

OKLAHOMA PUBLIC EMPLOYEES RETIREMENT SYSTEM

Question and Answer Document

Investment Consulting Services RFP #515-22-200

1. **QUESTION:** *The Scope of Assignment section of the RFP states that the Investment Consultant will also provide portfolio analytics to assist staff in understanding risk exposures at the manager and portfolio levels. Does this refer simply to standard manager and portfolio analytics included in quarterly performance reports or do you require a more detailed holdings-based analysis? Please elaborate.*

ANSWER: Reporting deliverables vary by consultant, so it is difficult to assess what is meant by standard analytics. Reporting should include an analysis of risk exposures, by manager and at the portfolio level, from a reputable third party or proprietary model that is either holdings- or return-based.

2. **QUESTION:** *Can you provide the meeting dates for the 8-9 meetings per year? Or is there a cadence to the meetings (Ex: 2nd Tuesday of Month, 3rd Thursday, etc..)*

ANSWER: Meetings occur on the third Thursday of the first two months of each quarter. In addition, one Special Meeting is held on the preceding Wednesday in January only. However unlikely, there is the potential for emergency meetings that are unscheduled.

3. **QUESTION:** *Currently there is very little exposure to alternative asset classes - are there any constraints on the portfolio, as it relates to alternative investments like Private Equity or Hedge Funds?*
 - a. *Has there been a historical preference to avoid those investments? Any guidance or background as it relates to the current omission of some alternative investments would be appreciated.*
 - b. *Are there any other asset classes, or investment strategies, that are not allowable for inclusion in an OPERS asset allocation study?*

ANSWER:

- a. OPERS historical investment philosophy has de-emphasized active management and, in particular, has avoided the high-fee areas of active management. Following this approach, our peer-relative historical performance has been quite favorable compared to our peer group on a gross-of-fee basis and allowed OPERS to pay a fraction of what our peer group pays in investment-related services fees.

- b. The Board of Trustees determines the asset classes and strategies allowed in the portfolio. The current asset classes that comprise the portfolio may be found in the Statement of Investment Policy at www.OPERS.ok.gov.

4. **QUESTION:** *Do you anticipate the Investment Consultant assisting with a recordkeeper search and/or a custodial search over the next 5 years?*

- a. *Is the Consultant fully responsible for those 3rd party vendor searches, or assists OPERS staff with the searches as needed? Any additional details you can provide as it relates to the scope of services for 3rd party vendor searches would be appreciated.*

ANSWER: All search activity is done in coordination with staff. In most cases, OPERS has specific rules that apply to search activity, so staff will be involved. The consultant is expected to assist in evaluation and presentation of recommendations to the Board. Search activity is usually infrequent but may occur at any time as necessary.

5. **QUESTION:** *Can you advise who your current consultant is and what you are paying in fees?*

ANSWER: Verus is the current consultant; its fee is \$285,000 annually.

6. **QUESTION:** *Fiduciary (p. 5 of RFP): ‘All Vendors must acknowledge and agree to be fiduciary to the plan pursuant to Section 909.2 of Title 74 of the Oklahoma Statutes’*
Wilshire Comment: *As a SEC-registered investment advisor, Wilshire is a fiduciary to each of its clients in connection with the investment advisory services that Wilshire provides. Is this acceptable to OPERS?*

ANSWER: All investment-related agreements contain the explicit acknowledgement of fiduciary status of the provider pursuant to Section 909.2 of Title 74 of the Oklahoma Statutes. This agreement will as well.

7. **QUESTION:** *Ownership of Data and Work Product (p.11 of RFP): ‘There is a presumption that all work product generated for OPERS under this contract, as well as all data compiled by the Vendor while performing this contract, shall become the sole property of OPERS. OPERS must be given reasonable access to all such work product or data compiled by the Vendor in the performance of this contract’*

Wilshire Comment: *Wilshire cannot grant ownership of its work product (as “works made for hire,” or otherwise), as certain deliverables such as reports are not bespoke and are used across multiple clients; provided that Wilshire shall grant the Client a perpetual license to use, distribute, reproduce and use the reports, data, materials, etc., provided to the Client in connection with Wilshire’s services. Is this acceptable to OPERS?*

ANSWER: Work products developed in the course of the services pursuant to an Agreement between OPERS and the vendor shall become the property of the Board and the Plans.

8. **QUESTION:** *Please see attached Wilshire's 'Standard Consulting Provisions'. Does OPERS have any issues with these being incorporated in the agreement should we/Wilshire be awarded the mandate?*

ANSWER:

OPERS will not agree to limit the liability of vendors or to indemnify vendors. The contract between the successful vendor and OPERS will not have any such terms.

OPERS will not accept terms that modify the incumbent's fiduciary status to the Plans.