

**ITN: General and/or Public Market Consultant Search
Response to Request for Clarification**

- 1. It appears that SBA has decided to separate the ODD scope from the public market consultant scope. Can you explain the rationale for that change?**

The SBA's ODD needs have continued to grow and evolve over time as a result of increasing complexity in financial markets and the blurring of the lines between historical asset classes and public/private distinctions. Accordingly, providers of ODD services have sometimes developed special competencies in assessing subject matter areas that don't necessarily align neatly with asset classes. The SBA believes it may therefore be best served by establishing contracts with ODD providers in a manner that does not necessarily delineate the scope of work along the lines of a public/private or asset class convention.

- 2. How often are asset/liability studies performed? Does the general consultant perform separate studies performed for the various funds (e.g., Pension Plan and Hurricane Catastrophe Fund)?**

Asset/Liability studies are undertaken annually and relate only to the FRS Defined Benefit Plan.

- 3. What is the typical cadence for asset class structure reviews? And how is risk budgeting from the general consultant informed by structure evaluation from the public market consultant, and vice versa?**

Historically, structural reviews are ad hoc but have typically occurred about every three years in the public market asset classes. The General Consultant usually approaches the active risk budget recommendations based on the structure the SBA has implemented or plans to implement (e.g. active/passive splits, constrained vs. unconstrained strategies, number of managers and their concentration, etc.), which, of course, is formulated in consultation with the Public Market Consultant.

- 4. How many searches have been performed by the public market consultant over the past three years? Do you anticipate any increase or decrease in the number of searches performed annually? Are those searches typically performed through an ITN process?**

The SBA's current Public Market Consultant conducted 7 manager searches during the last three fiscal years (i.e., 6/30/2022 through 6/30/2025). Manager searches do not necessarily occur on a regular, predictable annual cadence. Rather, they are primarily driven by a) structural changes to the Plan's or Asset Classes' objectives/constraints and b) a need to address manager-specific issues. While (a) and (b) are episodic by their nature, the scale and complexity of the FRS Defined Benefit Plan means that, practically speaking, a given fiscal year typically includes some amount of public market search activity. The SBA is not anticipating any changes to this overall pattern of search activity.

Searches are not performed through an ITN process. Investment staff develop search criteria then generally work with the Public Market Consultant to develop and screen a manager universe, and then ultimately recommend managers for ultimate selection and contracting by the Board.