



## CLARIFICATION #1

Reference: Request for Proposal B93399309  
Investment Management Services

Date: February 10, 2017

The University received a request to clarify the following:

1. Would you consider combining the two tiers and managing it as one pool of money?

**ANSWER: We envision the two tiers as one portfolio. It could be "one pool of money" as long as the two tiers are distinctly separate and holdings within each tier align with our policy.**

2. It appears your investment policy includes funds only; however, are you open to a separate account strategy?

**ANSWER: We will consider similar types of investment vehicles as our policy allows, however if it puts us in the position of having to re-approve the policy we are likely to not go that route unless a very strong argument is made for it.**

3. The investment policy states a minimum quality requirement of investment grade or better. Is this an average or a single security within the fund requirement? If it is a single security requirement, would it be acceptable if the fund held a small percentage of non-investment grade? For example, would it be acceptable to have a 10% allocation to non-investment at the overall portfolio level?

**ANSWER: No, the investment grade or better applies to all holdings. We cannot accept an allocation to non-investment grade holdings.**

4. On page 25, part of the submission is a Company Data Sheet (Section 3.0). It appears this sheet was not included within the RFP documents. Could you please send this to us?

**ANSWER: Disregard reference to the Company Data Sheet(s). Respond to the information requested on page 7.**

5. Terms and Conditions, should we submit our proposed changes with a red-line version of our review in the RFP submission?

**ANSWER: Any proposed changes to the Terms and Conditions or Scope of Services or Proposal Requirements must be included in your Executive Summary and must indicate the page and item number from the RFP that it relates to.**

6. Please confirm you are looking for an investment manager and not an investment consultant. "Section E: Managers" questions 39-43, discusses hiring and firing investment managers. Please confirm you are seeking an investment manager.

**ANSWER: WPUNJ seeks to create and maintain the portfolio as outlined in our Cash and Investments Policy. The degree to which this is actively managed is negotiable and open for proposal.**

7. Would you allow us to maintain contact with you, for clarification purposes, during the RFP review period (post sub-mission)?

**ANSWER: After responses are received they are reviewed and evaluated by a committee. During this evaluation period companies cannot request additional information or status of the evaluation. After the committee has made a determination the university will post its Intent to Award on the purchasing website.**

8. Can you please clarify questions 20 and 21 in the RFP document? Are they related and do you want operating asset client information?

**ANSWER:**

- **Question 20 asks for higher education clients that you have provided investment management services for in the past, but discontinued services (within the last 2 years).**
- **Question 21 asks for client names for whom you have provided these services specifically relating to an excess operating cash portfolio (as opposed to, for example, an endowment type of portfolio). Excess operating cash portfolios could commonly be found with large not-for-profits such as hospitals and universities, where there may be large cash balances, but given that the cash relates directly to committed funds, must be invested very conservatively.**

9. Commonfund offers educational thought leadership materials associated with Treasury Management and Investment Services. Is this value-add capability wanted by WPU, and how important is it as a component of this relationship?

**ANSWER: we are open to hearing about this.**

10. Is there a scoring method you plan on using when reviewing all of the submissions i.e. is one area more important than another? If there is a method, would you mind sharing that with us?

**ANSWER: WPUNJ will apply the same methodology consistently to all bidders. We are not releasing details about our scoring methodology.**

11. In terms of delivery, you are requesting one signed original and 4 additional copies. Would you like an electronic copy as well?

**ANSWER: The University does not require an electronic copy, however if you wish to provide one, please do so on a thumb drive.**

12. We did not see a "Company Data Sheet" in the RFP as referenced under section 3.0, pages 25 - 26. Since similar questions are contained in the "Proposal Requirements" on page 7, will our responses to those questions be sufficient?

**ANSWER: Disregard reference to the Company Data Sheet(s). Respond to the information requested on page 7.**

13. Is the University only interested in having investments managed for a fee or is the University open to a self-directed portfolio without management, transaction or safekeeping fee's for either the Tier 1 or Tier 2 portfolio?

**ANSWER: Yes, the University would be interested in this. Include a proposal for self-directed portfolio for Tiers 1 and 2 if that is a service that your firm offers.**

14. Are any of the funds being included in this RFP originally sourced from bond proceeds?

**ANSWER: No.**

**These funds do not include any direct proceeds from bond issues (The University uses an outside trustee bank for that). However, to the extent we are reimbursed exact amounts of qualified capital project costs from the bond proceeds held by trustees, these amounts are put in the Tier 1 depository account to replenish actual invoices paid for the capital projects. Since bond funds are never drawn in excess of the actual paid invoices they are reimbursing, we consider the answer to this question to be no.**

15. The Investment Policy Statement mentions that Fixed Income Funds, Short Term Bond funds and Treasury Bills are all authorized investments. However, it does not mention Agencies or individual Corporate Bonds. Are these permissible investments under the investment policy statement?

**ANSWER: Yes. Individual bonds will be allowed as long as there is adequate diversity across the portfolio and no significant weighting to any one holding.**

16. For the Tier 2 (Contingency) and Tier 3 (Core) portfolios, are individual U.S. Treasury Notes permissible investments?

**ANSWER: Yes.**

17. For the Tier 2 (Contingency) and Tier 3 (Core) portfolios, are individual U.S. Agency bonds (FNMA, FHLMC, FHLB) permissible investments?

**ANSWER: Same answer as #15 above.**

18. For the Tier 3 (Core) portfolio, are individual investment grade U.S. corporate bonds permissible investments?

**ANSWER: Same answer as #15 above.**

19. For Tier 3 (Core), portfolio is there a target rate of return?

**ANSWER: Not currently. We are open to establishing that as part of a program.**

20. Would the University consider increasing the amount allocated to Tier 1 (Cash)?

**ANSWER: No.**

21. Page 11. Paragraph labeled "Ownership of Material"

As we seek our internal Legal Department's feedback regarding this section, we respectfully inquire if William Paterson University can provide elaboration/clarification regarding the intent of this section.

**ANSWER: This would only be applicable if your institution were creating software or materials specifically for WPUNJ.**

23. Page 14, Section D, Item 7

This item leads us to inquire if the University can disclose the identity of its current custodian.

**ANSWER: WPUNJ does not currently have a custodian of assets, other than Lakeland Bank where all of the University's cash is currently held (as mentioned in the Background section on page 5).**

24. Page 15, Section A, Item 3c

This item indicates that as much as 10% of the core tier may be allocated to "Indexed equity funds". Can the University elaborate on its current/prospective use of equities, given that preservation of capital is listed as its first investment objective for the core tier?

**ANSWER: We do not currently have equities. Going forward, the purpose of allowing 10% of core in equities is to provide greater earnings while minimizing risk by keeping the percentage low.**

25. Page 25: Paragraph Labeled "Qualification of Companies"

We are confident that the University will deem our qualifications sufficiently compelling to exceed the standard of "perform adequately the prescribed services" that is referenced in this section. Is any of this section's requested information deemed of particular qualifying/disqualifying importance in the University's due diligence process?

**ANSWER: These responses are relevant in determining whether or not bidders are a good fit for WPUNJ and the objective at hand. Failure to respond to any of these items may negatively impact the overall evaluation of a bidder.**

26. First, I was looking to obtain an updated figure for the excess operating cash portfolio.

**ANSWER: Numbers provided in the RFP are still considered an accurate depiction of portfolio volume as of the time we make our selection. Historical numbers were updated as of 12/31/16.**

27. Further, I wanted to see if there was a time frame the university expects to interview managers? When is the selection of a manager expected?

**ANSWER: The interview for investment managers will be by invitation only by the University. Not all companies responding to the RFP will be invited. It is our expectation that a contract will be awarded by the end of March 2017.**

28. Lastly, I wanted to see what prompted the university to seek a manager to handle the funds after previously holding the funds as cash balances?

**ANSWER: The Board of Trustees authorized a new policy on cash and investments with the intention of converting the operating cash (amounts held in excess of balances needed to manage day-to-day expenditures) into a tiered structure of cash and investments. The tiers are defined in the policy (provided within the RFP) and represent different levels of liquidity and risk. After review by the appropriate university officials and the University Board of Trustees it was determined that hiring an Investment Management company was in the best interest of the University to maximize return on the funds and at the same time ensure that funds are safe and that we are in compliance with state and federal regulations.**

**CLARIFICATION REGARDING TERMS AND CONDITIONS:**

**There is only one correct termination clause in each of the RFPs (the Banking Services RFP and the Investment Management Services RFP) which is item 1.5.12 on page 25 of the Banking Services RFP and item 1.5.12 on page 21 of the Investment Services RFP.**

**Any other termination clause should be disregarded.**