

**CONTRACT NO.
12-10-01-14**

INVESTMENT ADVISORY SERVICES Q&A

1. Once the Development and Investment Management Committee Members make their recommendations to the Board of Trustees, will the entire Board vote or just a selection? If a selection, can you please provide those names? **The entire board votes as per required quorum.**
2. How many potential providers will be hired? **Primary one, but as needed or necessary by the Board.**
3. Is the purpose of this RFP to replace an existing investment advisor or will this be Delaware State University's first time outsourcing investment advisory services? **It is the requirement of the Board that a RFP be competitive bid every five years.**
4. Are the assets in the Delaware State University Endowment Pool considered to be assets of the University or assets of the Foundation? We have rules within our organization that dictate the type of assets we can manage and what I am specifically trying to determine is if the assets are considered "Public Funds" or "Private Funds". After reviewing the RFP I was not 100% positive what the Delaware State University Endowment Pool would be considered. **These are assets of University Foundation which is a component unit of Delaware State University.**
5. The RFP indicates a balance as of August 31 of \$20.8 million, but also indicated that the amount included a Federal match of \$4.8M. I wasn't sure if pricing for services should be done at the \$20 M or if the Federal Match is a promised (but not yet received) amount and we should price our services at \$16M. **Pricing should be based upon \$20M+.**
6. Is this contract new for the University, or if this RFP is being pursued to rebid a current advisory firm's contract? If possible, could you tell me the name of the firm, and reasons for why this RFP was released (contract expiration/problems with current firm, etc.? **The contract has been put through a competitive process which occurs every five years. The current contract ends June 30.**
7. What is the length of the contract? **Three years with two one-year renewable extensions.**
8. Section 4.2.4 references a page limitation for the RFP response; however, we can find no such indication of a page limit. What is the page limitation if there is one? **No page limitation for RFP response.**
9. Is there a current investment advisor? **See number 6 above.**
10. Are they invited to submit a proposal? **Any firm is encouraged to apply.**

11. If there is a current adviser, what has the schedule of meetings been? **The current advisor meets with University at least every 3 months.**
12. Who will regular meetings be held with, the entire Board, the Investment Committee, University officials? **It is University's discretion but mostly the University's Development Committee of the BOT.**
13. Section 4.4.2 suggests daily investment management of assets by the submitters yet the Scope of Services makes no such request. This is a bit confusing. The point being:
 - a. If submitters respond to this as "manage the daily investment decisions" it places other firms at a disadvantage as they could be perceived as not offering the service. Such an unfair advantage if a respondent takes the liberty of interpreting in a manner not intended, might submit unrequested materials appearing to offer services not requested. Would you clarify whether the RFP is for investment management/trading services? **Section 4.4.2 does not refer to the above but requests information on historical performance. Section 4.4.2 is written as "Please provide a historical performance of your strategies/accounts/funds for the past one, three, five and ten year periods against the S & P 500 or other relevant indices you would suggest." Based on the criteria established by the Development Committee of the BOT, the assets must meet those requirements. We will discuss those requirements with successful bidders.**
14. We have the same concerns with Section 5 as they relate to "custodial and management fees." This also infers investment trading decisions not requested. Would you clarify the intent of the RFP as only for consulting pursuant to the Scope of Services or is investment trading inferred and therefore expected? **DSU is requesting only financial advisory services not custodial services. Therefore, delete "and the custodial" from section 5, page 10 of this RFP.**
15. Preference for the physical submissions: 3-ring binder, spiral bound? **Three ring binders preferred. However, spiral bound is also acceptable and it will not have any effect on evaluation.**
16. There is formatting issue on page 10, 11, and 19. **DSU will put three separate attachments to address this formatting issue i.e. for Contract number 13-01-15-04 (page 10), attachment A (page 11), and attachment C (page 19).**
17. I wanted to know if there were questions available from the mid conference for contract 13-01-14-01. If so how do I obtain a copy? Also, can a portion of the contract be performed offsite? **All questions and answers will be posted on the website.**
18. Are the assets in the Delaware State University Endowment Pool considered to be assets of the University or assets of the Foundation? We have rules within our organization that dictate the type of assets we can manage and what I am specifically trying to determine is if the assets are considered "Public Funds" or "Private Funds". After reviewing the RFP I was not 100% positive what the Delaware State University Endowment Pool would be considered. **Please refer to question 4 above, in addition, "Foundation is a Delaware C Corporation with the 501-c-3 status under Internal revenue Code. All the three separate Funds are overseen by the Foundation Board on behalf of DSU."**

19. Who is currently the provider of Investment Advisory Services to Delaware State University's Endowment Fund? Will they be submitting a proposal to this RFP? **Current investment advisor is BNY Mellon. See question 10.**
20. How have the performance of the investments done over the past 1,3, and 5 years? **Performance has met market conditions and plus.**
21. What is the current fee that Endowment is paying? **The respondents should submit their own best and competitive pricing.**
22. Could the University clarify if real estate investments are permissible for the Delaware State University Federal matching funds? **Please refer to attachment A, part "PORTFOLIO COMPOSITION AND RISK" and "GUIDELINES FOR REAL ESTATE MANAGERS.**
23. The target allocations for the University's Endowment Fund presented in the Statement of Investment Objectives and Guidelines on pages 12 & 13 do not total 100%. Could the University clarify these allocations? **We provide this information tomorrow-- as of December 31 of the latest allocation.**
24. The Statement of Investment Objectives and Guidelines indicates that mutual fund investments are permitted in the equity portion of the Endowment Fund's portfolio. Are mutual funds also permissible under fixed income? **Refer to Attachment A.**
25. Has the University's Endowment Fund portfolio achieved a 4.5% inflation adjusted return annually, and has the University consistently spent 4.5% per year? **Not always in the past 5 years**
26. Do you have an Investment Advisor at this time? If yes, what is the firm, and is it participating in this proposal process? **Refer to question 19 above**
27. Why are you conducting an Investment Advisor search at this time? **Please refer to question 3 and 6 above.**
28. What are the Committee's primary investment concerns? What are the perceived opportunities? **There is no concern at this time. We look forward to review the firm's proposal to share the opportunities with the University.**
29. Can we receive a performance report and investment manager list to assist in thoughtful response preparation? **Past/current performance does not necessary mean the future indications, it is important that each firm demonstrate their performance.**
30. What are the consequences if Delaware State University's endowment fails to achieve a real long-term return of at least 5%? **The BOT's Development Committee will decide/recommend the due course of action.**
31. A list of current fund investments. **See question #29**

32. A copy of the most recent fund performance report. **The Board has established criteria therefore the answer to this question is subjective. We encourage all firms to share their performance to market conditions.**
33. Section 2.4 Evaluation of Responses: Part (c) of the criteria (20 points) specifies that the quality of products and services will have an emphasis on “innovative solutions and technologies”. Can you further define what is meant by “technologies” as it pertains to investment consulting/advisory services? For instance, does this refer to online reporting technologies? Or, does it refer to something else that is technological in nature? **Current and emerging technologies for investment and operational reporting. It is open for you to explore this area.**
34. At the beginning of the Investment Objectives and Guidelines Attachment A, the preamble mentions endowment asset held either by the University or the University Foundation. This may refer to there being a separate endowment fund and a foundation fund portfolio. If so, does the custodian BNY Mellon maintain separate records or are the asset pooled in one account? **The portfolio of these funds is kept separately as University requirements. However, it is managed by the University’s Foundation.**
35. On page 12 of Attachment A, there is mention of investing the DSU Fed matching funds more conservatively. Are there specific restrictions on the matching funds that effect how the entire portfolio is allocated? Does the sentence that states “it cannot be invested in real estate” refer solely to these Fed matching funds? **Fed matching funds will need to be managed conservatively.**
36. There are three assumption listed on page 12. The third assumption looks to be an incomplete sentence. Can you clarify what is being referred to as a “contrary app”? **It refers to “contrary approach”**
37. The guidelines mentions oil and gas investments, but did not specifically mention the potential use of Master Limited Partnerships (MLP’s). Can you clarify if MLP’s are an allowable investment? Also, are royalty streams an allowable alternative investment? **Please explore that opportunity with the University.**
38. What is the name of your current investment advisor? How many years has the current investment advisor been in place? **Please refer to question number 19 above.**
39. What were the total investment advisor’s fees paid in dollar amount for the last two years 2011 and 2012? **Please refer to question 21 above.**
40. How are the fees charged by the current investment advisor? **Please propose your fee as requested in RFP.**
- Is it a flat fee or asset based fee?
 - What is the frequency of payment?
 - If it is an asset based fee, what is the annual percentage (basis point) amount charged?

41. Please provide us a copy of the most recent account statement or a listing of the investments by name, ticker symbols (if applicable) and dollar amounts invested in each security holding? See question 20. **Please explore with the University, your recommendations.**
42. Can you provide us the most recent quarterly investment performance report provided by the investment advisor? **Past/current performance does not necessary mean the future indications, it is important that each firm demonstrate their performance.**
43. Does the current quarterly performance report format meet your needs? **Yes, Please give the University your firm's recommendation.**
44. Is there anything else you would like to see different in future quarterly performance reporting? **See question 43**
45. Who is the custodian where the account assets are held? **Please read last paragraph of section 1.2 "Background" of the RFP**
46. We noted Delaware State has an Office of Supplier Diversity (OSD), are there any specific procurement forms or recommended method to document minority owned company participation? For example, should we include and submit a copy of the State of Delaware minority certification in our proposal? **We highly encourage women and minority to submit responses to the RFP as deemed by the State of Delaware as published on their website.**
47. Will the University accept a joint collaborative proposal from two firms, including a certified minority owned company as a sub consultant? **Please explore that opportunity with the University.**
48. Are the Endowment and "Fed Matching" Funds considered private entities akin to the Foundation? Or, rather, are they Government entities (e.g., the State of Delaware)? **"Foundation is a Delaware C Corporation with the 501-c-3 status under Internal revenue Code. All the three separate Funds are overseen by the Foundation Board on behalf of DSU."**