



State of New Jersey

DEPARTMENT OF THE TREASURY
DIVISION OF INVESTMENT
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Governor

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State Treasurer

KIM GUADAGNO
Lt. Governor

TO: Potential Bidders

FROM: Christopher McDonough
Director

DATE: May 23, 2014

RE: Hedge Fund Investment Consulting Services Request for
Proposal – Questions and Answers

Note: Some of the questions have been paraphrased in the interest of readability and clarity. Each question is referenced by the appropriate RFP page number(s) and section where applicable.

1.

Section: General
Page: N/A

Question: Is the RFP intended to be a due diligence process, or is the RFP intended to result in a change in consultants?

Answer: The current contract is expiring. This process is a new procurement of hedge fund investment consulting services.

2.

Section: General
Page: N/A

Question: Is the current hedge fund consultant being considered as part of this process?

Answer: The incumbent is invited to submit a proposal.

3.

Section: General

Page: N/A

Question: What are the annual fees for the existing contract that the DOI is paying to its current hedge fund investment consultant? Are there project-related fees associated with the current arrangement that are not part of the base fee?

Answer: *DOI pays the incumbent a flat fee of \$1.375 million annually. There are no project-based fees.*

4.

Section: General

Page: N/A

Question: Do you have any specific issues in regards to your current hedge fund consultant?

Answer: *No.*

5.

Section: General

Page: N/A

Question: Do you anticipate making any changes to the asset allocation of the Plans? Are you considering any new asset classes?

Answer: *Asset Allocation is set annually and adjustment are made as necessary.*

6.

Section: General

Page: N/A

Question: What is the most important investment issue your fund is currently facing?

Answer: *The Division faces a number of important issues, but has not specified particular issues requiring a response in this RFP.*

7.

Section: 1.6.4

Page: 8

Question: After you issue the Notice of Intent to Award, we understand each RFP proposal will be made available to the public. Before releasing the RFP proposal to the public, will you exclude or redact those portions of the proposal where bidder has designated (in good faith and with a legal and factual basis) that the information is exempt from public disclosure?

Answer: If a bidder's proposal is marked as confidential or proprietary, the Division's records custodian will make every attempt to contact the firm prior to release of any documents. Please note, in the event of any challenge to the firm's assertion of confidentiality with which the State does not concur, the firm may elect to defend its assertion in a timely manner at its own expense.

8.

Section: 3.1.6

Page: 17

Question: Do you have a preliminary schedule of the six SIC meetings (in person) and the six IPC (telephone) meetings? And the annual Advisory Board Meetings?

Answer: The current schedule of SIC meetings is posted online at <http://www.state.nj.us/treasury/doinvest/calendar.shtml>. This schedule is subject to change.

9.

Section: 3.2.1A

Page: 17

Question: Will you require consultant's online database system to receive the custodian investment data feed automatically? Or may consultant accept custodian investment data for manual entry into consultant's online database system?

Answer: From a "real time" standpoint, a data feed is preferable; however, manual entry will be acceptable.

10.

Section: 3.4A

Page: 19

Question: Would you be able to provide an example of the types of valuation services the consultant may be required to perform?

Answer: Example: accuracy of valuations in regard to Manager's level II and III assets.

11.

Section: 4.6.1

Page: 23

Question: Our company is based in the US and the consultants assigned to work with the DOI will perform the work in the US. To advise US clients, however, our company uses inputs and resources supplied by our affiliates located outside of the US. Would the DOI consider our company arrangement to cause the consulting services to be provided outside of the US? If so, can you provide some examples of the “extraordinary circumstances” or “economic hardships” where NJ would permit the consultant to shift services outside of the US?

Answer: The provisions of 4.6.1 do not apply to every location providing resources to your employees and consultants; rather, it applies to locations where services are being provided under the Contract. DOI will not speculate as to extraordinary circumstances or economic hardships that may arise in the future.

12.

Section: 5.7.1

Page: 26

Question: Could you possibly be more specific in the types of problems that you would like us to try and identify?

Answer: The bidder should identify any problems with the implementation of the contract or any requirements of the RFP with which it cannot comply.

13.

Section: 8.1.3

Page: 44

Question: Our company is not formed in, nor do we have an office in the state of NJ. Which targeted NJ county’s employment goals would you expect an out-of-state consultant to meet when implementing an affirmative action program? Are there any available exemptions to the affirmative action program requirements (e.g. less than 50 employees)?

Answer: Bidders should seek advice from legal counsel regarding compliance with applicable State statutes and regulations.
