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2/24/21

The following Q&A and revised Appendix V will serve as Amendment #2 to NYSIF's procurement for a Securitized Credit Manager Search, bid number 2021-01-INV. Material in this Amendment supersedes any contradictory material in the procurement.

Please note that the due date for the submission of bids **remains the same.**

All bids are due 3/8/21, by 2:00 p.m.(eastern).

Sincerely,


Alexandria Romano
Contract Management Specialist 2

Question #	RFP Page #	RFP Section and Sub-Section Reference #/Heading	Question	NYSIF Response
1			We cannot see what the size of the potential mandate is. Is that something you can share at this point?	This is not required for the RFP response
2			If a GIPS composite is not available for the same or similar strategy, would a carve out of relevant securities from broader portfolio be eligible for consideration?	Composite needs to be GIPS compliant; as long as you have GIPS compliant composite you can submit supplemental information for carveouts
3			Is the private ABS referenced meant to be true private ABS, or is this referencing 144a unregistered securities?	True private ABS
4		Exhibit 1: NYSIF Certifications (notary request on page 7) Appendix E: Vendor Responsibility (notary request on page 61) Appendix F: NYS Certifications (notary request on page 63)	Given the current pandemic/social distancing environment, is the notary public signature required at this stage?	Yes, electronic signatures and notaries can be accepted. Please see NYS Executive Order 202.7 for additional information.
5		Appendix V: Vendor Assurance of No Conflict of Interest or Detrimental Effect (page 81)	Appendix V refers to "Passive Indexing Services (2020-90-INV)", can you please clarify?	Attached is a revised Appendix V with procurement name and number for this solicitation.
6		Securitized Credit Manager Search / Mandate Description	Are Single Family Rental (SFR) securities a permitted allocation?	No final decision on the product scope has been made. SFR could be permitted
7		Securitized Credit Manager Search / Mandate Description	Any restrictions on floating rate security allocations?	Guidelines on floating rate exposure haven't been finalized. We would likely have some restrictions in place.
8		Securitized Credit Manager Search / Mandate Description	Are Single Asset Single Borrower (SASB) commercial mortgages permitted?	No final decision on the product scope has been made. SASB could be permitted
9		Securitized Credit Manager Search / Mandate Description	Are "AS" tranches within CMBS conduit structures permitted in addition to the AA/A tranches?	No final decision on the product scope has been made. AS tranches could be permitted
10		Phase One Questionnaire / Investment Philosophy	Can you please confirm if you are looking for one page maximum for each subsector or one page for all four?	One page maximum for all four
11		Mandate Description	What is the expected/modeled return target for this mandate? -Do return targets differ for each of the referenced securitized credit investments #1a-d?	No targets
12		Mandate Description #1	Are managers expected to oversee a mandate encompassing all of the securitized credit investments (a-d) or can our strategy be reflective of one or more of the listed investments?	While the preference is for all (a-d), we would also review a strategy that is reflective of a subset of two or more
13		Mandate Description #4b	Is the credit quality reference regarding purchases simply for public market securities or does it pertain to private, directly-originated investments as well?	To public market securities only
14		Mandate Description #4b	Is there flexibility to expand the credit quality reference to allow for BBB investments?	No

Question #	RFP Page #	RFP Section and Sub-Section Reference #/Heading	Question	NYSIF Response
15		Mandate Description #4d	Is there flexibility to expand the rating agencies to include other NRSROs (e.g., KBRA, DBRS) as they tend to be the primary agencies rating securitized assets?	No
16		Mandate Description - Benchmark	While the request indicates the bidder should submit data against the benchmark to which the product is actually managed, we do not manage this strategy against a benchmark. As such, is there a specific benchmark targeted for this mandate which NYSIF would propose we use for the proposal?	Not at this time. Please submit the benchmark that you consider to be most appropriate for the strategy
17		Minimum Requirements #4	Must candidate firms have five years of performance history for the exact strategy proposed or may the strategy proposed be a sub-set of the performance history?	See question 2.
18		Minimum Requirements #6	Given the four components for the securitized investments, may we submit more than one track record in eVestment?	Yes
19		Fee Schedule	What is the expected mandate size for the Securitized Credit Manager Search? The fee proposal page notes that the \$200mm is for evaluation purposes only. We have a minimum SMA size of \$250mm.	We cannot change the fee proposal at this point. If you are able please provide indicative fees at \$200mm and minimum SMA sizes can be discussed if an award is offered
20	1	Mandatory Requirements Affirmation	Is verifiable GIPS-compliant performance a mandatory requirement to submit RFP?	Yes
21	4	AUM & Track Record	What falls into the category "public ABS" securities? Can you please provide examples.	Bloomberg/Barclays Agg included ABS, other esoteric ABS (can include 144a)
22	Page 12	Attachment 3 - NYSIF Appendices: Exhibit A, Section 11	(1) Attachment 3 – Exhibit A, Section 11 (Standard Clauses for NYS Contracts) of the NY State Insurance Fund RFP ("NYSIF RFP") for a securitized credit strategy states, among other things, that the investment manager (referred to as the "Contractor") submitting the RFP response "will not discriminate against employees or applicants for employment because of race, creed, color, national origin, sex, age, disability or marital status, shall make and document its conscientious and active efforts to employ and utilize minority group members and women in its work force on State contracts and will undertake or continue existing programs of affirmative action to ensure that minority group members and women are afforded equal employment opportunities without discrimination. Affirmative action shall mean recruitment, employment, job assignment, promotion, upgradings, demotion, transfer, layoff, or termination and rates of pay or other forms of compensation." Also, Appendix M, Section B. 4(a) (Participation By Minority And Women Owned Business Enterprises) of the NYSIF RFP states in part that the "Contractor's EEO policy statement shall include... language [providing that] the Contractor shall make and document its conscientious and active efforts to employ and utilize minority group members and women in its work force." In addition, Attachment 3 – Exhibit B, Section 39 (e) (General Specifications) of the NYSIF RFP states that "The successful Bidder agrees to submit an Equal Employment Opportunity Policy Statement and Staffing Plan to NYSIF, upon request, as outlined under Participation of New York State Business Enterprises. (1 of 2 - continued on next cell)	see below response

Question #	RFP Page #	RFP Section and Sub-Section Reference #/Heading	Question	NYSIF Response
22.a.	Page 12	Attachment 3 - NYSIF Appendices: Exhibit A, Section 11	<p>Continued from above:</p> <p>In this area of law, various jurisdictions use differing terminology.</p> <p>a. Please clarify whether the NYSIF RFP -- including the Standard Clauses for NYS Contracts, General Specifications, Participation By Minority And Women Owned Business Enterprises, and the various regulations cited therein -- requires what is commonly referred to as an Affirmative Action plan containing a Utilization Analysis.</p> <p>b. If the answer to (a) above is Yes, please advise if the requirement for an Affirmative Action plan containing a Utilization Analysis is an unconditional requirement or whether there is any flexibility on that issue.</p> <p>c. Please advise if an Equal Opportunity in Employment Plan, that does not contain what is commonly referred to as an Affirmative Action plan containing a Utilization Analysis, would satisfy the requirements of NYSIF RFP -- including the Standard Clauses for NYS Contracts, General Specifications, Participation By Minority And Women Owned Business Enterprises, and the various regulations cited therein. (2 of 2)</p>	<p>a. Please refer back to Appendix M with regards to what is required in terms of utilization and reporting.</p> <p>b. No.</p> <p>c. Appendix M section III outlines EEO requirements.</p>
23	Page 1	Attachment 1 - Mandatory Requirement Affirmation	<p>Our Securitized team manages over \$16.6b in assets, with over \$5.1b in non-agency securitized credit between the ratings of A and AAA and another \$6.7b of agency MBS. These mandates are comprised of various portfolios that include a range of credit qualities and fall into several composites. Our longest composite is over 25 years, however, it often uses vanilla treasury futures to hedge duration at the request of clients (we can run the strategy without the derivatives as well). We also have a 11+ year securitized credit composite which includes lower credit quality securities than stated in the mandate. Finally, we have 2 other composites that match NYSIF investment guidelines closely, but are just under 5 years in length. Although these mandates are just under 5 years, they are managed by the same team utilizing the same philosophy and process as the longer composites that just miss on the investment criteria. Are we allowed to submit more than one strategy in order to demonstrate our ability to meet NYSIF investment objectives?</p>	<p>Yes, but at least one strategy must have at least 5 years of history.</p>

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24	Page 2	Attachment 1 - Mandatory Requirement Affirmation	As identified under "Qualification 6" in "Attachment 1 – Mandatory Requirement Affirmation," it is stated that "If the database is not fully populated, your firm's response will be considered incomplete." Can NYSIF please confirm whether the "fully populated" requirement is in reference to NYSIF's specific request for "monthly and quarterly composite returns and quarterly portfolio characteristics since inception through December 31st, 2020.." or whether it is in reference to the product's <i>entire</i> eVestment profile.	This refers to NYSIF's specific request.
25	Page 1	Attachment 2 - Securitized Credit Questionnaire A	On Page 1 of "Attachment 2 – Securitized Credit Questionnaire A" under "AUM & Track Record," there is a security categorization labeled "Private ABS." Can NYSIF confirm if you would like 144A securities included in this security categorization?	This category should include true private ABS only, not 144a public ABS. 144a rated securities can be included in public ABS
26			Is our firm able to defer on providing our full MWBE utilization plan (inclusive of filling out form 101 and 102) as part of our proposal until we advance in the search beyond the first round?	Per the procurement Appendix M requires Bidders to submit (i) Form 101; (ii) Form 103 or a copy of bidders current NYSDDED MWBE certification; and (iii) Form 106 or a copy of bidders EEO policy. Attachment 3, NYSIF Appendices, including the documents in Appendix M, must be returned to via email by 2pm (Eastern) on 3/8/21 to contracts@NYSIF.com and NYSIFSecuritized@nepc.com.
27		Description of Services	The fee submission form asks for proposals based on a \$200 million separate account. While we realize that is not necessarily the anticipated size, are you able to share a range for potential allocation sizes?	Not at this time, this will be discussed if an award is offered.
28		Description of Services - Mandate Description	Please confirm that the prohibition of derivatives is absolute, even for hedging purposes. We notice that the IPS does allow for Derivatives.	Derivatives are prohibited at this time
29	Various	Attachment 3 - Appendices/Exhibits	What are the options available and what is the preference for documents that require signatures (and a notary), considering the current work-from-home environment?	Electronic signatures and notaries can be accepted. Please see NYS Executive Order 202.7 for additional information.
30	Page 1	Phase 1 Questionnaire - General Firm and AUM Information: AUM & Track Record	Does a composite track record need to be submitted or can information for a representative account be submitted?	A composite must be submitted. Carve-outs are permitted, but representative accounts are not permitted
31	Page 2	2021-01-INV-Securitized Credit Procurement: Minimum Requirements - 6)	Does the composite within eVestment need to be representative of the actual proposed portfolio for the mandate?	Yes, in that the composite must contain at least 90% investments in investment types listed (#6d)
32	Page 2	2021-01-INV-Securitized Credit Procurement: Minimum Requirements - 6) d.	How strict is the guideline below, as it relates to submitting a representative track record for the mandate? "...must also exclude accounts that contain less than 90% of investments in securitized credit consistent with the above mandate."	It is a firm requirement
33			Has NYSIF determined the desired weights, or weighting bands, for the four underlying portfolio components across Non-Agency CMBS, Non-Agency RMBS, ABS and Private ABS?	Not determined yet. We will work with the selected managers selected to finalize specific's of the mandate
34			Given CLOs are often grouped as Asset Backed Securities (ABS), for the purposes of this mandate does NYSIF consider CLOs (AA-A Rated) to be of the ABS allocation?	CLOs are not part of the mandate. If the composite submitted for evaluation includes a small % of CLO's that would be acceptable.
35		AUM & Track Record	What is the target allocation between Non-Agency RMBS, Non-Agency, CMBS, Public ABS, and Private ABS?	Not determined yet. We will work with the managers selected to finalize specifics of the mandate
36		AUM & Track Record	What is NYSIF's target allocation size to Securitized Credit?	This is not required for the RFP response
37			Are there specific yield and duration targets for this mandate? If so, can you please provide?	No

Question #	RFP Page #	RFP Section and Sub-Section Reference #/Heading	Question	NYSIF Response
38			Is there a benchmark for this mandate? If so, can you please provide?	We don't have a proposed benchmark as of now. However, we will provide awarded managers with a customized benchmark that will reflect the finalized mandate.
39			Can you please elaborate on what you mean by "Private ABS"?	Structured securities that are manufactured and distributed on a private market basis
40			Are CLOs permissible investments for this mandate?	No
41			Would NYSIF consider allowing ratings by rating agencies other than Moody's, S&P, and Fitch?	No
42			Would using NAIC designations to determine minimum quality be an acceptable method?	Typically no. But can consider NAIC ratings on a case by case basis
43			Are Agency MBS permissible investments for this mandate?	No.
44			Would NYSIF consider a AAA mandate with an allowance of up to 15% AA/A rated securities?	This is a AA/A mandate. We would not be looking for a manager to have AAA securities in this mandate. However, if your representative mandate/portfolio has some AAA securities, that is fine to include for evaluation
45	N/A	Attachment C - Non-Disclosure Agreement (NDA)	Does the NDA need to be submitted by March 8th (along with Attachment 1, Attachment 2, Attachment 3 and Appendix Z), or is it for reference only?	This is for reference, should your firm be awarded it will be included in the contract.
46	2	Minimum Requirements, 6.d	Our firm manages a number of dedicated structured credit portfolios with varying degrees of quality restrictions. All of them, however, allow for more than 10% in assets rated lower than A-. Would the performance of such a relatively high quality structured credit portfolio be acceptable for the composite performance? If not, would the performance of the portion of such a portfolio that is rated A- or better be acceptable?	The composites should have no more than 10% outside the stated strategy . In addition, you may also provide carve out performance
47	Attachment C pgs 1-2	Mutual Nondisclosure Accord	In regards to attachment C, do you require that this exhibit be signed and returned? If so, is the firm permitted to make modifications to the NDA agreement?	Please include any red-lined versions of the NDA with your proposal, these will be reviewed during contract negotiations should you firm be awarded.
48	Attachment 3 Securitized Credit Appendices pg 7, Appendix E pg 61, Appendix F pg 63	Individual, Corporation, Partnership or LLC Acknowledgment	Given that Covid-19 has pushed a largely remote workforce will there be accommodations for the Notary Public requirement on page 7?	Electronic signatures and notaries can be accepted. Please see NYS Executive Order 202.7 for additional information.
49	Appendix M Form 102	Work Force Employment Utilization	Is the submission of Appendix M required for non- MWBE firms?	Yes. Per the procurement Appendix M requires Bidders to submit (i) Form 101; (ii) Form 103 or a copy of bidders current NYSDED MWBE certification; and (iii) Form 106 or a copy of bidders EEO policy. Attachment 3, NYSIF Appendices, including the documents in Appendix M, must be returned to via email by 2pm (Eastern) on 3/8/21 to contracts@NYSIF.com and NYSIFsecuritized@nepc.com.



APPENDIX V

Vendor Assurance of No Conflict of Interest or Detrimental Effect

The Firm offering to provide services pursuant to this Securitized Credit Manager Search (2021-01-INV), as a contractor, joint venture contractor, subcontractor, or consultant, attests that its performance of the services outlined in this Contract does not and will not create a conflict of interest with nor position the Firm to breach any other contract currently in force with the State of New York.

Furthermore, the Firm attests that it will not act in any manner that is detrimental to any State project on which the Firm is rendering services. Specifically, the Firm attests that:

1. The fulfillment of obligations by the Firm, as proposed in the response, does not violate any existing contracts or agreements between the Firm and the State;
2. The fulfillment of obligations by the Firm, as proposed in the response, does not and will not create any conflict of interest, or perception thereof, with any current role or responsibility that the Firm has with regard to any existing contracts or agreements between the Firm and the State;
3. The fulfillment of obligations by the Firm, as proposed in the response, does not and will not compromise the Firm's ability to carry out its obligations under any existing contracts between the Firm and the State;
4. The fulfillment of any other contractual obligations that the Firm has with the State will not affect or influence its ability to perform under any contract with the State resulting from this Contract;
5. During the negotiation this Contract, the Firm will not knowingly take any action or make any decision which creates a potential for conflict of interest or might cause a detrimental impact to the State as a whole including, but not limited to, any action or decision to divert resources from one State project to another;
6. In fulfilling obligations under each of its State contracts, including any contract which results from this Contract, the Firm will act in accordance with the terms of each of its State contracts and will not knowingly take any action or make any decision which might cause a detrimental impact to the State as a whole including, but not limited to, any action or decision to divert resources from one State project to another;
7. No former officer or employee of the State who is now employed by the Firm, nor any former officer or employee of the Firm who is now employed by the State, has played a role with regard to the administration of this contract procurement in a manner that may violate section 73(8)(a) of the State Ethics Law; and
8. The Firm has not and shall not offer to any employee, member or director of the State any gift, whether in the form of money, service, loan, travel, entertainment, hospitality, thing or

promise, or in any other form, under circumstances in which it could reasonably be inferred that the gift was intended to influence said employee, member or director, or could reasonably be expected to influence said employee, member or director, in the performance of the official duty of said employee, member or director or was intended as a reward for any official action on the part of said employee, member or director.

Firms engaged under this solicitation should note that the State recognizes that conflicts may occur in the future because a Firm may have existing or new relationships. The State will review the nature of any such new relationship and reserves the right to terminate the contract for cause if, in its judgment, a real or potential conflict of interest cannot be cured.

Name: _____

Title: _____

Signature: _____

Date: _____

This form must be signed by an authorized executive or legal representative.