

Oklahoma Firefighters Pension and Retirement System
Investment Consultant Search
Questions Received

1. Was there a specific reason that prompted you to launch an RFP?
The last search was commenced in 1997. The Board desires to review current availability.
2. How many other consulting firms are participating in this RFP process?
RFPs were directly sent to 27 firms, and it was posted on the System's website. Oklahoma statutes require a competitive bid. The total number of qualifying bids that will be received are unknown at this time.
3. Are meeting dates scheduled for 2013? If so, can you please share meeting dates? Is the consultant involved in setting meeting dates?
The Board meets on the third Friday of every month. The investment consultant is expected to attend all regular meetings, and any special meetings that address the investment portfolio.
4. In a given year how many searches has the investment subcommittee conducted? When was the last time a search was conducted?
The Board has historically performed between one to two searches per year. The last search was completed three months ago, and involved the Boards first participation in emerging equity markets.
5. Has the Investment Committee received comprehensive education on private capital, real assets, distressed debt and hedge funds?
The term "comprehensive" makes this question difficult to answer. The Board has never funded a private equity allocation or real assets (if you do not include real estate). The Board currently is participating in distressed debt and hedge funds through fund of funds allocations. The Board is satisfied that it has received adequate education regarding any allocation before commencing an investment manager search.
6. Do you have an estimated fee designated for this assignment?
Current fee requirements are one of the reasons a search is being conducted. The Board expects to pay reasonable fees in relationship for services provided.
7. When is the last time you made changes to the fund line-up?
The term "fund line-up" makes this question difficult to answer. If you conclude that the addition of emerging market managers is a change in fund line-up, then three months ago is the answer.
8. Has the Investment Committee received comprehensive education on their fiduciary responsibilities?
Once again the term "comprehensive" makes this question difficult to answer. The Board is very knowledgeable to the provisions of 11 O.S. Sections 49-100.10 which read as follows:
 - A. fiduciary with respect to the Oklahoma Firefighters Pension and Retirement System shall not cause the System to engage in a transaction if the fiduciary knows or should know that such transaction constitutes a direct or indirect:
 1. sale or exchange, or leasing of any property from the System to a party in interest for less than adequate consideration or from a party in interest to the System for more than adequate consideration;

2. lending of money or other extension of credit from the System to a party in interest without the receipt of adequate security and a reasonable rate of interest, or from a party in interest to the System with provision of excessive security or an unreasonably high rate of interest;
 3. furnishing of goods, services or facilities from the System to a party in interest for less than adequate consideration, or from a party in interest to the System for more than adequate consideration; or
 4. transfer to, or use by or for the benefit of, a party in interest of any assets of the System for less than adequate consideration.
- B. A fiduciary with respect to the Oklahoma Firefighters Pension and Retirement System shall not:
1. deal with the assets of the System in the fiduciary's own interest or for the fiduciary's own account;
 2. in the fiduciary's individual or any other capacity act in any transaction involving the System on behalf of a party whose interests are adverse to the interests of the System or the interests of its participants or beneficiaries; or
 3. receive any consideration for the fiduciary's own personal account from any party dealing with the System in connection with a transaction involving the assets of the System.
- C. A fiduciary with respect to the Oklahoma Firefighters Pension and Retirement System may:
1. invest all or part of the assets of the System in deposits which bear a reasonable interest rate in a bank or similar financial institution supervised by the United States or a state, if such bank or other institution is a fiduciary of such plan; or
 2. provide any ancillary service by a bank or similar financial institution supervised by the United States or a state, if such bank or other institution is a fiduciary of such plan.
- D. A person or a financial institution is a fiduciary with respect to the Oklahoma Firefighters Pension and Retirement System to the extent that the person or the financial institution:
1. exercises any discretionary authority or discretionary control respecting management of the Oklahoma Firefighters Pension and Retirement System or exercises any authority or control respecting management or disposition of the assets of the System;
 2. renders investment advice for a fee or other compensation, direct or indirect, with respect to any monies or other property of the System, or has any authority or responsibility to do so; or
 3. has any discretionary authority or discretionary responsibility in the administration of the System.

In addition the Board operates under the advice of its general counsel as to all actions of the Board, and individual Board members have the opportunity to attend the Oklahoma Public Fund Trustee Education Conference held annually on the campus of Oklahoma State University.

9. Is the incumbent consulting firm allowed or encouraged to rebid?

The incumbent consulting firm will rebid.

10. How long has the incumbent consultant been with your plan? What is the annual fee being paid to the current consultant(s)?

The current incumbent consultant has been with the plan since 1998. The Board feels that disclosure of the fee currently being paid will adversely affect the bid process. Bidders are expected to prepare their bid submission at a price that will compensate the bidder in relation to the value of the services to be provided.

11. Do you use any specialty consulting firms? If so, who and for what asset classes?

We do not use any specialty consulting firms.

12. Do you anticipate making any changes to the asset allocation of the fund? Are you considering any new asset classes?

No changes to the asset allocation are planned at this time, and we are not considering any new asset classes at this time

13. What is the most important investment issue your fund is currently facing?

How to reasonably deploy the assets of the System in this current low return environment while at the same time maintaining long term investment objectives.

14. What strategic decisions are currently pending with the current consultant that the new consultant would likely become involved with?

None are contemplated at this time.

15. How many manager searches have you done on average per year in the last three years?

There have been five searches in the last three years.

16. Regarding Section III – Purposes and Duties of the Consultant: Does the System want responses to A-L? Or just a general response that the Firm meets the requirements?

The System requires a specific response for Item A. A general response is satisfactory for all other items.

17. When was the last time the plan executed and asset liability study and do you plan on performing one in the near future? If so, when?

The System has never executed an asset liability study, but would entertain a proposal to perform one if it determined that one would be beneficial.

18. In section (III)(L), it is requested that the consultant evaluate and report on the commission recapture program and the securities lending program. What is the frequency and content of such reports? Are you looking for transaction reporting or point-in-time evaluations of the programs?

The consultant is expected to be prepared to advise the Board on these matters. Currently, no report is being prepared. If the bidder feels that this issue should be given greater emphasis, the bid should include a discussion of the subject and what additional services would be provided.

19. Section (V)(H) calls for a definition of a transaction cost analysis. Are you referring to an ongoing transaction or trading report or an analysis of a transition? Please provide greater detail, if possible.

A transaction cost analysis report is currently prepared by the Board's custodian bank. The consultant will be expected to comment on the analysis upon request.

20. Lastly, can you provide a copy of the existing Investment Policy Statement?

The Investment Policy is posted on the System's website under the RFP tab. The website address is www.ok.gov/fprs