

Police and Firemen's Retirement System of New Jersey
State of New Jersey
50 West State Street – 9th Floor
Trenton, NJ 08608-1220

July 12, 2021

Re: **Request for Qualifications for Asset Management for the Police and Firemen's Retirement System of New Jersey ("PFRSNJ"), Transition of Assets from Common Pension Fund D and E.**

Dear Counsel:

The Police and Firemen's Retirement System of New Jersey, ("PFRSNJ") Board of Trustees hereby announces the issuance of a Request for Qualifications ("RFQ") for Asset Management and Transition Services to provide support and assistance to the Board, and its executive staff, regarding the transfer of assets from the Commingled Common Pension Funds D and E to the separately titled Police and Firemen's Retirement System.

Currently, the Division of Investment in conjunction with the State Investment Council invests the approximately \$89 billion dollars of assets from the five State Administered plans in two commingled funds, Common Pension Fund D and E. In 2018, Chapter 55 was enacted which separates the PFRS from the other retirement systems, and transfers power for implementing investment policy and direction of investments to the PFRSNJ Board. The Asset Management and Transition Consultant will assist the PFRSNJ Board and system with transition of assets at the State's Custodian bank, State Street. Currently subaccounts for the separated PFRSNJ assets have been opened by the Division of Investments for all of the Common Pension Fund D assets, including domestic and international securities. The asset transfer will also require the evaluation of all investment managers retained by the Division of Investments for its traditional assets in Common Pension Fund D. Regarding the Commingled Alternative Assets, the Division of Investments has begun the separation by utilizing Common Pension Fund A for future commingled investments, of which PFRSNJ is not a participant. Finally, there are approximately 250 alternative investment fund managers who will need to be transitioned to a separate PFRSNJ agreement.

The Minimum Qualifications for this engagement are as follows:

- Firms must have an understanding of the fiduciary responsibilities of the PFRSNJ Board of Trustees to its members and the pension system as a whole.
- Have knowledge of the process of proposing, drafting, and evaluating the spinning out of assets at a major custodian bank. Additionally, the firm must be ready to assist the

Executive Director, Chief Investment Officer, and Director of Legal Affairs to the transfer of assets from the commingled funds to separately titled PFRS account, including transfer of custody at State Street bank, for the traditional assets in Common Pension Fund D, which will entail, transferring legal title between the custody accounts, and separating out the lots of securities that are held by the Division of Investment through Common Pension Fund D, evaluating the investment advisors that are retained by the Division of Investments for Common Pension Fund D's assets, and evaluation and separation of the alternative fund managers for Common Pension Fund E.

- The procured consultancy firm will work with the Board, its Executive Director, the Chief Investment Officer, and the Board's Director of Legal Affairs as needed to complete specific tasks, and be accountable to the Board for its decisions regarding matters.
- Selection of a firm will be completed upon the negotiation of a professional services agreement signed off by the Chairman of the PFRSNJ and an authorized signatory of the selected firm.

The effective date of this RFQ is July 12, 2021. The response to the RFQ is to be submitted on or before 2:00 p.m. on August 13, 2021. ****PLEASE NOTE THE RFQ DATE HAS BEEN EXTENDED FOR SUBMISSIONS TO SEPTEMBER 3, 2021**** A firm will be selected based on the criteria set forth in the RFQ.

The PFRSNJ Chairman requests that interested firms submit a proposal in accordance with the RFQ. The RFQ is available on the New Jersey Treasury Department's website at <http://www.state.nj.us/treasury/pensions/>

The response should be marked as follows: "Asset Transition Consultant for PFRSNJ"

Questions may be submitted no later than July 30, 2021 at 3:00 p.m. to PFRSNJ, Attention: PFRSNJ Board Secretary, at the following address: Lisa.Pointer@treas.nj.gov

Please note that the "subject" line of your email address must specifically reference the RFQ as follows: "Asset Transition Consultant for PFRSNJ"

Sincerely yours,

Ed Donnelly
PFRSNJ Board Chairperson

Request for Qualifications for Asset Transition Consultant for the Police and Firemen's Retirement System

Date issued: July 12, 2021

Question and Answer Cut-Off Date: July 30, 2021 @ 3:00 p.m.

Email Lisa.Pointer@treas.nj.gov

Proposal Due: **Extended to September 3, 2021 @ 3:00 p.m.**

Email to Lisa.Pointer@treas.nj.gov

Ed Donnelly

Chairperson

Police and Firemen's Retirement System of New Jersey

1. Purpose and Intent

The PFRSNJ Board of Trustees serve as officers of the Police and Firemen's Retirement System. The Trustees issue this Request for Qualifications ("RFQ") intending to select a firm to serve as Asset Transition Consultant for the Scope of Services as described in section 2. The purpose of the procurement of Asset Transition Consultant will be to assist the Board in specific areas, including the transition of the PFRS assets at State Street, which shall include the movement of all traditional assets held by Common Pension Fund D, to separate subaccounts maintained by the State Treasurer, review of all investment managers retained by the Division of Investments for the fund's public securities, as well as review and separation of all the alternative investments in Common Pension Fund E, and such other consultancy work as will be required to transfer the PFRS assets from the two commingled funds, into separate accounts. The consultancy firm will work with PFRSNJ's, Executive Director, Chief Investment Officer, and Director of Legal Affairs to accomplish the goals and policies set forth by the Board of Trustees. Work will be on an as needed basis, and notice will be provided to the selected consultancy firm as work is required by the PFRSNJ.

The Board Chairman or his designee will be the sole point of contact for all matters pertaining to this engagement and to oversee and coordinate the activities of the asset transition consultant.

2. Background – The PFRSNJ will be required to use the assistance of an asset transition consultant. This will ensure that the Board and retirement system are receiving their pro rata share of the commingled funds contained in Common Pension Fund D and E. This will also include the transition of lots of securities that are held by Common Pension Fund D, as well as transitioning all of the agreements for Common Pension Fund E. The Board employs an Executive Director, a Chief Investment Officer, and a Director of Legal Affairs, who will require assistance with the transition of assets at State Street Custodial Bank, specifically the creation and funding of subaccounts within the custody of the State Treasurer, and the transition of assets from the commingle alternative investment fund, Common Pension Fund E. Work will be on an as needed basis to effectuate the transfer of the assets from the commingled funds, into separate accounts.

3. Minimum Requirements

The Board of Trustees seeks a professional services and consulting firm with affiliates who have a demonstrated knowledge and experience working in the field of Public Laws, Pensions, Investments, and General Counseling to a large public pension fund, including the fiduciary duties of the Board of Trustees of the Police and Firemen's Retirement System of New Jersey. The firm will also need to have experience transitioning assets within a custodian bank, for both traditional and alternative investments. Specifically, the firm needs to have experience in separating commingled assets from a pension plan. Additionally, the firm must have experience dealing with a custodian bank, and the accounting that must be performed when assets are separated from a commingled fund. The consultant will also assist the Board with the scoping and finalization of custody agreements with State Street, with the ultimate goal of PFRSNJ taking on direction of the policy and investments of the retirement system from the State Investment Council, and such other work as is necessitated for the separation of assets.

4. Restrictions

The consultant must have knowledge of "pay to play" statutes, and be in compliance with the same.

PFRSNJ shall not be liable for any damages to any bidders or successful professional service firms, and will not provide indemnification for any bidder or selected firm.

The PFRSNJ within its sound discretion may accept any number of firms, reject any firms, or cancel this RFQ without further notice.

5. Scope of Services

The asset transition consultant will be required to counsel the Board on those specific matters that it may from time to time request, specifically, the transfer of assets from State Street Custodian Bank from the commingled plans run by the State of

New Jersey in Common Pension Fund D and E, and such other work as may be required to carry out the legislative intent of Chapter 55 of Public Law 2018. The consultant will work cooperatively with the Board's staff including the Executive Director, Chief Investment Officer, and Director of Legal Affairs for PFRSNJ.

The Board requests a cost proposal for the identified work. The Board is open to either an hourly rate, or an all-inclusive fee for the work performed. Finalization of rates will depend upon the successful negotiation of price in a professional services agreement between the Board and the consultancy to complete such work. Procurement will only be completed once the Chairman of the PFRSNJ and an authorized signatory from the consultancy firm sign a written professional services agreement.

6. Experience

Interested firms should include a summary of relevant experience, by affiliate, together with proposed billings rates. While the Board would ideally chose a candidate firm that has experience in mergers and acquisitions, public pension plan asset, and the exchange of their assets, separating assets from a commingled plan, transfer of assets for titling purposes in a global custodian bank, regarding the control of the assets once separated, and such other work as will be required to separate the assets.

Consultancy firms shall be selected based upon prior experience as detailed above, and will be evaluated upon prior work.

7. Term of Services.

The selected firm will enter into a professional services agreement, and the services shall begin once the agreement has been signed.

Multiple firms may be selected under this agreement based upon the sole discretion of the PFRSNJ Board.