

Salem State University
RFP 2019-08 Investment Management Services
Addendum I – Minutes from Pre-Bid Conference
May 30, 2019.

There was a pre-bid conference held at Salem State University (SSU) on May 28, 2019. The following represents questions and topics discussed at that conference.

Major points addressed as part of opening remarks (Joe Donovan)

1. Please make sure your bids are in on time. We will not accept late bids.
2. Use the spreadsheets that are in the RFP, Appendix A & B as supplied.
3. Interviews /presentations for final candidates has been changed from the week of September 2 to Monday, September 16. It is strongly recommended that your investment manager and the relationship manager attend this meeting.
4. References for current and former clients are required as part of this process. Also, the awarded firm will be required to sign the Commonwealth's Standard Contract and Terms and Conditions.
5. If you need assistance with the spreadsheets or have any further questions direct them to Evelyn Wilson at ewilson@salemstate.edu or 978-542-6152.

Questions received prior to conference

Q1: What is the current fee for investment services?

A: The nature and structure of current fees is not relevant to this RFP process. Current fees were negotiated and contracted after an RFP process similar to this process. It is anticipated that each vendor will supply their best estimate of fees based on information gathered during this RFP process

Q2: Current asset allocation?

A: Similarly, the allocation varies through the year and is not relevant to your response. Such allocation does fall within the guidelines established by the Investment Policy.

Q3: Could the university provide further clarification on the use of these funds?

A: The main investment account is utilized at the discretion and direction of the SSU Board of Trustees and SSU management. As seen in the current investment policy, there is no direct designation for such funds. Future designations will be directed after discussion with the Board of Trustees and SSU management.

Q4: Did the funds come with any specific donor intent? Are there other donor restrictions?

A: The main university account does not have any formal restrictions and/or designations. There are two smaller funds which carry donor restrictions designated as emergency loan funds for students. These are the only funds with any type of restrictions associated with them.

Q5: How does this investment portfolio relate to the University's other pools of assets?

A: These assets are separate from other assets accumulated and managed by the Salem State University Foundation and the Salem State University Assistance Corporation.

Q6: Who will the selected investment manager work with from the University?

A: The management team will work directly with Vice President of Finance & Facilities, Karen House, and her staff.

Q7: Does the university require a Registered Investment Advisor?

A: The university investment policy requires that members of the investment management firm "must be fully licensed and registered by all applicable Federal, State and professional agencies" ...to carry out their responsibilities in an effective, prudent, and legal manner.

Q8: We manage... public and non-profit funds. We do not have any private funds but have in the past. Would we still qualify for this RFP?

A: Yes, you would still qualify.

Q9: Are the assets contemplated in RFP #2019-08 "municipal proceeds"?

A: No, the assets in these accounts are not considered "municipal proceeds". As stated in the investment policy "... the administration of these funds will comply with MGL Chapter 73, Sec. 14 as well as with MGL Chapter 180 A, also known as the Uniform Management Institutional Funds law".

Additional questions addressed at conference

Q1: Is there any crossover between the Salem State Foundation Board and Salem State University Board?

A: There is no crossover. They are two separate boards that control separate assets.

Q2: It has been noted that there is no current requirement in the use of funds, that they are unrestricted in nature. Is there any defined "draw" of any kind for these funds?

A: No, there is no defined or targeted "draw". To draw money from the investment fund requires Board of Trustee approval. Historically, there have only been a few instances where funds have been drawn or earmarked from such funds. These have occurred after much discussion with the Board and subsequent directive to SSU management.

Q3: In terms of the restriction of the derivatives, forwards, futures etc., some mutual funds do occasionally employ derivatives embedded within their mutual fund strategies, and from time to time we might use commodities or derivatives for instance. Would those be discouraged?

A: Yes, in fact they are prohibited. Per the investment policy, such investments are prohibited via "direct or indirect involvement".

Q4: Is there any specific risk parameters in terms of data, tracking error or sharp ratios?

A: No, nothing that specific. We would look for a manager to have at their disposal the tools, mechanisms, or metrics needed to make the appropriate and timely decisions and/or recommendations.

Q5: In terms of fossil fuel investment and the Socially Responsible Investments (SRI) Policy, are the assets fully divested?

A: As for fossil fuel and carbon 200 investments, the answer is yes. As for SRI investments, however, no specific strategies or topics have been addressed at this time with the board.

Q6: Following up on the last question: Are there any other SRI's initiatives that are being contemplated by the committee?

A: Not currently.

Q6: A small pool was mentioned, is that run as a separate account? And does it follow its own investment policies?

A: Yes, they are separate and not co-mingled. These carry their own account designation. They would comply with the university's existing investment policy.

Closing

Responses must be received on or before Friday, June 7, 2019, by 3 pm in the Purchasing Department Salem State University or emailed to Evelyn Wilson, Purchasing Director at ewilson@salemstate.edu.