

Request for Proposal: Acquisition of an Annuity or Materially Similar Financial Instrument

CONSOLIDATED QUESTIONS AND ANSWERS

This document consolidates all written questions received by the deadline of October 9, 2026, together with the responses of the Office of the Oklahoma State Treasurer.

The proposal submission deadline of 3:00 p.m. Central Time on November 17, 2026, is unchanged.

Q1. With respect to section 6.3, how should a cashflow-matching, separately managed account satisfy the Repricing Methodology requirement?

A1. A separately managed account satisfies Section 6.3 in the same manner as any other structure. A statement that securities will be purchased at prevailing market levels on the Trade Date, or best execution language without a firm spread, does not satisfy Section 6.3. For each security proposed on Appendix B, the proposal must state a firm spread, in basis points, to a named Benchmark Reference (an H.15 CMT tenor interpolated to the security's maturity, or a specifically identified on-the-run Treasury or Treasury STRIP by CUSIP). On the Trade Date, each security's purchase yield will equal the Benchmark Reference as of the Trade Date plus the stated spread, and the equal annual distribution amount will be recalculated from those yields using the formula stated in the proposal. The formula must be complete enough for OST to reproduce the final distribution amount independently. The spread must be firm through the Trade Date and must be committed by the Respondent or by a named counterparty acting as principal (see the response to SLW Investments Question 8).

For an SMA with cashflow-matched securities, is it acceptable for the proposed distribution amounts to be projections based on market pricing at the Pricing Reference Time, with final distributions determined by the actual securities purchased upon funding of the Fund's portfolio?

Yes, provided the proposal discloses this plainly. Section 4 permits a proposal in which scheduled distributions are projections based on portfolio construction rather than contractual obligations of a rated obligor, and the Bid Form must state which applies.

Q2. For portfolios with similar objectives and cashflow requirements, we often include high-quality asset-backed securities with bullet contractual maturities. We view these as offering compelling relative value for the rating and spread compared to similarly rated investment grade corporates.

Could you please clarify whether asset-backed securities with bulleted contractual maturities would be permissible investments under the portfolio guidelines?

A2. No. Section 5.1 limits eligible underlying obligations to direct obligations of the United States, obligations of U.S. government agencies or government-sponsored enterprises, senior unsecured obligations of corporate or financial issuers, and insurance annuity contracts. Asset-backed securities are obligations of a trust or special purpose issuer secured by a pool of receivables, not senior unsecured obligations of a corporate or financial issuer. In addition, asset-backed securities

with expected (bullet) maturities typically carry a later legal final maturity and early amortization or extension features, which place them within the cash flow dependency restrictions of Section 5.3.

Q3. For proposals structured as separately managed accounts under Section 4(b), does OST intend to utilize its existing custodial relationship? Section 8 references identifying the qualified custodian and the account registration.

A3. The custodian for OST is Northern Trust. If an alternate custodian is proposed, then an account will be registered in OST's name or held in a segregated account for OST's sole benefit.

Q4. Who will the trustee/custodian be and will the account be bankruptcy remote?

A4. See response to question #3.

Q5. Is \$255,000,000 the amount OST wants to spend or have mature at the end of 15 equal payments which would amount to \$17,000,000 maturing on each payment date?

A5. \$255,000,000 is the principal OST will invest in a single transaction at settlement (Section 3). Each of the fifteen equal annual distributions will comprise principal and earnings, so each distribution should exceed \$17,000,000. Respondents should quote the largest equal annual distribution amount their structure can deliver, net of all compensation, together with the resulting Net Yield, as of the Pricing Reference Time.

Q6. As it relates to concentration limits, it seems OST will allow an annuity from one insurance company but would not allow 100% corporate securities from the same insurance company or any corporate issuer. Can you explain if that is correct as well as why there is a difference in concentration limits between the two structures?

A6. The concentration limits as stated in Section 5.2 are utilized as a portfolio risk mitigation strategy. An annuity is allowed from one insurance company, but the proposed investment portfolio cannot exceed 25% of principal in any single corporate or financial issuer.

Q7. Would OST be open to ongoing substitution rights and the potential economic benefits that could be provided to OST if substitution was permitted?

A7. No. Section 9 prohibits any Respondent from reserving a right to substitute obligors, issuers, securities, or structural terms after award, and each Respondent must so certify in Appendix C. OST will not evaluate economic benefits that are contingent on substitution rights, and a proposal that reserves such rights may be deemed non-responsive. The absence of substitution rights is also an element of the pricing certainty criterion in Section 12.

- Q8. Would OST be open to a structured solution that would increase your diversification, provide potential upside economics (please see previous question) and not expose OST to any ongoing US Bank performance risk?
- A8. Section 4(e) permits a Respondent to propose another structure, fully described. Any such structure must conform to all mandatory parameters of Section 3, the credit, concentration, and eligibility standards of Section 5, the custody and delivery requirements of Section 8, and the prohibition on substitution in Section 9 (see the preceding response).
- Q9. Would OST be open to a meeting with us so we could fully explain our proposed structure and explain the benefits, transparency of pricing and unwind methodology?
- A9. No. Under Section 13 and the fundamental principles of a competitive bidding process, only ministerial communications regarding this RFP are permitted at acquisitions@treasurer.ok.gov. Respondents should describe their structure, pricing transparency, and unwind methodology in the narrative proposal and in the early termination disclosures required by Section 3 and the Bid Form.
- Q10. Section 2 defines the Distribution Date as July 1, while Section 3 and Appendix B specify June 1. Which date governs, and does the preceding business day convention apply when that date falls on a weekend?
- A10. June 1 governs. Section 3 and Appendix B are correct, and the definition of Distribution Date in Section 2 is amended to read: "June 1 of each year from 2031 through 2045, inclusive. Where June 1 is not a Business Day, the immediately preceding Business Day." The preceding Business Day convention applies whenever June 1 falls on a Saturday, Sunday, or federal banking holiday, and immediately available funds must be credited to OST's designated account by that preceding Business Day. For consistency, the final maturity parameter in Section 3 is amended to read "No later than June 1, 2045."
- Q11. For a separately managed account under Section 4(b), coupon income will be received before the Distribution Dates and held in OST's account. Should the equal distribution be quoted on contractual cash flows only, with reinvestment income disclosed separately as a projection outside the bid?
- A11. The distributions and reinvestment income should be quoted together as described in Sections 3, 6.3, 6.4 and in Appendix A and B.
- Q12. Section 5.3: are senior unsecured bonds with make whole calls eligible, and are bonds with a par call shortly before maturity eligible if the par call date also precedes the relevant Distribution Date?
- A12. Senior unsecured bonds with make-whole call provisions are eligible, subject to the Section 5.1 rating standards and Section 5.2 concentration limits, provided the call feature is identified for each security on the Appendix A issuer schedule. Bonds with a par call are eligible only if both

the par call date and the stated maturity date fall on or before the Distribution Date the bond is scheduled to fund, so that either outcome provides immediately available funds by that Distribution Date. For such bonds, the cash flows used on Appendix B and in the Net Yield must be calculated to the par call date, excluding coupon payments scheduled after that date. Proceeds of any early redemption remain OST's property; the proposal must describe how they would be held and reinvested, and OST expects reinvestment in direct obligations of the United States maturing on or before the relevant Distribution Date. Bonds with other call, sinking fund, or extension features remain ineligible under Section 5.3.

Q13. If proposed as an SMA under Section 4(b), does OST contemplate a separate investment management agreement, and what term, termination rights, and fee basis does it expect? May an SMA fee be paid solely from reinvestment income on cash awaiting distribution?

A13. The Respondents proposal should address the details of a separate SMA and pricing should reflect net of any fees.

Q14. Any cash awaiting distribution and its earnings remain OST property. After the final distribution, should a residual balance be paid to OST's designated account outside the fifteen equal distributions?

A14. Yes. Any residual balance remaining after the final distribution, including cash awaiting distribution and its earnings, is OST's property and must be paid to OST's designated account no later than 7 Business Days after the final Distribution Date, separately from the fifteen equal distributions. Residual balances will not be included in the equal distribution amount or Net Yield used for evaluation.

Q15. Section 5.1: please confirm senior unsecured notes of bank holding companies qualify as senior unsecured obligations of financial issuers.

A15. Confirmed. Senior unsecured notes issued by a bank holding company are senior unsecured obligations of a financial issuer under Section 5.1, provided the notes are rated at least A3 (Moody's) and A- (S&P or Fitch) by at least two NRSROs, with the lowest rating governing. For purposes of the 25 percent concentration limit in Section 5.2, OST will aggregate exposure to a holding company and its subsidiaries, including its bank subsidiaries, as a single issuer.

Q16. Section 5.4: if an obligor falls below the Section 5.1 minimums between the Trade Date and settlement, would OST accept, with prior written approval, replacement by a U.S. Treasury STRIPS of the same or earlier maturity at no cost to OST?

A16. Yes, OST would consider this remedy. Under Section 9, any replacement requires OST's prior written approval, which OST may withhold in its sole discretion. OST would expect the replacement U.S. Treasury STRIPS to mature on or before the same Distribution Date, to be sufficient to fund the same scheduled distribution amounts, and to be delivered at no cost to OST

and with no reduction in the equal distribution amount. Respondents should describe this remedy in the proposal under Section 5.4. OST retains its right under Section 9 to withdraw the award.

Q17. Section 6.3: may the firm spread be committed by a named broker dealer acting as principal on the Trade Date, with the Respondent acting as investment adviser and SMA manager? If so, is the proposal an offer capable of acceptance under Section 4.4, and does the broker dealer need to sign Appendix C?

A17. The details of utilizing a broker dealer on behalf of the Respondent should be described in the bid response. The Respondent submitting the proposal should sign Appendix C and will be responsible for a binding agreement with OST.

Q18. Should Net Yield be stated as an annual effective rate (actual/365) or a semiannual bond equivalent yield?

A18. Net Yield must be stated as an annual effective rate using an actual/365 day count, calculated as the internal rate of return of a \$255,000,000 outflow on the Anticipated Settlement Date (December 8, 2026) and the fifteen distributions on June 1 of each year from 2031 through 2045. Gross yield must be stated on the same basis. Respondents may additionally show a semiannual bond-equivalent yield for reference, clearly labeled. Yields should be stated to three decimal places.

Q19. Section 7 asks for compensation in annualized basis points. Should that equal gross yield less Net Yield, or total compensation divided by principal and weighted average life?

A19. Annualized basis points of compensation should equal the gross yield less the Net Yield, both calculated on the basis described in the preceding response.

Q20. Please identify OST's designated custodian and confirm custody charges under OST's existing agreement sit outside the net quote when no Respondent or affiliate receives them.

A20. The custodian for OST is Northern Trust and any custody fees charged by them would not be considered in the Respondents proposal.

Q21. Please confirm the Excel templates for Appendices A and B referenced in Section 11 and where they are posted.

A21. There are no Excel templates in the bid posting. The RFP identifies that a Respondents' proposal for Appendices A & B be placed on an Excel spreadsheet for submittance to OST.

- Q22. Section 10: may references for comparable transactions executed by the Respondent's named investment professionals at prior firms, or by a named principal counterparty, satisfy the three reference requirement?
- A22. Yes, with conditions. References for comparable transactions executed by the Respondent's named investment professionals while at prior firms may be counted toward the three-reference requirement, provided each reference identifies the firm, the individual, that individual's role, and the transaction date and size, and the individual is among those identified to execute this transaction. References for a named principal counterparty may also be submitted and will be considered in assessing that counterparty's qualifications, but they will not substitute for references supporting the Respondent and its named professionals. All references must be from state or municipal treasury clients for transactions of comparable size executed within the past five years.
- Q23. Section 11: do the Appendices, the issuer schedule, and Section 10 qualification documents count toward the fifteen page narrative limit?
- A23. No. The fifteen-page limit applies only to the narrative proposal. Appendices A, B, and C, the diversified issuer schedule submitted with Appendix A under Section 5.2, and the Section 10 qualification documents do not count toward the limit. These materials should not be used to extend the narrative.
- Q24. For an SMA, may OST approve at contract investment guidelines under which the manager replaces a downgraded security with a STRIPS or eligible security maturing on or before the same Distribution Date, without that being a substitution under Section 9?
- A24. Any substitution must be disclosed in Attachment A and as listed in Section 9 and must be disclosed before contracting.