

QUESTIONS SUBMITTED TO RPF #18-02

Answers in Italics

1. Are we required to bid on both portfolios?

All firms are welcome to bid on one or both fixed income pools, depending on what the firm feels comfortable with. Bidding on both pools is preferred, but not required.

2. Is it mandatory to have an SSAE 16 report?

Each bidder is asked to provide the most current report by its independent auditors of its internal controls.

3. As far as being a backup manager for the State, does our firm have to have experience in managing equities and fixed income or just equities?

This RFP is for fixed income accounts. A firm must have the ability, or be willing to contract with a third-party to manage and execute equity transactions for various ASTO pools in the event of an emergency.

4. Why is the municipal portfolio going away in 2019?

The pool is a liquidity fund and due to expire in October 2019.

5. Does the state anticipate increasing the managed portfolio amounts above 300 million? This would affect our pricing proposal.

The State of Arizona does not anticipate increasing the managed portfolio amounts.

6. What is the current fee schedule being charged by the current manager.

Disclosing this information is not a part of the RFP process.

7. Who is the current manager on the outsourced funds?

U.S. Bancorp Asset Management, Inc.

8. We intend to submit proposals for both Pool 3 and Pool 10. Should we aggregate our responses into a single response document or do you require separate proposals per Pool?

Yes, an aggregated response is preferred.

9. Regarding the Evaluation Criteria that states: “Current experience in managing a portfolio of \$1 billion or more of short and medium term fixed income assets for a State, County or City Treasurer’s office.” We do not currently manage a stand-alone \$1 billion portfolio for a State Treasurer Office, however in aggregate we do manage fixed income assets for multiple State Treasurers that exceeds \$1 billion in AUM. Does this satisfy the stated criteria?

\$10 billion minimum assets under management with at least \$1 billion (in aggregate) that are from clients from either a State, County, City or Town Treasurer’s Office. At least 5 years’ experience of managing fixed income and/or equity portfolios of at least \$1 billion by the primary portfolio manager and current experience in managing investments grade corporate bonds, agency mortgages, municipal bonds, asset-backed securities, commercial paper, discount notes and treasury bills, notes and bonds.

10. In Exhibit A: Scope of Services, #2 details a contingency plan. Please confirm that this question refers to Exhibit G (as opposed to the listed Exhibit H)?

Yes, Exhibit G.

Additionally, for the internal pool of assets listed in Exhibit G, could you clarify what the benchmarks or strategies are for the listed pools of assets?

The external pool benchmarks for this RFP are as follows:

Pool 3 external. 50% ICE LIBOR USD 3 Month (US0003M), 50% 1-3y US Broad Market (US01)
Pool 10 external. 50% ICE LIBOR USD 3 Month (US0003M), 50% 1-3r US Broad Market (US01)

The internal pool benchmarks are as follows:

Pool 2, 75% 0-1y US Treasury (GOQA), 25% US GNMA Mortgage Backed Sec (MGNM)
Pool 3 internal, 50% ICE LIBOR USD 3 Month (US0003M), 50% 1-3y US Broad Market (US01)
Pool 4, 50% 6-mos US Treasury Bill (GOO2), 50% 1-3y US Treasury & Agency (G1A0)
Pool 10 internal, 50% ICE LIBOR USD 3 Month, 50% 1-3r US Broad Market (US01)
Pool 12, 75% 1-5y US Corp, Gov & Mtge (DVA0), 25% S&P US AAA & AA Rated GIP All (LGIP30D)
Pool 15, N/A
Pool 16, 75% 1-5yr US Corp, Gov & Mtge (DVA0), 25% S&P US AAA & AA Rated GIP All (LGIP30D)
Pool 5, 100% US Generic Govt 3 Month Yield (LGIP30D)
Pool 7, US Generic Govt 3 Month Yield (LGIP30D)
Pool 500, 75% 1-5y US Corp, Gov & Mtge, 25% S&P US AAA & AA Rated GIP All (LGIP30d)
Pool 700, 75% 1-5y US Treasury, 15% Mortgages GNMA All 15 Year (MG1J), 10% 3-mos US Treasury Bill (GOO1)
Pool 201, 100% S&P 500 Index (SPX)
Pool 2013, 100% S&P 400 Midcap Index (MID)
Pool 204, 100% S&P 600 Smallcap Index (SML)
Pool 205, 100% US Broad IG (USBIG) (SBBIG)
Pool 123, 100% Pool 5

11. For the portion of the strategy specific to Municipal Securities, can you please confirm the tax rate associated given this is a non-AMT pool? Is this strategy focused on any specific Region or State?

Each security in this pool is limited to a yield of less than 3.99%, and there are no specific regions or states.

12. Please recap what the requirements are for a potential bidder?

Please see the RFP for all deliverables and requirements.