



**REQUEST FOR PROPOSAL**

**INVESTMENT ADVISORY SERVICES  
OPERATING INVESTMENT POOL**

Bid Number 219-17

February 22, 2019

**PROPOSAL DUE DATE AND TIME:**  
**Friday, April 5, 2019**  
**12:00 P.M.**

DELIVER TO:  
Grand Valley State University  
Chad Reynolds, Director of Treasury & Tax  
1 Campus Drive  
2015 James Zumberge Hall  
Allendale MI 49401-940

## **Grand Valley State University Request for Proposal**

Grand Valley State University (GVSU) invites you to participate in this Request for Proposal for investment consulting services for ongoing investment advice to the Operating Cash and Investment Committee for the University.

Vision: GVSU is a four-year public institution with a local, regional and state commitment with a global perspective. We are dedicated to providing our students with the highest quality undergraduate and graduate education. Teaching in the liberal tradition, whether in general arts and sciences or the professional degree programs, has always been at the heart of GVSU's educational mission. Students learn to think for themselves as they develop the skills of inquiry, reflection, critical analysis, dialogue, and expression. At GVSU, the values of liberal education permeate all programs and areas of study. Through personalized learning enhanced by active scholarship, we accomplish our mission of educating students to shape their lives, their professions and their societies. Our diverse environment promotes the development of intellect and creativity through teaching, scholarship, service and a vibrant campus culture. Realizing this vision will result in a broad national reputation for excellence.

Profile: GVSU, chartered in 1960, is the only public four-year university located in the metropolitan area of Grand Rapids, Michigan. The University has an enrollment of nearly 25,000 students, employs 3,700 full and part-time faculty/staff offering 300+ academic programs at the bachelor's, master's, specialist and doctoral levels. In addition to the main campus in Allendale, the University has two campuses in downtown Grand Rapids as well as educational opportunities in Holland, Muskegon, Traverse City and Detroit. Grand Valley's growth in size and prestige has ushered in continued economic growth to the entire region. Our students, faculty, and staff made a total estimated impact of more than \$849 million in Kent, Ottawa and Muskegon counties during fiscal year 2017-18.

### **Proposal Scope & Objectives**

The objective of this RFP is select, and contract with, a firm for services as detailed in this document for the University's operating cash and investment pool.

It is GVSU's goal to select a firm as soon as possible in order to implement services at a mutually agreeable date. This contract is anticipated to be for three (3) years with two mutually agreeable one-year extensions. After three years the agreement may be terminated by either party at any time upon 90-day prior written notice to the other party.

### **Bidding Instructions & Schedule**

**Question deadline: March 8th, 2019 at 2:00 p.m.** The bidder may make written request to GVSU for interpretation or correction of any ambiguity, inconsistency or error in the Bid Documents that may be discovered. Only a written interpretation or correction

by Addendum shall be binding. Questions should be submitted in writing via email to Chad Reynolds at [reynchad@gvsu.edu](mailto:reynchad@gvsu.edu).

GVSU will provide a written copy of all questions and answers to all RFP respondents with an addendum to this RFP by the end of day March 22<sup>nd</sup>, 2019.

**Proposal Submittal:** Submit one (1) original and five (5) hard copies of your response of your technical proposal to the following address. In addition, please provide a USB flash drive with an electronic copy of your proposal.

Chad Reynolds, Director of Treasury and Tax  
Grand Valley State University  
RFP Response – Investment Advisory Services – **Operating Cash**  
Bid Number 219-17  
2015 James Zumberge Hall  
Allendale, MI 49401-9403

Proposals must be received in the Grand Valley State University Business and Finance Department no later than **Friday, April 5, 2019 at 12:00 P.M.** It is solely the Firm's responsibility to insure timely delivery of their response. All proposals must be received by the closing date and time indicated. Late and faxed responses will not be accepted. GVSU is not responsible for late, lost, misdirected, damaged, incomplete, illegible or postage-due mail. Postmarking by the due date will not substitute for actual receipt of the proposal. Any proposal may be withdrawn prior to the above scheduled time for proposal receipt. Proposals will not be opened in public session. All proposals will be available for review, by appointment with GVSU, after GVSU's evaluation process has been completed and a vendor has been selected.

All responses, proposals, and accompanying documentation except proprietary and intellectual property of the Firm, shall become the property of Grand Valley State University.

**Estimated Schedule for Interviews:** Finalists may be requested to make oral presentations of their proposal to the GVSU Cash & Investment Committee. Interviews are anticipated to be scheduled for May 1 - 15, 2019.

## **1. TERMS & CONDITIONS**

- 1.1. As used throughout this RFP, the term "contract" includes any agreement between GVSU and an outside entity for the provision of goods and services.
- 1.2. Grand Valley State University reserves the right to accept or reject any or all proposals, to waive irregularities or technicalities in any response and to accept any response that the University deems to be in its best interest.
- 1.3. Grand Valley State University reserves the right to enter into negotiations with any Firm with the intention of formalizing a mutually agreeable contract document.

- 1.4. Grand Valley State University reserves the right to accept or reject any exception taken by any Firm to the terms and conditions of this request.
- 1.5. Grand Valley State University reserves the right to qualify, accept or reject any and all Firms as deemed in the best interest of the University
- 1.6. Grand Valley State University will not pay for any information requested herein, nor will it be liable for any costs incurred in preparing response submittals.
- 1.7. In the event it becomes necessary to revise any part of this RFP, an addendum will be provided to all firms who received the initial RFP. This includes the University's prerogative to amend the response date.
- 1.8. Any Firm contemplating submitting a proposal that has concerns or questions about any part of the RFP, including comments on any specifications which they believe will limit competition may submit them in writing to the issuing office at the address listed on the cover of this document. The University will not be responsible for any other explanations or interpretations of the proposed documents. In case of any doubt or difference of opinion as to the true intent of the RFP, and in case of any dispute between the parties under the agreement to be entered there under, the decision of the University shall be final and binding.
- 1.9. Proposals must include all information required in order to be evaluated and considered for award. Failure to do so may be deemed sufficient cause for disqualification.
- 1.10. Firms may, at their discretion, submit multiple proposals that provide various alternatives. At least one proposals must be complete and comply with all instructions of the RFP, with other proposals to be evaluated as variations of this proposal.
- 1.11. Modifications or corrections of a previously submitted proposal should be addressed in the same manner as the original and will be considered if received prior to the scheduled closing time for receipt of proposals. Oral or telephone modifications or corrections will not be accepted.
- 1.12. Proposals may be withdrawn at any time prior to the scheduled closing time for the receipt of proposals. This can be accomplished by written notification on company letterhead signed by an authorized representative or in person upon presentation of appropriate identification.
- 1.13. By submitting a proposal, the Firm agrees that the University may copy the proposal for purpose of facilitating the evaluation of the proposal and/or to respond to requests for public records. The Firm consents to such copying and distribution by submitting a proposal and warrants that such copying and distribution will not violate the rights of any third party. The University shall have the right to use ideas or adaptations if ideas that are presented in the proposals.

## **2. BACKGROUND AND CURRENT ENVIRONMENT**

- 2.1. Grand Valley State University is a public university in the state of Michigan governed by a Board of Trustees, which has authorized certain investment activities. Investment management must comply with Article IX, sections 19 and 20 of the Michigan Constitution. The guidelines for the investment of operating cash and investments of the University is authorized by the Board of Trustees as described in section 6.6.2 of the Investment Policy of the University (attached as Exhibit A). The University currently works with an investment consultant in a non-discretionary capacity but will be receptive to proposals for both discretionary and non-discretionary arrangements.
- 2.2. The Operating Cash and Investment Committee works with the investment consultant on the allocation and selection of appropriate investments and managers. The treasurer, assistant treasurer, or authorized designee shall have authority to sell, assign, endorse for transfer, and do all other things necessary to secure the transfer of certificates representing stocks, bonds or other securities registered in the name of Grand Valley State University or such other name which denotes a subdivision of Grand Valley State University
- 2.3. As of December 31, 2018, the University had operating cash and investments of approximately \$285 million. Of this \$285 million, \$35 million was held in the University's operating account and approximately 54% of the pool was considered short-term, 29% intermediate-term and 17% long-term. Investments were allocated as 40% cash or cash equivalents and 60% fixed income.
- 2.4. Cash balances will fluctuate based on the cyclical nature of annual cash flows with balances ranging from \$200 million to \$325 million. Highpoints of cash occur during the months of August and January when tuition is received with the low point typically occurring in July.

## **3. CONTRACT SPECIFICATIONS**

GVSU expects the new Investment Advisor to provide the following services as a part of the contract:

- 3.1 Assist the Operating Cash and Investment Committee in fulfilling its fiduciary responsibilities with proper oversight, governance and monitoring of the University's investment policy.
- 3.2 Provide investment expertise and analysis.
- 3.3 Provide annual reviews of the investment policy.
- 3.4 Conduct asset allocation reviews and make recommendations for the University's short-term, intermediate-term, and long-term pools as well as present opportunities for its excess operating cash and cash equivalents.

- 3.5 Conduct regular risk management reviews of the portfolio.
- 3.6 Track and provide guidance and modeling for portfolio liquidity.
- 3.7 Prepare quarterly investment performance reports with benchmark comparisons.
- 3.8 Conduct manager searches and make recommendations as required for new asset allocations or to replace existing managers.
- 3.9 Provide research and economic updates.
- 3.10 Perform regular due diligence for investments and managers.
- 3.11 Provide ongoing analysis and monitoring of fund managers.
- 3.12 Provide annual fee analysis (review of all investment manager/custodian fees).
- 3.13 Notify staff of any underperformance, noncompliance, significant changes, or adverse events, and provide advice on such issues as soon as they become known.
- 3.14 Attend quarterly meetings with the Operating Cash and Investment Committee.
- 3.15 Conduct peer analysis and provide best practice recommendations.
- 3.16 Assist in setting appropriate benchmarks and measurements of the portfolio.
- 3.17 Provide analysis and information to assist with the preparation of materials for presentations, reporting, audit, etc. as it relates to the investment portfolios.
- 3.18 Perform specialized studies of specific investment matters, as may be requested.

#### **4. REQUIRED SUBMISSIONS**

Include a point-by-point written response to all questions and statements made under this section of the RFP document. Use the numbering system below and include the question/statement in your submission.

##### **Firm Profile**

- 4.1 Provide the following information about your organization:
  - 4.1.1 Year founded
  - 4.1.2 Location of office(s)
  - 4.1.3 Key individuals

- 4.1.4 Financial strength of your firm
  - 4.1.5 Ownership structure
  - 4.1.6 Affiliated organizations
  - 4.1.7 Subsidiary companies and/or other business relationships.
  - 4.1.8 Latest Form ADV
- 4.2 Provide a list of three current higher education clients that can be contacted as a reference. Include the following:
- 4.2.1 Client name
  - 4.2.2 Contact name and title
  - 4.2.3 Contact email address
  - 4.2.4 Contact phone number
- 4.3 Provide a brief bio on the person(s) assigned to this relationship including the following:
- 4.3.1 Certifications held
  - 4.3.2 Years of experience
  - 4.3.3 Specialties they bring to the engagement
  - 4.3.4 Number of current clients
  - 4.3.5 Higher education clients similar to Grand Valley State University
  - 4.3.6 Total assets serviced by this individual(s)
- 4.4 Describe any mergers and/or acquisitions you have been involved in over the past three years.
- 4.4.1 Do you anticipate any mergers and/or acquisitions involving your company in the near future?
- 4.5 Describe support within the firm to assist the lead person assigned to this account.
- 4.5.1 What is the anticipated consistency of our specific team members on this engagement?
  - 4.5.2 What is the evidence of this expectation?
- 4.6 Describe the firm's experience with the higher education industry.
- 4.7 What is the total dollar amount of client assets under non-discretionary advisement by your firm?
- 4.8 What is the total number of current non-discretionary consulting clients?
- 4.9 Provide a current client summary by client type for each type of client (Higher education, nonprofit, municipal, public pension fund, hospital, etc.).
- 4.10 What is your average client size in terms of assets? Note the largest, smallest, and median size of your client base broadly.
- 4.11 What percentage of your income comes from non-discretionary consulting activities?

- 4.12 Indicate the number of accounts gained (gross) and lost (gross) over the past three calendar years, including reasons for clients gained and lost.
- 4.13 Indicate any turnover in key individuals with your firm over the past three years.
- 4.14 Discuss how fees for investments including trading activities, fund expenses, and 12(b)1 fees influences your firm's ability to maintain its independence.
  - 4.14.1 Does your firm receive revenue from investment managers in the form of dues, finder's fees, soft dollars, or charges for conferences?
  - 4.14.2 Does your firm receive any other direct or indirect compensation from investment managers or broker dealers?
- 4.15 Although outside the scope of the RFP, please describe your firm's outsourced CIO capabilities and differentiate the pros and cons of your OCIO model versus a non-discretionary structure.
  - 4.15.1 Describe the cost of your OCIO services compared to that of a non-discretionary advisory arrangement, including a full disclosure of all layers of fees.
  - 4.15.2 How many higher education OCIO clients do you currently have?
  - 4.15.3 What is your firm's OCIO record of accomplishment (i.e., performance) compared to your non-discretionary clients?
  - 4.15.4 For your discretionary clients, are you comfortable using passive strategies for public markets?

#### Research Services

- 4.16 Describe your firm's approach to investment research.
- 4.17 Describe the research component of your firm both in terms of quantitative tools and in terms of qualitative tools.
- 4.18 Are research reports and analytical programs proprietary in nature or purchased from a third party?
  - 4.18.1 If purchased from a third party, please disclose the type of research purchased and the provider of the service.
- 4.19 How do your professional staff and our client representative stay current on events in the market and trends within investment management?
- 4.20 Provide your most recent research/client education publication (if any) and a list of topics published for the past two years.
- 4.21 Describe in detail the evaluation process you would apply to an asset allocation review considering appropriate risk tolerances and existing asset classes.
  - 4.21.1 Describe your process for recommending asset allocation changes to the client's portfolio.
- 4.22 Describe your firm's approach to risk budgeting in portfolio construction.

#### Investment Philosophy, Manager Searches, and Performance Measurements

- 4.23 State your philosophy related to investment advising.



- 4.24 For University operating pools of similar size, what types of investments do you typically recommend and what other investment strategies are utilized to enhance the rate of return? Please provide historical results of these strategies.
- 4.25 For University operating pools of similar size, do you recommend an OCIO structure or non-discretionary consulting model?
- 4.26 How do you prioritize clients in regards to managers with limited capacity?
- 4.27 How do you negotiate fee schedules for clients?
- 4.28 What is your firm's position on active versus passive investments for institutional accounts?
- 4.29 How are benchmarks established for each manager? When are benchmarks changed?
- 4.30 How are manager searches completed and do you track managers through a proprietary database? Describe your due diligence for manager searches.
  - 4.30.1 Please provide a sample manager search document.
- 4.31 Describe your approach and level of staffing dedicated to operational due diligence focusing on non-investment processes and associated risks.
- 4.32 Describe your process of monitoring managers for a client.
- 4.33 What are the guidelines or circumstances you consider with respect to terminating a manager?
- 4.34 What are the latest trends in investment management that your firm has incorporated within its services?
- 4.35 Comment on your ability to provide the services requested in RFP section 3. Contract Specifications.
- 4.36 Provide data indicating asset allocations and net returns earned by similar sized nonprofit clients.
- 4.37 Provide approved investment manager performance by asset class.
- 4.38 Provide detail on the number of funds/strategies by asset class that are included in your databases.
- 4.39 Provide detail on the number of funds/strategies that are approved or actively rated by asset class.

#### Portfolio Reporting

- 4.40 Is your reporting software proprietary? If not, who is providing the software?

- 4.41 Discuss your reporting platform in terms of content, timeliness and delivery method.
- 4.42 In what delivery formats are reports available.
- 4.43 With what frequency do you produce each report and when does the client receive them?
- 4.44 Provide a sample set of the standard quarterly performance reports. Highlight any competitive strengths in your performance reporting.
- 4.45 Describe how accommodative your reporting capabilities are to provide customized reporting solutions to our staff.

### Fees

- 4.46 Provide a fee schedule for Grand Valley State University, should the firm be awarded the contract for non- discretionary consulting services. Include a complete and detailed itemized list of all fees and charges that might be applied, your fees and compensation to provide the services as described in this RFP.
- 4.47 Provide a fee schedule for Grand Valley State University, should the firm be awarded the contract for discretionary, outsourced CIO business. Include a complete and detailed itemized list of all fees and charges that might be applied, your fees and compensation to provide the services as described in this RFP
- 4.48 Are fees incurred for each manager search?
- 4.49 Are fees incurred for custodial searches?
- 4.50 Are fees incurred for travel to attend meetings or to print and mail reports?
- 4.51 Are fees incurred to trade or place investments in funds?
- 4.52 Are fees incurred to move out of current investments and place into new investments?
- 4.53 How long can you guarantee your proposed fee schedule, provided there were no revisions in the type of services required?
- 4.54 Please list any additional services that are NOT included in the standard fee schedule.

### Transition Plans

- 4.55 Describe how a transition to your firm would be accomplished and your proposed process for managing out of our existing portfolio positions and into your recommended managers / positions.
- 4.56 How would you approach ongoing diligence of “stranded managers” (i.e., existing managers in the portfolio not covered by your firm)?

## **5. EVALUATION AND SELECTION CRITERIA**

- 5.1. The Evaluation and Selection Committee from Grand Valley State University will evaluate each proposal using the information submitted in the RFP to determine finalists.
- 5.2. The Evaluation and Selection Committee reserves the right to select the proposal that, in its sole discretion, provides the best value and service to the University.
- 5.3. The Evaluation and Selection Committee may reject a proposal or any part of a proposal, for any reason whatsoever and may negotiate any revisions, in the team's sole discretion, that are warranted.
- 5.4. This RFP is neither a contract nor an offer to form a contract. Acceptance of any proposal is subject to negotiation of a contract satisfactory to the University.
- 5.5. The criteria upon which evaluation of the proposals will be based include, but are not limited to the following:
  - The ability of the Firm to provide sound investment advisory services on the Investment Policy Statement in this RFP.
  - References from persons knowledgeable of the Firm's ability to fulfill the terms of the contract.
  - Historical performance track record.
  - Economic feasibility and justification of all costs.
  - General and financial stability of the company and years in business.
  - Firm willingness and ability to negotiate a contract acceptable to Grand Valley State University.
  - Ability for the Firm to provide quality advice and documentation.
- 5.6. The University reserves the right to conduct discussions with submitting firms, accept revisions of proposals and negotiate changes.

## **6. TERMINATION**

- 6.1. In the event that either party shall fail to maintain or keep in force any of the terms and conditions of this Agreement, the aggrieved party may notify the other party in writing via Certified Mail of such failure and demand that the agreed upon terms and conditions of the Agreement be upheld. Failure to abide by the terms and conditions of the Agreement are grounds for termination.

The University may terminate the contract if any of the following events occur:

- The Firm has been notified of an impending merger/takeover;
- The Firm is insolvent and is in the process of losing its charter;
- The officers of the Firm have violated banking laws and have made a guilty plea or have been convicted of a criminal offense related to their banking activities;
- Firm charges have increased in excess of the terms of the proposal as submitted by the Firm;
- The Firm has been officially reprimanded by the Conduct Review & Securities Division Office of Financial & Ins. Services;
- The Federal Deposit Insurance Corporation (FDIC) has notified the firm of its termination of coverage;
- The firm no longer is in compliance with the provisions of the Uniform Securities Act 265 of 1964.

## **7. EXHIBITS**

Reference the following exhibits for additional information related to this RFP.

- Exhibit A – Grand Valley State University Investment Policy Statement

**Proposal Form: RFP #219- 17 Investment Advisory Services - Operating Cash**

I. The undersigned certifies that to the best of his/her knowledge:

- There is no officer or employee of Grand Valley State University who has, or whose relative has a substantial interest in any contract award subsequent to this proposal.
- The names of any and all public officers or employees of Grand Valley State University who have, or whose relative has, a substantial interest in any contract award subsequent to this proposal are identified by name as part of this submittal.

Name(s) \_\_\_\_\_

II. The undersigned further certifies that their company \_\_\_\_ IS or \_\_\_\_ IS NOT currently debarred, suspended or proposed for debarment by any federal entity. The undersigned agrees to notify the University of any change in this status, should one occur, until such time as an award has been made under this procurement action.

III. Supplier declares the following legal status in submitting this proposal:

- A partnership
- A corporation organized and existing under the laws of the State of \_\_\_\_\_
- An individual doing business as (DBA) \_\_\_\_\_

IV. Supplier declares that company is at least 51% owned, controlled and actively managed by (check all that apply):

- |  |  |   |
|--|--|---|
| <input type="checkbox"/> African-American  | <input type="checkbox"/> Native American | <input type="checkbox"/> Woman/Women            |
| <input type="checkbox"/> Asian American    | <input type="checkbox"/> Multi-Racial    | <input type="checkbox"/> ADA Disabled Person(s) |
| <input type="checkbox"/> Hispanic American |  |   |

V. Supplier acknowledges receipt of the following addenda:

Addendum No. \_\_\_\_\_ Dated \_\_\_\_\_

Addendum No. \_\_\_\_\_ Dated \_\_\_\_\_

VI. BASE PROPOSAL SUM: \_\_\_\_\_dollars

(\$ \_\_\_\_\_) OR attach proposal.

VII. The undersigned proposes to furnish all labor, materials, equipment, tools and services required to complete the work in accordance with the proposed Contract Documents listed herein, including all addenda issued pertaining to same, for the sum or sums as stated, and agrees that these Documents will constitute the Contract if accepted by Grand Valley State University.

\_\_\_\_\_  
Company Name

\_\_\_\_\_  
Address City/State/Zip Code

\_\_\_\_\_  
Office Phone No. Cellular Phone No. Fax No.

\_\_\_\_\_  
Authorized Agent Signature Name & Title

\_\_\_\_\_  
Witness Signature Name

\_\_\_\_\_  
Tax Identification No. Date

VIII. ACCEPTANCE: This proposal is accepted by Grand Valley State University

\_\_\_\_\_  
Authorized Agent Signature Name & Title

\_\_\_\_\_  
Witness Signature Name

\_\_\_\_\_  
Office Phone No. Cellular Phone No. Fax No.

\_\_\_\_\_  
38 1684280  
GVSU Tax Identification No. Date