

ARKANSAS TEACHER RETIREMENT SYSTEM

REQUEST FOR QUALIFICATIONS ("RFQ") EXTERNAL LEGAL COUNSEL Securities Litigation, Class Action Monitoring and Advice, and Asset Recovery

Deadline: Friday, November 15, 2024, by 9 a.m. (CT)

Address Response Packet To:
ATTN: CURTIS CARTER, CFO
Arkansas Teacher Retirement System
1400 W. 3rd Street
Little Rock, Arkansas, 72201

A. ARKANSAS TEACHER RETIREMENT SYSTEM – BACKGROUND

1. Generally

The Arkansas Teacher Retirement System (“ATRS” or “System”) is an approximately \$22 billion-dollar public pension plan created by the State of Arkansas pursuant to Acts 1937, No. 266, and governed in accordance with Ark. Code Ann. § 24-7-201 et seq. ATRS is a multi-employer, combination contributory and noncontributory, defined benefit pension plan qualified under §401(a) of the Internal Revenue Code. As a government public pension plan, ATRS is not subject to Title 1 of ERISA.

The System’s plan participants and annuitants include over 130,000 people. ATRS administers a program of benefits for employees of Arkansas public schools and education-related agencies and their survivors or beneficiaries. ATRS invests employer and member contributions and administers the System for the exclusive benefit of the System’s members and their survivors or beneficiaries.

2. Board of Trustees of the Arkansas Teacher Retirement System

ATRS is governed by a fifteen-member board of trustees (“ATRS Board”), eleven of whom are elected. In addition, the State Bank Commissioner, the State Treasurer, the State Auditor, and the Secretary of the Department of Education serve as ex-officio trustees. The ATRS Executive Director, appointed by the ATRS Board, is responsible for the overall administration of ATRS. ATRS employs a professional staff to administer the pension plan and to manage its investment program.

3. Investments

ATRS investments must comply with Ark. Code Ann. § 24-2-601 et seq., the prudent investor rule, and ATRS Board policies. To fund plan benefits, ATRS invests in public equities, fixed income securities, and alternative assets securities such as real estate, private equity limited partnership interests, and securities issued by private investment funds engaged in strategic trading.

The ATRS portfolio is externally managed. ATRS delegates investment discretion to external managers. ATRS engages a custodian bank to hold its assets and clear and settle public securities trades through broker-dealers. The custodian is authorized to lend ATRS securities held by the custodian. The custodian appoints sub-custodians in foreign jurisdictions where ATRS managers invest in locally-traded securities of public issuers. ATRS engages expert consultants and advisors to assist the ATRS Board and ATRS staff regarding investment matters.

B. PURPOSE, QUALIFICATIONS, AND SCOPE OF SERVICES

1. Purpose

The System is seeking external counsel (“Counsel”) that is qualified to provide legal services in areas that include without limitation securities class action litigation, domestic and international securities class action monitoring and advice, and asset recovery.

The information contained in this RFQ is intended to serve only as a general description of the services that may be needed by ATRS. ATRS intends to use responses as a basis for further negotiation of specific details with the responding Counsel, including additions, deletions, or modifications to the terms of the responses submitted. This request does not commit ATRS to pay any costs incurred before the execution of an agreement with Counsel.

Issuance of this RFQ does not obligate ATRS to enter into any contract or to pay any costs incurred in the preparation of a response. For additional information concerning the requirements of this RFQ, please contact Curtis Carter by e-mail: curtisc@artrs.gov.

This should be the only point of contact with ATRS regarding this RFQ. Any questions concerning this RFQ must be submitted via e-mail. All questions and answers will be posted on the ATRS website. Contact with ATRS Board members, other ATRS staff, or other decision makers regarding this matter before the selection of counsel may be grounds for disqualification.

2. General Matters Regarding Use of External Counsel

As a fiduciary to its members, ATRS seeks every opportunity to recover lost pension fund assets. Thus, ATRS seeks securities class action external counsel to maximize recovery of pension fund assets that are minimized or lost due to the negligence or fraud of a third-party.

ATRS, subject to the approval of the Arkansas Attorney General, also engages external counsel in connection with the System’s investment programs and other matters requiring specialization. The ATRS Executive Director and his or her designee have primary responsibility to manage, monitor, and coordinate the provision of legal services by securities class action external counsel.

ATRS anticipates Counsel entering into negotiations with ATRS to further define the

services provided, the compensation, and the length of the engagement. Cost of services and past experience in securities monitoring and asset recovery litigation will be particularly important.

Counsel's engagement will be coordinated through the ATRS Executive Director and Counsel's primary contact at ATRS will be the ATRS Executive Director or his or her designee(s). Use of the services of Counsel pursuant to an engagement must be authorized by the ATRS Board, consistent with the Arkansas Teacher Retirement System - Securities Monitoring and Asset Recovery Litigation Policy and ATRS Board Resolutions.

3. Qualifications

ATRS prefers and expects Counsel to have the following qualifications and expertise:

- Counsel should be a national or multi-state law firm with attorneys who are licensed to practice in both federal and state courts and experienced and qualified in matters relating to class action shareholder litigation, including the representation of individuals or a class in federal and state courts;
- Counsel should be able to demonstrate substantial practical knowledge, skill, and experience with respect to legal duties of the ATRS Board including the common law of trusts as set forth in the Restatement of the Law of Trusts, Arkansas statutory trust law, and any relevant cases;
- Counsel should be conversant in investment matters, including portfolio theory;
- Counsel should be acquainted with the special legal concerns of public pension systems and institutional investors;
- Counsel should have experience or must be able to develop expertise with the Employee Retirement Income Security Act (ERISA), the Bankruptcy Code, and the Internal Revenue Code as it relates to qualified government plans;
- Counsel should have experience or must be able to develop expertise in the area of actuarial funding of pension plans, particularly defined benefit plans;
- Counsel should have experience or must be able to develop expertise in the area of the Arkansas Freedom of Information Act, Ark. Code Ann. § 25-19-101 et seq., the Arkansas Public Meeting Law, § 25-19-106, and any other Arkansas laws concerning the disclosure of agency records and transparency in agency operations; and
- Counsel should be able to demonstrate political sophistication and sensitivity to conflicts of interest questions and related ethical issues.

4. Scope of Services

Counsel will be expected to provide the following services:

- Provide expert legal advice, services, and representation concerning securities litigation, class action monitoring and advice, claims, lead plaintiff status and objections to same, damages and calculations of losses, fee applications and objections to same, filing proofs of claim, investment policies, and recovery of lost pension fund assets per Ark. Code Ann. § 24-2-618(g)(1)(D). Please note that ATRS routinely files proofs of claim.
- Conduct ongoing client portfolio monitoring, including tracking portfolio trading and cross-referencing trading against potential securities scams. As part of the portfolio monitoring process, the Counsel will be expected to review the System's portfolio losses on a regular basis, investigate potential claims, prepare detailed reports of findings, and present any reported findings to ATRS, so that informed decisions can be made. Preference will be given to firms that can monitor the System's portfolio through access to the System's custodial account and will not be wholly reliant on requesting securities holding information from ATRS staff.
- Advise the System with respect to the best method for asserting securities fraud claims in litigation (e.g.: - pursuing lead plaintiff status or participating as a class member, or pursuing a separate federal action or participating in a class action);
- Analyze ATRS trading data for the purpose of calculating losses and class-period damages, determining viable claims, and advising on the System's pursuit of lead plaintiff status, and advising the System on the appropriateness of class action settlement offers and any fees requested by lead counsel;
- With ATRS approval, intervene and appear in class action litigation on behalf of the System for the purpose of objecting to settlement offers or fee requests;
- Provide specialized legal advice to the ATRS Board and key ATRS staff concerning fiduciary responsibilities and the potential liability of the ATRS Board and key ATRS staff;
- At the request of the ATRS Executive Director, attend ATRS Board meetings to present information, provide advice, and respond to questions;
- Work in close cooperation with the Arkansas Attorney General in any litigated matter when necessary;

C. REQUIRED TERMS OF AGREEMENT

Counsel must agree to the following terms:

- This is a contingency contract;
- Counsel shall not pay referral fees to an attorney or other individual or entity that is not a party to the State of Arkansas Professional Consultant Services Contract

and does not provide services to ATRS. Counsel shall abide by Rule 1.5 of the Arkansas Rules of Professional Conduct as it pertains to the payment of attorneys' fees;

- Proposals will be evaluated in terms of minimizing costs, maximizing recoveries, and maximizing the services available to ATRS for the benefit of its members;
- The engagement will follow Arkansas Procurement Law, Ark. Code Ann. § 19-11-201 et seq. and all other Arkansas statutes concerning government agency contracts;
- All engagements must be evinced by the standard State of Arkansas Professional Consultant Services Contract and a standard ATRS form of External Counsel Legal Agreement. A typical term for an engagement would be a fiscal year (July 1 – June 30), with optional extensions of the contract by ATRS and Counsel, subject to applicable Arkansas Procurement Law. ATRS will seek approval for engagement and extensions as may be required by law, including by the Governor of Arkansas, the Arkansas Attorney General, and the Department of Finance and Administration, as well as periodic review by the Arkansas Legislative Council. Each agreement is subject to the inclusion of all applicable statutory requirements and any required internal and external approvals. If Counsel is offered and accepts this engagement, Counsel shall execute the State of Arkansas Professional Consultant Services Contract and all certifications required under Arkansas law, and shall comply with any representations, warranties, and certifications set forth therein;
- ATRS may terminate this contract for any reason at any time. If Counsel has performed billable services for ATRS at the time of termination, subject to the approval of the ATRS Board, ATRS shall pay earned attorneys' fees upon Counsel providing ATRS with sufficient documentation justifying the payment;
- Counsel shall comply with Governor's Executive Order 98-04, the disclosure and certification requirements thereunder, and the conflict of interest provisions of the agreement;
- Counsel shall execute the Contract and Grant Disclosure and Certification Form and any other required forms as the occasion may warrant; and
- Counsel shall provide all certifications required under Arkansas law, including certifications concerning prohibitions against employing illegal immigrants (Ark. Code Ann. § 19-11-105), boycotting Israel (Ark. Code Ann. § 25-1-503), employment discrimination (Ark. Code Ann. § 25-17-101), contracting with a scrutinized company (Ark. Code Ann. § 25-1-1201 et seq.), and boycotting energy, fossil fuel, firearms, and ammunition industries (Ark. Code Ann. § 25-1-1101 et seq.).

D. RESPONSE INSTRUCTIONS

1. Submission Deadline

Responses to this RFQ must be received by **Friday, November 15, 2024, by 9 a.m. (CT)**.

ATRS reserves the right to accept or reject any or all of the responses submitted. Responses received after the submission deadline may be rejected as untimely at the sole discretion of the System. ATRS reserves the right to consider responses received after the deadline if the System, in its sole discretion, determines that consideration of the late response is in the best interest of ATRS.

The outside of the mailing package should include the name and return address of the person or firm submitting the response packet.

Response packets should be delivered to:

**ATTN: CURTIS CARTER, CFO
ARKANSAS TEACHER RETIREMENT SYSTEM
1400 W. 3RD STREET
LITTLE ROCK, ARKANSAS, 72201**

2. Attachments

The following are attached to this RFQ:

- State of Arkansas Professional Services Contract
- Contract and Grant Disclosure and Certification Form
- Arkansas Teacher Retirement System - Securities Monitoring and Asset Recovery Litigation Policy
- Governor's Executive Order 98-04
- Contact Data Sheet

3. Response Form and Format

Section E below includes a list of questions and requests for information. In the response, each question or request for information should be set forth and then followed with the narrative answer. Responses should be narrowly focused on firm and attorney competency, qualifications, and expertise in substantially similar client matters for substantially similar clients.

Supplemental information such as general firm information or attorney resumes should be attached as an appendix to the response.

The Contact Data Sheet should be completed and included as the first page of your response packet. The Contact Data Sheet is not included in the page count.

Starting after the Contact Data Sheet, each page of the response should be numbered

sequentially and have the name of the firm printed on the page. The name of the firm should be printed on each page of the response.

The response, including the title page and any appendices, should be on standard white or buff 8-1/2" x 11 paper in at least 10-point type, and may not exceed ten (10) pages for each subject matter area.

Three (3) stapled copies of each response packet, punched for standard three-hole binder, should be submitted under a cover letter on firm letterhead.

E. QUESTIONS AND INFORMATION REQUEST

Counsel should provide responses to the following:

1. If Counsel is an individual, please provide a resume and biographical sketch describing your education, experience, publications, speaking engagements, and other activities.
2. If Counsel is a firm, please provide a description of your law firm. Your response should at a minimum include the historical background of the firm, the number and location of your firm's offices, the number of attorneys, and any major areas of practice. Additionally, your response should discuss whether there have been significant changes in ownership or restructuring of the firm or lead attorneys in the past five (5) years or whether such changes are anticipated in the future, and how these changes have or will affect representation of ATRS.
3. Please state whether your response excludes any services contemplated by this RFQ as set forth in Section B.
4. Please state whether you or your firm ("Firm") is able to conduct ongoing client portfolio monitoring, including tracking portfolio trading and cross-referencing the trading against potential securities claims, by reviewing the System's portfolio losses on a regular basis, investigating potential claims, preparing detailed reports of findings, and presenting the findings to ATRS.
5. Please state whether your Firm has the ability to monitor the ATRS portfolio as described in Question 4 above through access to the ATRS custodian rather than by requesting securities holdings information from ATRS staff.
6. Subject to the consent of your clients as required by applicable ethics rules, please provide a listing of your representative clients. Your response may, with the consent of the clients, include the names and phone numbers of specific references. Subject to your clients' consent, please identify any pension plans or other major public or private institutional investors to which you render or have rendered significant legal services concerning the relevant subject area(s) during the past year. If your clients do not consent, or if you elect not to request such consent, please so state and describe the representative clients in general terms to support your Firm's qualifications and experience to represent ATRS. Please identify any public pension funds within the

State of Arkansas that you represent or with which you have a contractual relationship for the purpose of securities litigation, class action monitoring and advice, and asset recovery within the last three (3) years.

7. Please provide a very brief summary resume describing the education, legal or investment experience, recent speaking engagements, and significant and relevant publications of any attorneys who are proposed to work as lead attorneys for ATRS.
8. Please provide a very brief, general, summary description of your Firm's practice in the subject matter areas covered by this RFQ, including the size and scope of the practice and any other resources of your Firm that are relevant to those areas.
9. Please provide a very brief summary description of not more than ten (10) significant transactions or cases in which your Firm has provided extensive legal services involving pension funds or other institutional clients relating to the subject matter areas covered by this RFQ.
10. Please describe proposed billing arrangements for ATRS for securities litigation, including contingency fees. Please state whether the firm is willing to negotiate a lower contingency fee with ATRS. While contingency fees are contemplated, please state the range of hourly billing rates, by timekeeper status (e.g.: - paralegal, 1st to 3rd year associate, etc., staff attorney, shareholder or partner, of counsel, etc.), of all attorneys and paralegals proposed for assignment to ATRS matters. In addition, please state discounted rates, if any, that your Firm will provide to ATRS. While this RFQ primarily seeks the services of one lead attorney, the involvement of other firm attorneys may be required from time to time, depending on the matter.
11. Please state and explain any inability to comply with terms of the engagement as described in Section C of this RFQ.
12. Please identify any known relationship, either business or personal, which you or a member of your Firm has with any ATRS Board member, investment consultant, investment manager, or key employee. If aware of none, please state "None." A formal conflicts check will be required before contracting. ATRS investment consultants and managers are identified in the ATRS Annual Comprehensive Financial Report which is available on the ATRS website. The names of ATRS Board members and key employees may be found at the following links:

<https://www.artrs.gov/trustees>
<https://www.artrs.gov/administrative-staff>
13. Please identify any relationship, either business or personal, which you or a member of your Firm has with a person known to you to have substantial business dealings with ATRS or its affiliates.
14. Please state whether you or another attorney in your Firm who may provide services to

ATRS has ever been:

- The subject of a formal disciplinary grievance or complaint;
- The subject of any civil or criminal regulatory enforcement action taken in connection with any type of legal representation;
- The subject of any court sanction for securities litigation representation or any other court sanction;
- The subject of a State Bar ethics violation;
- Sued for malpractice or sued individually with respect to any type of personal investment or other personal or business involvement concerning an underwriter or issuer of securities, investment adviser, investment company, securities broker-dealer, insurer, real estate transaction, or a lending institution.

Please provide an explanation as desired.

15. Please indicate your or the firm's professional liability insurance limits within the following ranges and provide the name of each carrier.

- None
- Under \$1 million
- \$1 million to \$5 million
- Over \$5 million, up to \$10 million
- Over \$10 million

16. Please indicate the range, deductible, or any self-insured retention with respect to all professional liability insurance limits listed in your response to Question 15 above.

- None
- Between 0 and \$100,000
- Between \$100,001 and \$500,000
- Between \$500,001 and \$1 million
- Over \$1 million

17. Please identify you or your firm's involvement with educating and supporting the interests of public pension funds like ATRS through organizations including the National Association of State Retirement Administrators (NASRA) or the National Council on Teacher Retirement (NCTR).

18. Please provide a strategy for representing ATRS in jurisdictions where Counsel is not licensed to practice, including representation in international courts of law and tribunals.

F. REVIEW

ATRS will make its final selection of counsel based on a number of criteria, including the Counsel's demonstrated competence, experience, knowledge, qualifications, written and verbal communication skills, ability to comply with ATRS' contracting and invoicing requirements, absence of disqualifying relationships or conflicts of interest, and reasonableness of proposed fees, among others. In determining the final list of selected counsel, ATRS will consider how the combination of selected counsel affects the overall national footprint, logistical resources, capacity for international coverage, diversity of firm size, and overall service capacity and quality available to ATRS. Counsel may be asked to come to Little Rock for an interview and to discuss the firm's experience and qualifications for ATRS engagements.

The current ATRS Securities Monitoring and Asset Recovery Litigation Policy provides for the selection of no more than six (6) qualified securities monitoring and litigation firms. Concurrent with making a final selection from this RFQ, the ATRS Board may make amendments to the Policy, including without limitation amending the number of firms that may be selected.

The base form of the contract is the State of Arkansas Professional Consultant Services Contract form that is not subject to negotiation. Please see the attachments to this RFQ for related forms and attachments. By publishing this RFQ, ATRS is not committing and has not committed itself to engage Counsel, in any capacity, for any particular scope of services or term of agreement. ATRS reserves the right to reject any and all responses and to solicit new responses.