephone number and email address at least five private credit investment managers who can discuss your manager research capabilities. Indicate the length of your relationship and asset size for each reference. An omission of references will be considered non- responsive.

APPENDIX C*Binding Fee Proposal*

Please provide a fee quote, in hard dollars, for the services requested in the Scope of Services. Please indicate whether this fee includes travel and other out-of-pocket expenses. The actual fee paid by NMSIC will not exceed the amount proposed in your response. Use the following format:

Period	Proposed Fee
8/1/2022 – 7/31/2023	\$
8/1/2023 – 7/31/2024	\$
8/1/2024 – 7/31/2025	\$
8/1/2025 – 7/31/2026	\$
8/1/2026 – 7/31/2027	\$
8/1/2027 – 7/31/2028	\$
8/1/2028 – 7/31/2029	\$
Total for seven years	\$

The proposed fee should be a total firm fixed fee per year.

- a) Provide quotes for any additional services (e.g., hourly billing rates, by position classification, for special projects or services).
- b) Will the firm confirm that it will not propose increases in the proposed fee structure for the next seven years?

APPENDIX D*Transparency & Disclosure Policy/No Pay-to-Play*

No placement agents or third-party marketers have been, or will be, paid with respect to the SIC, or otherwise in relation to the SIC, at any time. No SIC funds, capital or monies will be used for the payment or reimbursement of placement fees, third-party marketing fees and/or related-expenses directly, indirectly or otherwise, including through an offset to a management fee or any other fee or expense. In addition, no political or charitable contributions have been or will be made, or any other monetary or other benefits conferred, to or on any members (including former members) of the SIC or any of its committees.

APPENDIX E

New Mexico State Investment Office Standard Contract

STATE OF NEW MEXICO
STATE INVESTMENT COUNCIL
PROFESSIONAL SERVICES CONTRACT

SIO PSC # 19-337-[_____]

THIS AGREEMENT (the “Agreement” or “Contract”) is made and entered into by and between the New Mexico State Investment Office, (“SIO”), pursuant to authority delegated by the State of New Mexico State Investment Council (“SIC,” “Council” or “Agency”), and [_____] (the “Contractor” or “Manager”). This investment-related Contract is for investment advisory services and investment management services entered into by the SIO, and exempt from the New Mexico Procurement Code pursuant to NMSA § 13-1-98CC.

IT IS MUTUALLY AGREED BETWEEN THE PARTIES:

I. SCOPE OF WORK:

Subject to New Mexico law and Policies (as defined in Section VIII), and consistent with the prudent investor and fiduciary standard of expert due care, loyalty and fair dealing described in Section V, Contractor, upon execution of this Agreement, shall, in connection with the SIC’s management of the assets of New Mexico’s Permanent Funds (collectively, the “Funds”) as well as long-term assets of a number of New Mexico state affiliated clients, perform and provide expert-level, fiduciary investment management and advisory services work (and related performance measures), including the following:

[Specific Scope of Work]

General Scope of Work

1. Develop and implement governance, portfolio and other best-in-class risk management practices to ensure that risks are managed and measured as appropriate for the SIC;
2. Reconcile to the SIC’s custodial bank at least monthly, and provide the reconciliation to SIO staff (a letter or other certification confirming this action shall be provided by the Offeror/Manager);
3. Meet SIC and SIO reporting and communication requirements, including delivering monthly investment management statements which show any and all investments, receipts, disbursements, other transactions and reconciled month-end valuation with the SIC’s custodial bank as of the close of business on the last business day of each month, with copies of such statements delivered to both the SIC’s custodial bank and SIO by the fourth business day of the beginning of each/the next month;

4. Provide the SIC, SIO staff and the SIC's consultants with other reports and/or statements in a format as reasonably requested;
5. Respond promptly and substantively to periodic equity-related questions from the SIC, SIO and/or their designees or consultants;
6. Meet, in-person or telephonically, at the reasonable request of the SIC, SIO staff, or SIC consultant;
7. Fully comply with all of the Agreement's investment guidelines and also with New Mexico and federal law and regulations;
8. Prepare investment management analyses, memoranda and reporting as requested by the SIC and/or SIO, and perform all other reasonable actions requested relating to Council investment management services/portfolio management.

The receipt of the fiduciary work/deliverables contemplated under this Agreement shall assist the SIC in obtaining its goal(s) to protect and grow the State's permanent endowment funds for current and future generations, through prudent, professional investment management.

II. COMPENSATION:

Please see attached Appendix 2 – Fee Agreement between the New Mexico State Investment Office and [_____]

III. TERM:

THIS AGREEMENT SHALL NOT BECOME EFFECTIVE UNTIL SIGNED BY THE SIO and shall run through [Date], unless (i) extended by mutual written agreement, or (ii) terminated pursuant to Section IV, IX, XXII or XXXI, or another provision of this Agreement. This Agreement is investment-related and falls under an exemption to the New Mexico procurement code's general four-year guidance.

IV. TERMINATION:

- A. Termination. Except as otherwise set forth herein, this Agreement may be terminated by either of the parties hereto following written notice delivered (i) by the SIO to Contractor at least thirty (30) days prior to the intended date of termination, or (ii) by Contractor to the SIO at least ninety (90) days prior to the intended date of termination. The SIC or SIO may terminate this Agreement for any reason or none at all. Except as otherwise allowed or provided under this Agreement, the SIO's sole liability upon such termination shall be to pay for acceptable work performed prior to Contractor's receipt of the notice of termination, if the SIO is the terminating party, or Contractor's sending of the notice of termination, if Contractor is the terminating party; provided, however, that notice of termination shall not nullify or otherwise affect either party's liability for pre-termination defaults under or breaches of this Agreement. Contractor shall submit an invoice for any such work within thirty (30) days of receiving or sending the notice of termination. Notwithstanding the foregoing, this Agreement may be terminated immediately upon written notice to Contractor, if Contractor becomes unable to perform the contracted services, as determined by the SIO or if, during the term of this Agreement, Contractor or any of its officers, employees or agents engages in fraud, embezzlement, negligence, willful misconduct or any crime, or due to the Appropriations section herein.

THIS PROVISION IS NOT EXCLUSIVE AND DOES NOT WAIVE THE STATE OF NEW MEXICO'S OTHER LEGAL RIGHTS AND REMEDIES CAUSED BY CONTRACTOR'S DEFAULT/BREACH OF THIS AGREEMENT.

- B. Termination Management. Immediately upon receipt by either the SIO or Contractor of notice of termination of this Agreement, Contractor shall: 1) not incur any further obligations for fees, expenses, salaries, services or any other expenditure of funds under this Agreement without written approval of the SIO; 2) comply with all directives issued by the SIO in the notice of termination as to the performance of work under this Agreement; and 3) promptly take such action as the SIO shall direct for the protection, preservation, retention or transfer of all property titled to the SIO and records generated under this Agreement.

Upon termination, at the direction of the SIC or SIO staff, Contractor, shall liquidate all assets in the portfolio or transfer the portfolio in-kind to the SIC/SIO or another manager approved by SIC/SIO.

- C. Key Person(s). If [_____] should be released from employment by Contractor, or for any reason terminates their investment responsibilities to the SIC on behalf of Contractor, or becomes unable to maintain his/her investment responsibilities, Contractor shall notify the SIC/SIO within three (3) calendar days from the date of such release, termination or inability, and (b) the SIC/SIO shall have the right terminate this Agreement and to redeem all of its investment as promptly as reasonably possible without any payment of penalty.

V. FIDUCIARY EXPERT STANDARD OF CARE:

Contractor represents that it is an expert in the field of fiduciary investment management. Therefore, over and above, and in addition to, its fiduciary status/obligations as an investment adviser under applicable federal and state law, Contractor agrees that it shall at all times exercise the highest degree of expertise, due care and competence as would a professional expert and prudent investor with superior and specialized skills in the field of investment management. Therefore, Contractor is under a duty to conduct its activities and provide professional services under this Agreement with the heightened care, skill, expertise, prudence and diligence that a prudent investor and fiduciary would use. Contractor further represents that, in addition to its fiduciary duty of care, Contractor has absolute fiduciary duties of loyalty and fair dealing to the SIC and SIO.

VI. INDEMNIFICATION:

Contractor shall wholly and fully indemnify the State of New Mexico, SIC, SIO and/or SIO staff against any and all losses, damages, costs, expenses, legal fees, and/or liability resulting from advice and/or any other services provided under this Agreement that is not made in accordance with the provisions contained herein, advice not made in accordance with applicable law, and/or advice not made in accordance with the standard of care set forth in Section V. In the event that any action, suit or proceeding related to the services performed by Contractor or any officer, agent, employee, servant or subcontractor under this Agreement or under any similar agreement with Contractor's other clients providing for services similar to those provided to the SIC under this Agreement is brought against Contractor, Contractor, shall as soon as practicable but no later than three (3) calendar days after it receives notice thereof, notify the SIO in writing. The State, SIC, SIO and/or SIO staff shall not be subject to any obligation to directly or indirectly indemnify Contractor, Contractor affiliates, Contractor employees or agents, or any subcontractors or other third-parties.

VII. MOST FAVORED NATION:

Contractor will not enter into a side letter or similar agreement or arrangement, whether written or oral, with any other investor or Contractor client whose size, complexity or service level is equal to or less than the SIC that provides more favorable economic/fee terms than the terms which apply to the SIC, unless the opportunity to receive the favorable terms offered to such other investor also has been offered to SIC.

VIII. STATE INVESTMENT COUNCIL POLICIES:

Contractor must adhere to the broad guidelines and restrictions as set forth in the New Mexico State Investment Council's Transparency and Disclosure Policy. Furthermore, Contractor must adhere to any specific policies developed for Contractor and any future policies adopted by the SIC that apply to persons doing business with or for the SIC. Additional policies applicable to Contractor may be accessed via the SIC's website at: <http://www.sic.state.nm.us/policies-and-procedures.aspx>.

**IX. NO CONFLICT OF INTEREST;
GOVERNMENTAL CONDUCT ACT COMPLIANCE:**

- A. Contractor represents and warrants that it has no interest and, during the term of this Agreement, shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance or services required under the Agreement.
- B. Contractor further represents and warrants that it has complied with, and, during the term of this Agreement, will continue to comply with, and that this Agreement complies with all applicable provisions of the New Mexico Governmental Conduct Act, Chapter 10, Article 16 NMSA 1978. Without in anyway limiting the generality of the foregoing, Contractor specifically represents and warrants that:
- 1) in accordance with Section 10-16-4.3 NMSA 1978, Contractor does not employ, has not employed, and will not employ during the term of this Agreement any Agency employee while such employee was or is employed by the Agency and participating directly or indirectly in the Agency's contracting process;
 - 2) this Agreement complies with Section 10-16-7(A) NMSA 1978 because (i) Contractor is not a public officer or employee of the State; (ii) Contractor is not a member of the family of a public officer or employee of the State; or (iii) Contractor is not a business in which a public officer or employee or the family of a public officer or employee has a substantial interest;
 - 3) in accordance with Section 10-16-8(A) NMSA 1978, (i) Contractor is not, and has not been represented by, a person who has been a public officer or employee of the State within the preceding year and whose official act directly resulted in this Agreement and (ii) Contractor is not, and has not been assisted in any way regarding this transaction by, a former public officer or employee of the State whose official act, while in State employment, directly resulted in the Agency's making this Agreement;
 - 4) this Agreement complies with Section 10-16-9(A) NMSA 1978 because (i) Contractor is not a legislator; (ii) Contractor is not a member of a legislator's family; (iii) Contractor is not a business in which a legislator or a legislator's family has a substantial interest;
 - 5) in accordance with Section 10-16-13 NMSA 1978, Contractor has not participated in the preparation of specifications, qualifications or evaluation criteria for this Agreement; and
 - 6) in accordance with Section 10-16-3 and Section 10-16-13.3 NMSA 1978, Contractor has not contributed anything of value to a public officer or employee of the Agency.

- C. Contractor's representations and warranties in Paragraphs A and B of this Section IX are material representations of fact upon which the Agency relied when this Agreement was entered into by the parties. Contractor shall provide immediate written notice to the Agency if, at any time during the term of this Agreement, Contractor learns that Contractor's representations and warranties in Paragraphs A and B of this Section IX were erroneous on the effective date of this Agreement or have become erroneous by reason of new or changed circumstances. If it is later determined that Contractor's representations and warranties in Paragraphs A and B of this Section IX were erroneous on the effective date of this Agreement or have become erroneous by reason of new or changed circumstances, in addition to other remedies available to the Agency and notwithstanding anything in the Agreement to the contrary, the Agency may immediately terminate the Agreement.
- D. All terms defined in the New Mexico Governmental Conduct Act have the same meaning in this section.

X. INDEPENDENT CONTRACTOR STATUS:

Contractor and its agents and employees are independent contractors performing fiduciary professional services for the SIO, and are not employees of the State of New Mexico. Contractor and its agents and employees shall not accrue leave, retirement, insurance, use of state vehicles, or any other benefits afforded to employees of the State of New Mexico as a result of this Agreement. Contractor acknowledges that all sums received hereunder are reportable by Contractor for tax purposes, including without limitation, business income tax. Contractor agrees not to purport to bind the State of New Mexico unless Contractor has express written authority to do so, and then only within the strict limits of any such limited authority.

XI. CONTRACTOR ADVISERS ACT MATTERS:

Contractor represents to the SIC and SIO as follows:

- (a) it is registered with the Securities and Exchange Commission (the "SEC") as a fiduciary investment adviser under the Investment Advisers Act of 1940, as amended (the "Advisers Act"), and to the extent such registration is required, it will maintain such registration throughout the term of this Agreement;
- (b) each of Contractor's agents and employees that is required under the Advisers Act to be registered as an "Investment Adviser Representative" is registered as such with the SEC, and to the extent such registration is required, it will maintain such registration throughout the term of this Agreement;
- (c) it has made, or will make in compliance with the Advisers Act, a notice filing with the appropriate State of New Mexico securities regulatory authority; and
- (d) as of the date of this Agreement, and during the two-year period prior to such date, neither it nor any of its covered associates has made any contribution to, nor has it or any of its covered associates coordinated or solicited any person or political action committee to make any contribution to, the following Officials (or candidates for such office):

- A. Governor of the State of New Mexico;
- B. Treasurer of the State of New Mexico; or
- C. The Land Commissioner of the State of New Mexico.

Contractor covenants and agrees that it will re-make the above representation in writing on at least an annual basis upon the SIO's request.

In the event that Contractor or any of its Covered Associates makes or has made a Contribution that would cause the above representation to be untrue in any respect, Contractor shall promptly notify the SIO in writing.

XII. NO ASSIGNMENT:

Contractor shall not assign or transfer any interest in this Agreement or assign any claims for money due or to become due under this Agreement without prior written approval of the SIO.

XIII. SUBCONTRACTING:

Contractor shall not subcontract or delegate any portion of the services to be performed under this Agreement to any person or entity without the prior written approval of the SIO. No such subcontract shall relieve the primary Contractor from its duties, obligations and liabilities under this Agreement, nor shall any subcontract obligate direct payment from the SIC, SIO or State of New Mexico.

XIV. RECORDS AND FINANCIAL AUDIT:

Contractor shall maintain detailed investment and billing records during the Agreement's term and effect and retain them for a period of three (3) years from the date of final payment under this Agreement. The records shall be subject to inspection by the SIO, the New Mexico Department of Finance and Administration, New Mexico's Regulation and Licensing Department, and/or the State Auditor. These entities shall have the right to audit billings both before and after payment. Payment under this Agreement shall not foreclose the right of the SIO and the State of New Mexico to recover excessive or illegal payments.

XV. RELEASE:

Final payment of the amounts due under this Agreement shall operate as a full and complete release of the SIC, SIO and its officers and employees, as well as the State of New Mexico from any and all liabilities, claims and/or obligations whatsoever related to or arising from or under this Agreement.

XVI. CONFIDENTIALITY:

Any confidential information provided to or developed by Contractor in the performance of this Agreement shall be kept confidential and shall not be made available to any individual or organization by Contractor without written approval of the SIC or SIO.

Contractor shall wholly and fully indemnify the State of New Mexico against any and all losses, damages, costs, expenses, legal fees and liability resulting or arising from the release of information in violation of this section by Contractor, its officers, employees, subcontractors, affiliates or anyone under the control of Contractor.

XVII. AMENDMENT:

This Agreement shall not be altered, changed or amended except by an amendment in writing, executed by the parties hereto with duly authorized signatories.

If the SIC proposes an amendment to this Agreement to unilaterally reduce funding due to budget or other considerations, Contractor shall, within thirty (30) days of receipt of the proposed Amendment, have the option to terminate the Agreement, pursuant to the termination provisions as set forth herein, or to agree to the reduced funding.

XVIII. MERGER:

This Agreement (including Appendices 1 & 2) incorporates all the agreements, covenants, conditions, and understandings between the parties hereto concerning the subject matter hereto, and all such covenants, agreements, conditions, and understandings have been merged into this written Agreement. No prior agreement, covenant, condition, or understanding, oral or otherwise, of the parties or their agents shall be valid or enforceable unless specifically embodied in the Agreement.

XIX. NEW MEXICO APPLICABLE LAW AND JURISDICTION/SERVICE OF PROCESS:

The laws of the State of New Mexico shall govern this Agreement without regard to conflict of laws principles or rules of New Mexico or any other jurisdiction.

Contractor (i) irrevocably submits to the jurisdiction of the state courts of the State of New Mexico and to the jurisdiction of the United States District Court for the District of New Mexico, for the purpose of any suit, action or other proceeding arising out of or based upon this Agreement, (ii) waives, and agrees not to assert, by way of motion, a defense, or otherwise, in any such suit, action or proceeding, any claim that it is not subject personally to the jurisdiction of the above-named New Mexico courts, that its property is exempt or immune from attachment or execution, that the suit, action or proceeding is brought in an inconvenient forum, that the venue

of the suit, action or proceeding is improper or that the Agreement or the subject matter hereof may not be enforced in or by such New Mexico court, and (iii) waives any offsets or counterclaims in any such action, suit, or proceeding (other than compulsory counterclaims). Contractor consents to service of process by certified or registered mail at the address to which notices are to be given. Contractor agrees that its submission to New Mexico jurisdiction and its consent to service of process by mail are made for the express benefit of the SIC, SIO and the State of New Mexico. Final judgment against Contractor in any such action, suit or proceeding shall be conclusive, and may be enforced in other jurisdictions (a) by suit, action or proceeding on the judgment, a certified or true copy of which shall be conclusive evidence of the fact and of the amount of any liability of Contractor therein described or (b) in any other manner provided by or pursuant to the laws of such other jurisdiction; provided, however, that SIC, SIO or their designees may bring suit, or institute other judicial proceedings against Contractor or any of its assets in any state or Federal court of the United States or of any country or place where Contractor or such assets may be found. Contractor further covenants and agrees that it shall maintain a duly appointed agent for the receipt and acceptance on its behalf of service of summons and other legal processes, and upon failure to do so the Clerk of each court to whose jurisdiction it has submitted shall be deemed to be its designated agent upon whom such process may be served on its behalf, and notification by the attorney for plaintiff, complainant or petitioner therein by mail or facsimile to Contractor of the filing of such suit, action or proceeding shall be deemed sufficient notice thereof.

XX. NO WAIVER:

No waiver of any breach of this Agreement or any of the terms or conditions thereof shall be held to be a waiver of any other subsequent breach; nor shall any waiver be valid or alleged or binding unless the same shall be in writing and signed by the party alleged to have granted the waiver.

XXI. APPROPRIATIONS:

The terms of this Agreement are contingent upon sufficient appropriations and authorization being made by the Legislature of New Mexico for the performance of this Agreement. If sufficient appropriations and authorization are not made by the Legislature, this Agreement shall terminate with written notice being given by the SIO to Contractor. The SIC's or SIO's decision as to whether sufficient appropriations are available shall be accepted by Contractor and shall be final.

XXII. REPORTS AND MEETINGS:

Contractor and its principals shall be available on short notice to meet with the SIC, SIO and/or third-parties such as SIC consultants and advisors at such times and with such frequency as the SIO may reasonably require to discuss matters covered by this Agreement. Such meetings may take place at the SIO's office or elsewhere as reasonably designated by the SIO.

XXIII. DISCLOSURE AND INQUIRIES:

The SIO will have no liability for making any disclosure it believes, in reliance on New Mexico or federal law or regulation, it is allowed to make under applicable law. If the SIO receives an inquiry from regulators or overseers concerning any work performed by Contractor or their respective affiliates, and if the SIO contacts Contractor seeking information to respond to such

inquiry, Contractor shall promptly respond to the SIO with such information as may reasonably be necessary to respond to the inquiry.

XXIV. EQUAL OPPORTUNITY COMPLIANCE:

Contractor agrees to abide by all federal and state laws and rules and regulations, and executive orders of the State of New Mexico, pertaining to equal employment opportunity. Contractor assures that no person in the United States shall, on the grounds of race, religion, color, national origin, ancestry, sex, age, physical or mental handicap, or serious medical condition, spousal affiliation, sexual orientation or gender identity, be excluded from employment with or participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity performed under this Agreement. If Contractor is found not to be in compliance with these requirements during the life of this Agreement, Contractor agrees to take appropriate steps to correct any such deficiencies.

XXV. AMERICANS WITH DISABILITIES:

Contractor certifies that it complies with the American with Disabilities Act of 1990 and the regulations issued hereunder by the federal government, and that programs, services and activities provided to the general public on behalf of the SIO under a contract resulting from this Agreement comply with the Americans with Disabilities Act of 1990, 28 CFR, Part 35, Subpart B 35.130.

XXVI. NO PAY-TO-PLAY/TRANSPARENCY & DISCLOSURE:

Notwithstanding and in addition to Section XI of this Agreement, Contractor represents, covenants and warrants that: (1) No placement agents or third-party marketers have been, or will be, paid with respect to the SIC, or otherwise in relation to the SIC, at any time. (2) No SIC funds, capital or monies will be used for the payment or reimbursement of placement fees, third-party marketing fees and/or related-expenses directly, indirectly or otherwise, including through an offset to a management fee or any other fee or expense. And (3) no political or charitable contributions have been or will be made, or any other monetary or other benefits conferred, to or on any members (including former members) of the SIC or any of its committees.

XXVII. CONTRACTOR LEGAL DISCLOSURE:

Contractor represents that it is not aware of any regulatory or self-regulatory investigation or legal or arbitration proceeding against Contractor, and, if after the date hereof, Contractor should become aware of any regulatory or self-regulatory investigation or notice (other than information requests by the U.S. Securities Exchange Commission or other similar regulatory requests that Contractor reasonably believes are not confined only to Contractor, immaterial and in the ordinary course) or any legal or arbitration proceeding filed against Contractor, Contractor shall inform the SIO of such investigation or lawsuit promptly, and in any event within three (3) business days after learning of such investigation or lawsuit.

XXVIII. INSURANCE:

Contractor maintains, and shall continue to maintain, insurance providing coverage for Contractor against all risks normally insured or bonded against by entities in similar lines of business. In the

event that any such coverage should lapse for any length of time, the SIO shall be promptly notified of such lapse. Contractor agrees to provide the SIO with prompt written notice of any material claim under such insurance policy.

XXIX. PUBLIC RECORDS TRANSPARENCY:

Contractor hereby acknowledges that the SIC/SIO is a public agency subject to New Mexico laws, including, without limitation, the New Mexico Inspection of Public Records Act, Section 14-2-1 through 14-2-12 NMSA 1978, which provides generally that records relating to a public agency's business are open to public inspection and copying, and the Open Meetings Act, Section 10-15-1 through 10-15-4 NMSA 1978, which provides generally for open meetings of public deliberative bodies.

Contractor agrees not to make any claim against the State, SIC, SIO or staff if any of them makes available to the public any report, notice or other information received from Contractor or any related entity which was permitted to be made public pursuant to the Inspection of Public Records Act or the Open Meetings Act. The SIO acknowledges Contractor's position that trade secret commercial information may be protected from disclosure under state public record acts and other similar laws pursuant to certain case law and public policy exemptions. In the event that a third-party seeks disclosure of trade secret information, the SIO will endeavor to contact Contractor before releasing any information, but in no event will the State be under any obligation to either contact Contractor or refuse to disclose information permitted to be disclosed by New Mexico law. In addition, Contractor agrees to fully release, waive and hold the State, SIC, SIO and staff harmless from any liability or costs associated with the release of any information.

XXX. NO FRAUD, CORRUPTION OR QUESTIONABLE CONDUCT:

During the Term of this Agreement, Contractor agrees to observe the highest fiduciary standards and ethics. In adherence of this obligation, the parties to this Agreement define, for purposes of this provision, the terms set forth below:

- i. "corrupt practice" means the offering, giving, receiving, or soliciting of anything of value to influence the action of a public official, the SIC or SIO, or the threatening of injury to person, property or reputation, in connection with the procurement process or in contract execution in order to obtain or retain business or other improper advantage in the conduct of business.
- ii. "fraudulent practice" means a misrepresentation or omission of facts in order to influence a procurement process or the execution of a contract to the detriment of the State of New Mexico, the SIC or SIO, or SIC clients and/or beneficiaries, and includes collusive, unfair or corrupt practices which deprive the State of New Mexico, the SIC or SIO, or SIC clients and/or its beneficiaries of the benefits of fair, free or open competition, consideration or analysis.

Contractor understands and agrees that the SIO may, in addition to any other remedy available to it under law:

- i. immediately cancel this Agreement if the SIC or SIO at any time determines in its sole discretion that corrupt, questionable or fraudulent practices were engaged in by Contractor or its affiliates during the procurement or the execution of this Agreement; and
- ii. declare a Contractor or its affiliates ineligible, either indefinitely or for a stated period of time, if the SIC or SIO at any time determines in its sole discretion that Contractor or its affiliates have engaged in corrupt, questionable or fraudulent practices in competing for, or in executing this Agreement.

XXXI. NOTICES:

Any notice required to be given to either party by this Agreement shall be in writing and shall be delivered in person, by courier service or by U.S. mail, either first class or certified, return receipt requested, postage prepaid, as follows:

To the SIO:

Deputy State Investment Officer
Director of Public Equity
State Investment Office
41 Plaza La Prensa
Santa Fe, NM 87507

To Contractor:

[_____]

XXXII. REDEMPTION AND SOFT DOLLARS:

All redemption proceeds in respect of SIC's investments shall be made in United States dollars. Notwithstanding anything to the contrary in Contractor documents or policies, all soft dollar transactions relating to the SIC shall comply with the requirements of the safe harbor of Section 28(e) of the Securities Exchange Act of 1934, as amended, and be pre-approved by the SIO.

XXXIII. NO NEGATIVE CONSENTS/NO DEEMED CONSENT:

Notwithstanding anything to the contrary in Contractor documents or policies, neither the SIC nor SIO shall not be deemed to have consented to any action by Contractor requiring the specific consent, unless such consent is obtained from the SIO in writing.

XXXIV. AUTHORITY:

The individual signing this Agreement on behalf of Contractor represents and warrants that he or she has the power and authority to bind Contractor, and that no further action, resolution, or approval from Contractor is necessary to enter into a binding contract.

XXXV. INVALID TERM OR CONDITION:

If any term or condition of this Agreement shall be held invalid or unenforceable, the remainder of this Agreement shall not be affected and shall be valid and enforceable.

XXXVI. ENFORCEMENT OF AGREEMENT:

A party's failure to require strict performance of any provision of this Agreement shall not waive or diminish that party's right thereafter to demand strict compliance with that or any other provision. No waiver by a party of any of its rights under this Agreement shall be effective unless express and in writing, and no effective waiver by a party of any of its rights shall be effective to waive any other rights. This Agreement has been fully accepted by the parties and their legal counsel, and any ambiguity in this Agreement shall not be construed against any particular party as a result of the drafting hereof.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have executed this Agreement (SIO PSC # 19-337-[____]).

**New Mexico State Investment Office
Upon Delegated Authority Pursuant to Resolution of the State Investment Council**

By: _____ Date: _____
Steven K. Moise
State Investment Officer

By: _____ Date: _____
Robert Vince Smith
Deputy SIO, CIO

This Agreement has been approved for legal sufficiency.

By: _____ Date: _____
Evan Land
General Counsel

This Agreement has been approved for budget sufficiency.

By: _____ Date: _____
Brent H. Shipp
Chief Financial Officer

[_____]

By: _____ Date: _____
Name: _____
Title: _____

APPENDIX 1

INVESTMENT GUIDELINES
FOR
[_____]

TO BE PROVIDED

APPENDIX 2

FEE AGREEMENT BETWEEN THE
NEW MEXICO STATE INVESTMENT OFFICE
AND
[_____]

This Fee Agreement/Appendix is part of the Professional Services Agreement (SIO PSC #15-337-0100- [____]) (the “Agreement”) between the New Mexico State Investment Office (“SIO”) and [_____]. (“Contractor”). Contractor shall be paid as follows:

- (a) For the services specified in the Agreement, the SIO agrees to pay [_____]. This fee covers all services, including but not limited to travel and expenses and every other duty within the purview of the Agreement.
- (b) The fees for services rendered will be payable in arrears in quarterly installments, upon invoicing by Contractor. Contractor shall submit to the SIC a certified bill for payment describing the assets in Contractor’s assigned account and setting forth the market value of those assets. If services are provided during a partial calendar quarter (*i.e.*, at the commencement or termination of this Agreement), the fee will be prorated for the period that services are provided. Invoices will be directed to New Mexico State Investment Office, ATTN: Chief Financial Officer, 41 Plaza La Prensa, Santa Fe, New Mexico, 87507.
- (c) Contractor shall pay all taxes assessed on the compensation received under this Agreement, and shall identify and pay those taxes under Contractor’s federal and state identification number(s).