

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 Reconciliation Post-Asset Transfer 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 Reconciliation Post-Asset Transfer to provide support and assistance to PFRSNJ's staff, including the Executive Director, Chief Investment Officer, and Director of Legal Affairs, regarding the transfer of assets from the Commingled Common Pension Funds D and E to the separately titled Police and Firemen's Retirement System accounts.

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. As part of this transfer, will require the separation of commingled assets from the two common pension funds. The post-transfer reconciliation 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 audit 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 reconciling accounts following the spinning out of assets at a major custodian bank. This includes assessing the fair market value of the securities, ensuring that title is appropriately transferred for conventional assets, and that the alternative investment agreements are properly transferred. Additionally, the firm must be ready to assist the Executive Director, Chief Investment Officer, and Director of Legal Affairs to ensure that a prudent separation of the assets occurs, and that it is properly reconciled following the transfer.
- The procured consultancy firm will work with the Board, its Executive Director, the Chief Investment Officer, and the Board’s Director of Legal Affairs to perform the transition reconciliation.
- 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. *****RFQ IS EXTENDED FOR SUBMISSIONS THROUGH SEPTEMBER 3, 2021 AT 3:00 P.M.***** The consultant 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: “Post Transfer Account Reconciliation 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: “Post Transfer Account Reconciliation for PFRSNJ”

Sincerely yours,

Ed Donnelly
PFRSNJ Board Chairperson

Request for Qualifications for Asset Transition Consultant and Reconciliation 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 perform a post-transfer reconciliation for the transition of assets for the Scope of Services as described in section 2. The purpose of the procurement of an auditor will be to assist the Board in receiving its appropriate percentage of the commingled assets, which shall include the movement of all traditional assets held by Common Pension Fund D, to separate subaccounts maintained by the NJ State Treasurer at State Street, 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, and ensure that the PFRSNJ receives its appropriate share. 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 transfer reconciliation consultant.

2. Background – The PFRSNJ will be required to perform a post-transfer account reconciliation for the fund's assets. This will ensure that the Board and retirement system are receiving their correct pro rata share of the commingled funds contained in Common Pension Fund D and E, including the physical retitling of all securities in the commingled fund. 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, and their respective audits, within the custody of the State Treasurer, and the transition of assets from the commingled alternative investment fund, Common

Pension Fund E. Work will be on an as needed basis to effectuate the post transfer reconciliation of the transferred assets from the commingled funds, into separate accounts.

3. Minimum Requirements

The Board of Trustees seeks a professional consulting firm with affiliates who have a demonstrated knowledge and experience working in the field of accounting, public laws, Pensions, Investments, and performing post-transfer reconciliations of an asset transfer for 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, to ensure the best interests of the plan participants are met. The firm will also need to have experience performing post-transfer reconciliations of accounts following the transitioning of 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 and creating separate accounts. 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 perform the post-transfer reconciliation with State Street, including securities held by the Division of Investments in Common Pension Fund D and E 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 post-transfer reconciliation 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 consultant selected to perform the post-transfer reconciliation will be required to counsel the Board on those specific matters that it may from time to time request, specifically, regarding 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, to separate accounts held at State Street, and such other work as may be required to carry out the legislative intent of Chapter 55 of Public Law 2018, including the prudent transition of assets between the commingled to non-commingled funds within the Custodian Bank selected by the State Treasurer. The consultant will work cooperatively with the Board's staff including the Executive Director, Chief Investment Officer, and Director of Legal Affairs for PFRSNJ to effectuate the post-transfer reconciliation.

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 consultant to complete such post-transfer reconciliation. 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 reconciling an asset transfer, and performing the due diligence in the field of 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, and the auditing that is required to effectuate such work, and such other work as will be required to separate

the assets, and perform the proper accounting and auditing of the separated assets.

Consultants 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.