

OKLAHOMA FIREFIGHTERS PENSION AND RETIREMENT SYSTEM

LARGE CAP VALUE EQUITY MANAGER QUESTIONS & ANSWERS MARCH 26, 2020

Questions categorized as “substantially similar” were consolidated. Questions deemed outside the scope of completing a successful bid may not be answered.

1. The proposal requires the notarization of the Investment Manager’s Affidavit. Given the current state of the COVID-19 outbreak and the non-essential business closures that are being implemented by state and local government entities, will proposals be accepted without notarization (waive the requirement) or is there alternative method of verification that can be provided in lieu of the notarization?

In view of the current difficulties respondents may have in getting the Investment Manager’s Affidavit notarized prior to the submission deadline, the System will accept, in lieu of an Investment Manager’s Affidavit, an executed Non-Collusion Certification on the form now posted with the RFP on the System’s website. The System reserves the right to require the selected investment manager(s) to submit a completed and notarized Investment Manager’s Affidavit, or similar document certifying the accuracy of their Proposal, prior to signing an investment management agreement.

2. Is there a preference on vehicle type and would the System consider an investment in a commingled vehicle?

While the System’s portfolio consists of a variety of vehicle types, the System’s current active domestic equity mandates are separate accounts. However, the System will consider commingled vehicles for this mandate.

3. Questions on Excel File
 - a. Investment Philosophy (4) – can the Market Capitalization levels (rows 5-11) be defined?

These ranges are left open based on each investment manager’s interpretation of their respective strategy. Respondents can provide definitions or additional detail in the notes section if they desire.

- b. Investment Process (5) – can Historical Max be defined (column D, rows 6-14)?

Historical Max is meant to capture a historical change in the strategy. It can be viewed as the “historical limit” in the event the current limit (column B) is lower.

- c. Portfolio Construction (6) – the instructions state to not alter the blue criteria; however, within the GICS Sector Allocation table, can Communication Services be added as a line item above Consumer Discretionary (due to the sector name change)?

The GICS sectors were not updated in the spreadsheet. This was an oversight on our part. You may rename the “Telecommunication Services” (row 41) to read “Communication Services” but please do not insert a new row above Consumer Discretionary.

4. Is there a section for fees. What is the preferred format for submitting a proposed fee?

A detailed section for investment management fees is provided in the Excel Supplemental Worksheet under Tab 3 (Investment Strategy). This Tab also has a notes section if additional explanation or detail is required.

5. The solicitation says, “The contract(s) to be awarded are anticipated to be for a period beginning on or after May 15, 2020 and ending on June 30, 2020, the end of the System’s current fiscal year.” Are those dates correct? If so, is it appropriate to assume the selected vendor(s) would then sign a new contract for the 2020/2021 fiscal year?

Yes. As a general rule, the System will enter into a base investment management agreement (“IMA”) with an investment manager that runs through the end of the System’s current fiscal year (June 30). The IMA will also provide for up to four annual renewals (each in the form of an amendment to the IMA) upon mutual agreement between the System and the selected investment manager(s). It is expected that the State Board will approve a renewal (amendment) to the IMA for FY2021 at its May, 2020 meeting.

6. Will the State Board or System furnish a sample IMA for respondents to review, and will a respondents be able to submit edits or exceptions to the General Terms and Conditions and/or the IMA in its response?

The System does have a base form of IMA that it could provide upon request. However, respondents should be aware that the System customizes its IMAs based on the specific mandate, and thus the IMA presented to the investment manager(s) selected for the mandate could be substantively different from the form provided to any requesting respondents.

With the exception of certain required state law provisions, the System is willing to consider edits to the IMA submitted by the selected investment manager(s).

7. Questions regarding “11 O.S. Section 49-100.10” referenced in Section II J (6):
- a. Please identify all “parties of interest.”

“Parties of Interest” is not defined in the statute, but generally refers to any person who is in the position to influence, and personally benefit from, the selection of the investment manager(s) or any transactions subsequently taken by the investment manager(s). We would suggest that you ask your legal counsel for further clarification.

- b. B2: Could you please provide a list of entities we should not trade with or other entities whose interests are adverse to those of the System?

We do not maintain a list of entities adverse to the System. We would suggest that you ask your legal counsel for further clarification.

- c. B3: Will soft dollars be prohibited?

Soft dollars are not prohibited so long as the research or other services provided are reasonably expected to benefit the System. Disclosure of any soft dollar arrangements may be required.

- d. C2: Does C2 include broker dealers trading on behalf of the System? Is the plan the same as the System?

A broker dealer subsidiary of a fiduciary bank / financial institution could potentially fall under the exception in C2. We would suggest that you ask your legal counsel for further clarification. For purposes of your specific question, the Plan can be considered to be the same as the System.