New York State Deferred Compensation Board
Stable Income Fund – Active Intermediate Core and Active Short Duration Fixed Income RFP
Responses to Questions

Proposal Submission Requirements

1. May firms submit proposals for both the Active Intermediate Core Fixed Income and Active Short Duration Fixed Income mandates? Should separate proposals be submitted for each strategy, including strategies benchmarked to different indices?
Yes. A separate, complete proposal is required for each distinct benchmark implementation, even where the implementations share the same underlying investment process and team. Section III of the RFP requires each proposer to indicate the proposed benchmark index for each mandate submitted, and Appendix B is completed at the strategy level. The RFP permits the Board to select one or more providers, and the same firm may be selected for more than one mandate.

2. If submitting proposals for multiple strategies or benchmark implementations, should each proposal be sent in a separate email?
Yes. Each distinct strategy or benchmark implementation should be submitted as a separate, complete proposal in a separate email, following the submission instructions in Section IV of the RFP.

3. Can unlocked versions of Appendices A and B be provided to allow formatting adjustments to the response cells?
Revised versions of Appendices A and B with unlocked response cells will be made available on Callan's website. Proposers should not modify the questions or overall structure of the questionnaires.

4. May proposers include supplemental exhibits or attachments where the questionnaire response fields do not provide sufficient space?
Yes. However, supplemental materials should be kept to a minimum. Proposers should use the response fields in the unlocked versions of Appendices A and B wherever possible and keep answers concise. Marketing materials, full pitch books, and other general materials not requested should not be included.

5. If a firm submits multiple proposals, must it provide separate references, historical client flows, stable value account information, and other strategy-specific information?
Yes. Each proposal must include all information applicable to the proposed strategy. Firm-wide information may be repeated where appropriate, but strategy-specific information should be provided separately.

6. If a proposer does not have five client references for a proposed strategy, may it provide references for a different but similarly managed strategy?
Yes. Proposers may provide references for a different but similarly managed strategy if five references for the proposed strategy are not available. The relationship between the referenced strategy and the proposed mandate should be clearly identified.

7. If the same legal entity submits proposals for multiple strategies, must it provide separate copies of Appendix C (Vendor Responsibility Questionnaire) and Appendix D (Application for a Competitively Bid Contract), including required certifications and notarizations?

One set of executive notarized documents is sufficient for multiple proposals submitted by the same legal entity. Proposers may include copies of these documents with each additional proposal.

8. Which Vendor Responsibility Questionnaire should be completed? The RFP references Form ADM-288, while Appendix C contains Form AC 3290-S. Is submission through the New York State VendRep system acceptable?
Proposers should complete the Vendor Responsibility Questionnaire included as Appendix C (Form AC 3290-S). Submission through the New York State VendRep system is also acceptable, provided that a copy of the completed questionnaire submitted through VendRep is included with the proposal for the Board's records.

9. Where should the EEO Policy Statement be included in the proposal package?
The EEO Policy Statement may be included as a supplemental attachment to the proposal, clearly labeled and included within the complete PDF submission.

10. Should the final proposal be submitted only in PDF format, or must the completed Excel questionnaires also be provided?
As outlined in Section IV of the RFP, proposers must submit a complete PDF proposal, including Appendices A, B, C, and D, to the designated Board staff contact. A complete PDF proposal and Appendices A and B in Excel format must also be submitted to GSAM and Callan at the email addresses specified in the RFP.

Manager Qualifications and Evaluation

11. Are managers required to have existing stable value clients or experience managing wrapped fixed income portfolios? Will firms without such experience be excluded from consideration?
Prior experience managing fixed income portfolios within stable value structures is a consideration in the evaluation process but is not a minimum eligibility requirement. Proposers without existing stable value clients are encouraged to respond, provided they meet the minimum qualifications outlined in the RFP.

12. Is a five-year GIPS-compliant track record required, or will strategies with shorter track records, including one year or approximately 3.5 years, be considered? How should firms address this qualification in their cover letters?
A five-year GIPS-compliant track record is preferred but not required. Strategies with shorter track records may be considered, and track record length will be a material factor in the evaluation. Proposers should state the length of the available track record in their cover letters and indicate that they do not meet the preferred five-year qualification.

13. How will prior stable value experience be evaluated, and what relative weighting will it receive?
Stable value experience will be considered as part of the overall evaluation of each proposer, including its experience managing portfolios within stable value structures and ability to meet the Fund's investment requirements.

14. Does the $1 billion minimum fixed income assets under management requirement include non-discretionary assets? May the minimum be waived for smaller, emerging, or diverse managers?
The minimum requirement is $1 billion in discretionary fixed income assets under management as of September 30, 2026. This is a minimum eligibility requirement for all proposers, including smaller, emerging, and diverse managers, and will not be waived.

15. What weightings are assigned to the evaluation criteria outlined in Section V of the RFP? If specific weightings are not available, can the Board identify the two most important criteria?
Proposals will be evaluated based on the criteria outlined in Section V of the RFP. The Board will consider the criteria collectively and does not intend to provide additional rankings or numerical weightings.

16. Will firms that have experienced ownership changes within the past year be disqualified or negatively evaluated?
An ownership change does not automatically disqualify a firm from consideration. Ownership structure, organizational stability, and any resulting implications for the investment team or proposed strategy will be considered as part of the overall evaluation.

17. Does the Plan maintain formal or informal concentration limits for individual stable value managers? Will an incumbent manager's existing exposure affect its eligibility or potential award size?
The fund does not have established formal concentration limits for any individual fixed income manager. In determining allocations, GSAM and the Board will consider the Fund's overall diversification, existing manager exposures, strategy fit, wrap capacity, liquidity needs, and the results of the evaluation process. An incumbent manager's existing exposure does not make the manager ineligible, but it may be considered in determining any allocation.

Investment Guidelines and Portfolio Construction

18. Is Exhibit F, dated June 5, 2015, the current version of the Stable Income Fund Investment Policies and Guidelines?
No. Exhibit F contains an older copy of the Stable Income Fund Investment Policies and Guidelines. The most recent guidelines are effective August 23, 2024, and have been uploaded to Callan's website.

19. Are U.S. dollar-denominated bonds issued by non-U.S. entities, including Yankee corporate bonds, banks, sovereigns, agencies, supranationals, Canadian provincials, and foreign agencies, permitted under Exhibit F? Do Yankee corporate bonds count toward the 40% corporate sector limit?
Yes, U.S. dollar-denominated securities issued by non-U.S. entities are permitted where the security falls within an approved investment category and complies with all applicable credit-quality, sector, issuer, and issue limits. Approved categories include securities issued by supranational entities or sovereign credits and corporate bonds, which would include Yankee corporate and bank bonds. Yankee corporate bonds are treated as corporate obligations and count toward the corporate sector limit, which is 50% under the Guidelines.

20. Are corporate bonds permitted investments under Exhibit F, given that they are referenced in the concentration guidelines but not expressly listed among approved investments?
Yes. Corporate bonds are approved investments in Section III(A) and III(B) of the current Guidelines dated August 23, 2024, and are subject to the 50% corporate sector limit, 5% issuer limit, and 3% issue limit in the Concentration Guidelines.

21. What types of collateral are permitted for asset-backed securities under Exhibit F?
The Guidelines define ABS as securities collateralized by cash flows from a specified pool of underlying assets, such as credit card receivables, home equity loans, and auto loans. These examples are illustrative rather than an exclusive list. A more descriptive type of asset-backed securities may be incorporated into the applicable Sub-Manager account guidelines and wrap guidelines.

22. Do the commercial mortgage-backed securities (CMBS) concentration limits apply to agency CMBS? For issuer concentration purposes, are Fannie Mae, Freddie Mac, and Ginnie Mae treated as separate issuers?
The Commercial MBS limits do not expressly distinguish between Agency and Non-Agency securities. A conservative reading, which we could incorporate into the wrap guidelines, is that agency CMBS would be subject to the 20% CMBS sector limit and the applicable issuer and issue limits. The Stable Income Fund Investment Policies and Guidelines are intended to be broad, and the wrap and manager guidelines can be more specific and tailored to the individual mandate.

23. Are agency adjustable-rate mortgage securities permitted under Exhibit F?
Yes. Agency adjustable-rate mortgage securities are permitted if they are U.S. dollar-denominated agency residential mortgage-backed securities and comply with the applicable concentration, credit-quality, duration, and other account-specific guidelines. Mortgage derivatives such as interest-only securities, principal-only securities, and inverse interest-only securities remain prohibited.

24. Is there a maximum permitted allocation to Rule 144A securities?
No. The Fixed Income Sector Investment Guidelines do not establish a separate portfolio-wide maximum for Rule 144A securities. Securities that are not registered under the Securities Act may be held subject to any requirements specified in the applicable Sub-Manager account guidelines and wrap guidelines.

25. May Treasury futures be used for duration hedging and yield curve positioning if their use causes total market exposure to differ from 100%, provided the portfolio does not employ prohibited leverage?
Yes. Treasury futures may be used for hedging and portfolio risk-management purposes, including duration and yield-curve positioning. Their use must remain consistent with the assigned benchmark, the applicable account guidelines, and the prohibition on using derivatives to leverage the portfolio. The Guidelines define prohibited leverage as the use of securities or investment techniques for purposes other than hedging.

26. Exhibit F references a maximum maturity of 25 months. Are separate or additional investment guidelines applicable to the Active Intermediate Core Fixed Income mandate?
The 25-month maturity limitation applies to securities with discrete maturity dates in the Cash Portfolio Investment Guidelines; it does not apply to the Active Intermediate Core Fixed Income mandate. The Active Intermediate Core mandate will be governed by the Fixed Income Sector Investment Guidelines.

27. Is the 80%–120% benchmark-duration range in Exhibit F a mandatory requirement for each selected mandate at all times?
Yes. Proposers should assume this requirement applies at all times unless a different requirement such as a cure period is approved and documented in the applicable account guidelines.

28. Are managers required to maintain minimum exposures to benchmark sectors such as Treasuries, agencies, mortgage-backed securities, and securitized credit? May managers maintain persistent structural underweights where otherwise permitted by Exhibit F?
The Guidelines do not prescribe minimum allocations to individual benchmark sectors. A manager may maintain sector underweights, provided the portfolio seeks to outperform its assigned benchmark while controlling overall risk and complies with all applicable guideline limits. Proposers should clearly disclose any anticipated structural positioning and explain its expected effect on risk, tracking error, and sources of excess return.

29. May a manager propose a customized separate account that complies with Exhibit F while using an existing strategy composite with broader investment guidelines or holdings in prohibited securities, such as CLOs, as its historical track record?
Yes. A manager may propose a customized separate account that complies with the guidelines while presenting the relevant existing GIPS-compliant strategy composite as its historical track record. The proposer should clearly identify and explain all material differences between the historical composite and the proposed mandate. CLOs are permitted under the current Guidelines as part of the ABS category, subject to the applicable limits and account-specific and wrap guidelines.

30. Will strategies historically benchmarked to the Bloomberg Intermediate Credit Index or another index not specified in the RFP be considered, provided the proposed mandate can be managed against one of the eligible RFP benchmarks?
The RFP identifies a five-year GIPS-compliant track record benchmarked to one of the four specified indices as a preferred qualification. Strategies with different historical benchmarks may be considered, provided the proposed mandate can be managed against an eligible RFP benchmark. However, a historical track record benchmarked to an index other than those specified in the RFP would not, on its own, satisfy this preferred qualification.

31. Must a strategy have been benchmarked to one of the four specified indices for its entire historical track record? Would strategies benchmarked to the Bloomberg Aggregate 1–3 Year Index or Bloomberg U.S. Aggregate Index be considered?
Please see prior response. Strategies benchmarked to the Bloomberg Aggregate 1–3 Year Index or Bloomberg U.S. Aggregate Index will not be considered.

32. If a strategy's historical benchmark differs from the benchmark proposed for the mandate, which benchmark should be used for historical performance, attribution, expected excess return, and tracking error?
Historical performance and attribution should be presented relative to the strategy's existing benchmark. Expected excess return, tracking error, and risk characteristics should be presented relative to the proposed mandate benchmark.

33. Does the Board or GSAM have target or preferred ranges for expected excess return and tracking error for either mandate?
The Board has not established specific excess return targets or preferred tracking error ranges for either mandate. As outlined in Section III of the RFP, proposed strategies should seek to outperform their assigned benchmarks while controlling overall portfolio risk. Proposers should describe their expected excess return, tracking error, and approach to risk management in their submissions.

34. Would an impact bond strategy benchmarked to the Bloomberg Intermediate Aggregate Index be considered?
This RFP is not an impact bond search. A proposed impact bond strategy would be evaluated alongside other proposals in accordance with the RFP’s fiduciary objectives, minimum qualifications, investment guidelines, and evaluation criteria.

35. Are Active Short Duration sub-managers expected to maintain a minimum cash allocation, or will liquidity be managed at the overall Stable Income Fund level?
As outlined in Section III of the RFP, the Stable Income Fund maintains a cash account to support daily participant liquidity. The RFP does not specify a minimum cash allocation for individual Active Short Duration sub-managers. However, managers must accommodate withdrawals and reallocations as required by the Fund.

Stable Value Structure and Wrap Coverage

36. Will GSAM arrange wrap coverage for selected managers, or must proposers independently identify wrap issuers or secure wrap capacity before submitting proposals?
As outlined in Section III of the RFP, wrap coverage is arranged by GSAM, the Board's Stable Value Structure Manager. Proposers are not required to independently secure wrap coverage before submitting a proposal. GSAM will seek wrap coverage after the manager has been selected for the mandate and will coordinate with the selected manager to establish the applicable account and wrap investment guidelines.

37. If a proposed strategy is not currently wrapped and no wrap issuer has expressed interest, is "none to date" an acceptable response to Appendix B? Can GSAM identify the wrap issuers it expects to approach?
If no issuer has expressed interest, proposers may indicate "none to date." GSAM will assess wrap suitability and approach potential wrap issuers as appropriate during the implementation process. The RFP identifies the Fund’s current wrap issuers, but GSAM is not providing a separate list of prospective issuers expected to be approached for each proposed strategy.

38. For purposes of Appendix B, how does the Board define "stable value accounts"? Does the definition include separately managed fixed income portfolios within wrapped stable value structures?
Yes. For purposes of Appendix B, stable value accounts include separately managed fixed income portfolios covered by benefit-responsive wrap contracts.

Mandate Size, Fees, and Manager Selection

39. Can the Board provide the current investment management fee schedules for existing Stable Income Fund managers?
No. The Board is not providing current investment management fee schedules as part of this RFP.

40. Can the Board provide the current costs associated with the Fund's wrap providers?
No. The Board is not providing current wrap provider costs as part of this RFP.

41. Does the anticipated $400 million to $800 million mandate size apply to each individual manager allocation or to the aggregate allocation within each mandate category?
As outlined in Section III of the RFP, individual mandates may range from approximately $400 million to $800 million, depending on the number of providers selected. Final allocation amounts will be determined through the selection process.

42. Will the Board provide current portfolio holdings for each Stable Income Fund manager?
No. The Board is not providing current portfolio holdings as part of this RFP.

43. Should managers provide one fee schedule covering the anticipated $400 million to $800 million allocation range or separate pricing at $400 million, $600 million, and $800 million?
Proposers should provide a complete fee schedule covering the anticipated $400 million to $800 million mandate range, including all applicable fee tiers, breakpoints, and associated costs. Pricing at $400 million, $600 million, and $800 million

may be provided to facilitate comparison but is not required, provided the fee schedule clearly reflects pricing across the full range.

44. Will the anticipated allocations represent new assets or reallocations from existing managers? Will incumbent managers be eligible, and could the search result in no manager changes?
The source of assets used to fund any mandate has not yet been determined and will depend on the outcome of the selection process and the needs of the Stable Income Fund at the time of implementation. Both incumbent and prospective managers are eligible for consideration. Final manager selection and allocation decisions will be made by the Board.

45. How will Callan and GSAM coordinate their responsibilities during the manager evaluation and selection process?
As outlined in Section V of the RFP, GSAM will review and screen proposals and recommend finalists to the Board. Callan serves as the Board's independent investment consultant and will support the evaluation process. Final manager selection decisions rest with the Board.

Contractual and Legal Requirements

46. Can the Board provide its standard Investment Management Agreement or other contractual documentation during the RFP process?
The Board's standard Investment Management Agreement is not being distributed as part of this RFP. The proposed agreement will be provided to selected financial organizations during the contracting process.

47. What types of conduct or omissions by an investment manager would trigger the indemnification requirements described in Section V.G of the RFP?
The specific scope and application of the indemnification provisions will be addressed in the proposed Investment Management Agreement provided during the contracting process.

48. Would the Board consider providing indemnification to an investment manager in circumstances not involving gross negligence or a breach of the applicable standard of care?
The Standard Clauses for New York State Contracts included in Exhibit A are mandatory for all New York State contracts and may not be amended. Any additional contractual provisions or proposed modifications would be subject to review and approval by the Board and its legal counsel.

49. May proposers identify exceptions to the standard contractual provisions in their proposals?
The Standard Clauses for New York State Contracts included in Exhibit A are mandatory and may not be amended.

50. Will the proposed mandates be subject to most favored nation requirements relating to investment management fees?
Yes. The investment management agreements for the selected managers will include most favored nation provisions relating to investment management fees.

51. The RFP requires selected managers to provide contract comments within seven days, while Appendix B references 30 days. Which timeframe applies?
The 30-day timeframe applies.

52. Can the Board provide copies of the New York State Information Security Breach and Notification Act provisions referenced in the RFP?

The referenced statutory provisions are publicly available online under New York State General Business Law §899-aa and State Technology Law §208.

53. How should investment managers interpret the "common ownership or control" requirements under Exhibit H, and what level of diligence is expected when identifying restricted affiliates?

Proposers must comply with the requirements of Exhibit H and all applicable New York State laws and regulations.