

1. What is the biggest issue the System is currently facing?

Answer: The system is underfunded (just over 60% funded) and cash flow negative. It is imperative that the investment portfolio is constructed not only to meet the system's return objectives, but also to mitigate the impact of a variety of risks.

Per the System's most recently published actuarial valuation (https://www.ersri.org/sites/default/files/2024-12/ERSRI_Val2024%201216.pdf), the System is expected to face a significant decrease in employer contributions at some point in the future. While this is not expected to materialize for roughly 10 years, it is a modification that the portfolio will have to anticipate during the next Asset Liability Study given illiquid investment exposure in conjunction with the System's future liquidity needs.

2. What are your top concerns for the portfolio?

Answer: Consistent with the previous question, a top concern would be related to the portfolio's ability to withstand an extended equity market drawdown while maintaining sufficient liquidity to continue meeting its benefit obligations.

Investment processes need to adapt to the evolving landscape of alternative liquidity solutions and private market investment structures (e.g., continuation vehicles, co-invest, etc.).

3. How many public manager searches have you conducted per year over the past 3 years? Or, How many manager searches have been conducted each year, over the last 3 years?

Answer: There have been 2 public manager mandates added to the portfolio over the last 3 years. Manager inception dates across the portfolio's publicly traded asset classes can be found in our SIC Books, which are posted to Treasury's website (November SIC Book: <https://data.treasury.ri.gov/dataset/cd7e336d-be6a-4e64-8d12-598a2c8b5945/resource/ad91a5e5-1c71-4147-b5fc-b6c8ab25f1d2/download/ersri-sic-book-11.30.24.pdf>).

Over the past 3 years, the SIC has approved commitments to over 50 funds within the portfolio's alternative asset categories (Private Equity, Private Credit, Non-Core and Core Real Estate, and Private Real Assets/Infrastructure).

4. The Scope of Work indicates the consultant(s) may be required to provide risk management advisory services. Can you please provide examples of what specific risk management services the System requires?

Answer: Risk management services would be limited to analysis/reporting and would not involve transacting or instructing transaction activity. The General Investment Consultant is expected to assess various portfolio risks through a multidimensional lens. A small subset of risk analyses previously conducted by the General Consultant are included within:

<https://data.treasury.ri.gov/dataset/67e9a928-4463-42d9-a3de-b5d07cb27e96/resource/5d0676cd-653a-45eb-8e61-c408bd4e282e/download/1a-state-of-ri-liquidity-review-april-2024.pdf>

<https://data.treasury.ri.gov/dataset/705e6346-2842-43fd-b498-7a8039c829bf/resource/5b87c544-0ff9-4437-879a-b83bdc703072/download/1a-2023-10-alm-update-ersri-final.pdf>

<https://data.treasury.ri.gov/dataset/7a752622-918c-44f0-9847-78ecc1e933d8/resource/6f91acfa-cce6-4e6b-8034-098919f17638/download/ri-sic-a-l-model-output-2-9-28-16-f.pdf>

5. Can you confirm that the scope of services outlined in the RFP are the same that your current general consultant is being asked to fulfill?

Answer: Yes, the scope of services outlined in the RFP are the same that our current general consultant is being asked to fulfill.

6. Is the general consultant expected to attend all monthly meetings in person, or can some be attended remotely? Or, We understand the consultant is expected to attend monthly SIC meetings. Are meetings typically held in person, virtually, or in a hybrid format?

Answer: All State Investment Commission (SIC) meetings are conducted in-person and livestreamed via Zoom. While we expect in-person attendance from at least one representative from each of our Investment Consultants, we have demonstrated a willingness to make exceptions on a case-by-case basis.

7. For the purposes of considering a proposing firms' experience providing investment consulting services to comparable entities, would the ERSI consider jointly trustee Taft-Hartley/Union Defined Benefit Fund's with at least \$5 billion of assets whose beneficiaries may include public employees as "comparable entities"?

Answer: Yes, ERSRI would consider those to be comparable entities.

8. How many full-time employees are dedicated to working on the Plans?

Answer: The Treasury Investment staff includes 5 employees (including the Chief Investment Officer) who work on the plan full-time.

9. Is the fund expecting to have an Asset Liability study done in 2025? When was the last study conducted?

Answer: Undetermined. Asset Liability studies are generally conducted every 3-4 years, but the frequency may need to adjust depending on factors like significant changes in the plan's liability profile or market volatility/regime change, at the discretion of the SIC. The most recent Asset Liability study was completed in Q4 of calendar 2023.