

**REQUEST FOR PROPOSALS
FOR
THE TEXAS STATE UNIVERSITY SYSTEM
AUSTIN, TEXAS**

**SYSTEM INVESTMENT CONSULTANT SERVICES
RFP NO.: 758-18-00049**

**ALL PROPOSALS MUST BE RECEIVED BY:
October 31, 2017 @ 11:00 a.m. CT (Central Time)**

Prepared By:

Daniel Harper, Deputy Vice Chancellor for Finance
The Texas State University System
Thomas J. Rusk State Building, Suite 600
208 East 10th Street
Austin, Texas 78701-2407
Phone: 512-463-1808
Fax: 512-463-1816

Section	TABLE OF CONTENTS	Page
	Cover Page	1
	Table of Contents	2
I	General Information & Requirements	3
	1.1 General Information	3
	1.2 Public Information	3
	1.3 Clarifications and Interpretations	3
	1.4 Execution of Offer	3
	1.5 Proposer Questions	3
	1.6 Point of Contact	4
	1.7 Submission of Proposals	4
	1.8 Evaluation of Proposals	5
	1.9 TSUS Reservation of Right	5
	1.10 Acceptance of Evaluation Methodology	6
	1.11 Non Reimbursement of Costs	6
	1.12 Historically Underutilized Business Submittal Requirements	6
	1.13 Certain Proposals and Contracts Prohibited	6
	1.14 Certification of Franchise Tax Status	6
	1.15 Delinquency in Paying Child Support	6
	1.16 Conflicts/Contact	7
	1.17 Ownership and Use of Work Material	7
	1.18 Validity Period	7
	1.19 Contract Administration	7
	1.20 Termination/Cancellation	7
	1.21 Presentations	7
	1.22 Negotiations	7
II	Overview	7
	2.1 Description of TSUS	7
	2.2 Project Description	8
	2.3 Performance Period/Option to Extend Term	8
	2.4 Required Timeline	8
	2.5 Class and Item	8
III	TSUS Objectives & Investment Consultant Responsibilities	9
	3.1 Operating Investment Objectives	9
	3.2 Endowment Investment Objectives	9
	3.3 Investment Consultant Responsibilities	9
	3.4 Respondent Representations	9
IV	Proposer Questionnaire	10
	4.1 History, Ownership, and Affiliations	10
	4.2 Qualifications	10
	4.3 Professional Staff	10
	4.4 Culture/Risk	11
	4.5 Research	11
	4.6 Reporting	11
	4.7 Investment Analysis and Performance	11
	4.8 Manager Selection and Monitoring	12
	4.9 Clients	12
	4.10 Service, Fee Structure, and Relevant Information	12
V	Insurance	13
VI	Execution of Offer	15
VII	Terms & Conditions	16

**REQUEST FOR PROPOSALS
FOR
SYSTEM INVESTMENT CONSULTANT SERVICES
THE TEXAS STATE UNIVERSITY SYSTEM
RFP NO.: 758-18-00049**

SECTION 1 – GENERAL INFORMATION & REQUIREMENTS

- 1.1 GENERAL INFORMATION: The Texas State University System (“TSUS”, “System”) and its component Institutions (“Component(s)”) through this Request for Proposals (“RFP”) is seeking an investment consultant, dually licensed and registered under the Investment Advisors Act of 1940 (15 U.S.C. Section 80b-1 et seq.), to provide investment oversight of the Endowment and/or Operating Funds of the System and its Components. This solicitation sets forth, at a minimum, the specifications, terms, conditions, and requirements to be considered for this solicitation. TSUS and its Components will select the Proposal that offers the “best value” for the institutions based on the published selection criteria and on its ranking evaluation of submitted proposals. Prospective entities submitting their proposals in response to this solicitation are called “Respondents”, “Vendor”, or “Proposers” herein.
- 1.2 PUBLIC INFORMATION: By submission of this agreement, [Vendor] acknowledges that the agreement, and the contents of any underlying proposals or other documents provided to [TSUS] in response to a competitive bid process from which the Agreement resulted, are public information under the Texas Public Information Act (Texas Government Code Chapter 552). [Vendor] agrees that [TSUS] may provide a copy of the Agreement and/or bid documents in response to a public information request, post the Agreement on its public website, or otherwise release the contents of the Agreement and/or bid documents at [TSUS’s] discretion and without prior notice to [Vendor]. Vendor acknowledges that the TSUS strictly adheres to all statutes, court decisions, and the opinions of the Texas Attorney General with respect to disclosure of public information.
- 1.3 CLARIFICATIONS AND INTERPRETATIONS: Any clarifications or interpretations of this RFP that materially affect or change its requirements will be issued formally by TSUS as a written addendum. Addenda, if required, will be issued by TSUS for this RFP via the Texas Electronic State Business Daily at: <http://esbd.cpa.state.tx.us/> . It is the responsibility of all Respondents to check the status of formal addenda before the submission deadline and to obtain this information in a timely manner. All such addenda issued by TSUS before the submittals are due shall be acknowledged by Respondents and incorporated into their response to the RFP.
- 1.4 EXECUTION OF OFFER: Please complete, sign and return the attached Execution of Offer (Section 6) as part of the proposal. The Execution of Offer must be signed by a representative of Proposer duly authorized to bind the Proposer to its proposal. **Failure to sign and return the Execution of Offer will result in the rejection of the proposal.**
- 1.5 PROPOSER QUESTIONS: After the RFP is advertised, proposers will have until **Friday, October 13, 2017 at 11:00 a.m. CT**, to submit written questions for clarification of the proposal. Send questions to TSUS’s Point-of-Contact listed under Section 1.6. All questions submitted and received will be reviewed, consolidated where possible, and answered in one addendum to the proposal. The addendum will be posted on the Texas Electronic State Business Daily at : <http://esbd.cpa.state.tx.us/> . Addenda are usually posted within 2 business days unless

the questions involve legal issues or complex subjects. It is the proposer's responsibility to continually check the website for Addenda.

- 1.6 **POINT-OF-CONTACT:** TSUS designates the following person as its representative and Point-of-Contact for this RFP. Respondents shall restrict all contact with TSUS and direct all questions regarding this RFP, including questions regarding terms and conditions, in writing to the Point-of-Contact person no later than **Friday, October 13, 2017 at 11:00 a.m. CT.**

Attn:

Daniel Harper, Deputy Vice Chancellor for Finance

Direct Phone: 512-463-6449

The Texas State University System

Thomas J. Rusk State Building, Suite 600

208 East 10th Street

Austin, Texas 78701-2407

Phone: 512-463-1808 Fax: 512-463-1816

daniel.harper@tsus.edu

- 1.7 **SUBMISSION OF PROPOSALS:** TSUS will receive Proposal, including HUB Plan, for RFP NO.: 758-18-00049 at the time and location described below. The **Proposer (not the carrier/mail service/other or TSUS)** is solely responsible for ensuring that the proposal is received prior to the specified opening date and time as specified on the RFP form.

**PROPOSALS MUST BE RECEIVED BY:
October 31, 2017 @ 11:00 a.m. CT (Central Time)**

PROPOSALS ARE TO BE SUBMITTED TO:

Attn:

Daniel Harper, Deputy Vice Chancellor for Finance

The Texas State University System

Thomas J. Rusk State Building, Suite 600

208 East 10th Street

Austin, Texas 78701-2407

- 1.7.1 Proposer should submit one (1) complete copy (including HUB plan) of its entire proposal in Adobe Acrobat PDF format on a USB drive to the attention and address listed above. A signature by an authorized officer of Proposer must appear on the Execution of Offer included in the submitted proposal.
- 1.7.2 Unacceptable Proposal Delivery Methods: TSUS will not accept proposals submitted on paper, by telephone, facsimile (fax) transmission, or electronic email submission in response to this RFP.
- 1.7.3 Proposal Envelope/Box/Container: Each proposal should be placed in an envelope, box, or container that is completely and properly identified with the RFP number, due date and time. It is the proposer's responsibility to have the proposal correctly marked and to TSUS' point of contact by the specified date and time for receipt.

1.74 **Format for Proposal:** Proposer should submit their complete proposals in **Adobe Acrobat PDF format** using substantially the following format in terms of order of content. Proposer shall make every effort to present the required information in a detailed, orderly, and compact presentation. Proposer should provide visual examples of functionality to clarify and reinforce key product features and services. Long or elaborate proposals are not desired.

Cover page:

Execution of offer, including pricing page(s):

Table of Contents:

Executive Summary of Proposal:

Company Information and History: including, but not limited to the following:

Company name, Federal Tax Identification Number, company address, contact information (company and proposer's representative).

All required information as requested in the Evaluation Criteria and in Requirements and Specifications as well as any additional information the Proposer feels is relevant to their proposal.

The Contractors HUB Plan and all required HUB documentation.

NOTE: The above listing of items to be included in the proposal submission is a summary provided to aid proposers in putting together their proposal package. Any items stated in other sections of the RFP, but not listed in this section, are still required to be provided as part of the proposal submission.

1.8 **EVALUATION OF PROPOSALS:** It is the intent of the Texas State University System to award a contract to the responsible, responsive Proposer that submits a proposal that meets the minimum criteria set forth herein, and that represents the best value to the System in terms of generating returns and reports to the System, Investment Committees, and Components.

All properly submitted Proposals will be reviewed, evaluated, and ranked by TSUS. Proposals will be evaluated by a review panel on the basis of the criteria listed below. Relative weights of the criteria are listed below. Only criteria designated in the solicitation can be considered in the award determination.

1.8.1 **EVALUATION CRITERIA WEIGHTED VALUES:** Evaluation factors will be weighted as follows:

Fee Structure of Services	<u>25 Points</u>
Experience with Public Universities	<u>10 Points</u>
Positive Interviews with Contacts	<u>10 Points</u>
Reporting Capability	<u>15 Points</u>
Ability to Identify and Participate with Qualified Managers	<u>15 Points</u>
Performance Record and Experience	<u>15 Points</u>
Investment Philosophy	<u>10 Points</u>

1.9 **TSUS' RESERVATION OF RIGHTS:** TSUS may evaluate the Proposals based on the anticipated completion of all or any portion of the Project. The TSUS reserves the right to divide the Project into multiple parts, to reject any and all Proposals and re-solicit for new Proposals, or to reject any and all Proposals and temporarily or permanently abandon the Project. TSUS makes no

representations, written or oral, that it will enter into any form of agreement with any respondent to this RFP for any project and no such representation is intended or should be construed by the issuance of this RFP.

- 1.10 ACCEPTANCE OF EVALUATION METHODOLOGY: By submitting its Proposal in response to this RFP, Respondent accepts the evaluation process and acknowledges and accepts that the determination of the “best value” firm(s) will require subjective judgments by TSUS.
- 1.11 NON REIMBURSEMENT FOR COSTS: Respondent acknowledges and accepts that any costs incurred from the Respondent’s participation in this RFP process shall be at the sole risk and responsibility of the Respondent. Respondents submit Proposals at their own risk and expense.
- 1.12 HISTORICALLY UNDERUTILIZED BUSINESSES SUBMITTAL REQUIREMENTS: It is the policy of The Texas State University System and each of its component institutions, to promote and encourage contracting and subcontracting opportunities for Historically Underutilized Businesses (HUB) in all contracts. Accordingly, TSUS has adopted the Policy on Utilization of Historically Underutilized Businesses. The Policy applies to all contracts with an expected value of \$100,000 or more. If TSUS determines that subcontracting opportunities are probable, then a HUB Subcontracting Plan is a required element of the Proposal. **Failure to submit a required HUB Subcontracting Plan will result in rejection of the Proposal.**
 - 1.12.1 TSUS has determined that subcontracting opportunities are probable for this solicitation.
 - 1.12.2 Forms and Policy on Historically Underutilized Business can be found on the Texas State Comptrollers website at:

<https://www.comptroller.texas.gov/purchasing/vendor/hub/forms.php>
- 1.13 CERTAIN PROPOSALS AND CONTRACTS PROHIBITED: Under Section 2155.004, Texas Government Code, a state agency may not accept a proposal or award a contract that includes proposed financial participation by a person who received compensation from the agency to participate in preparing the specifications or request for proposals on which the proposal or contract is based. All vendors must certify their eligibility by acknowledging the following statement, "Under Section 2155.004, Government Code, the vendor certifies that the individual or business entity named in this bid or contract is not ineligible to receive the specified contract and acknowledges that this contract may be terminated and payment withheld if this certification is inaccurate." If a state agency determines an individual or business entity holding a state contract was ineligible to have the contract accepted or awarded as described above, the state agency may immediately terminate the contract without further obligation to the vendor. This section does not create a cause of action to contest a proposal or award of a state contract.
- 1.14 CERTIFICATION OF FRANCHISE TAX STATUS: Respondents are advised the successful Respondent will be required to submit certification of franchise tax status as required by State Law (H.B. 175, Acts 70th Leg. R.S., 1987, Ch. 283, p. 3242). The contractor agrees each subcontractor and supplier under contract will also provide a certification of franchise tax status.
- 1.15 DELINQUENCY IN PAYING CHILD SUPPORT: Under Section 231.006, Family Code, the vendor or applicant certifies the individual or business entity named in this contract, bid, or application is not ineligible to receive the specified grant, loan, or payment and acknowledges that this contract may be terminated and payment may be withheld if this certification is inaccurate.

- 1.16 CONFLICTS/CONTACT: Respondents shall not contact existing members of the Board of Regents, TSUS employees as well as those of System's component Institutions during the open period.
- 1.17 OWNERSHIP AND USE OF WORK MATERIAL: All work material, whether or not accepted or rejected by TSUS, is the sole property of TSUS and for its exclusive use and re-use at any time without further compensation and without any restriction.
- 1.18 VALIDITY PERIOD: Each proposal should state that it will remain valid for a minimum of one hundred and eighty (180) days after the submittal deadline to allow time for evaluation of proposals, award determination, and any unforeseen delays.
- 1.19 CONTRACT ADMINISTRATION: Contract administration will be by TSUS. Proposer shall provide, as part of their response, a copy of Proposer's Standard Contract Agreement. TSUS, at its discretion, may choose to use this contract, with appropriate amendments and changes, or its own contract.
- 1.20 TERMINATION/CANCELLATION: TSUS may terminate this Agreement for any reason upon thirty (30) days written notice to the other party.
- 1.21 PRESENTATIONS: TSUS may, at its sole discretion, invite selective responsive firm(s), at the firm(s) expense, to give an oral presentation and respond to questions. Presentations, at TSUS's discretion, may be either on site at TSUS's Offices, one of its component Institutions, or by video conference.
- 1.22 NEGOTIATIONS: If possible, an award will be made without holding negotiations. If negotiations are necessary, they will be scheduled after all proposals are evaluated. Negotiations will only be held with proposer(s) who have a reasonable chance of receiving contract award. Therefore, do not anticipate negotiations being held. Best and Final Offers will only be requested if negotiations are held. Therefore, you are strongly encouraged to submit your best offer at the time proposals are due.

SECTION 2 – OVERVIEW

- 2.1 DESCRIPTION OF TSUS: The Texas State University System, founded in 1911, is the first higher education system established in Texas. Beginning as an administrative means to consolidate the support and management of state teacher colleges, the System has evolved into a network of higher education institutions stretching from the Texas–Louisiana border to the Big Bend region of West Texas.

Today, eight component institutions offer a broad range of academic and career opportunities. Throughout the System, faculty and staff are preparing students to work in and contribute to our global society. The Texas State University System member institutions include:

- Lamar University
- Sam Houston State University
- Sul Ross State University
- Texas State University

- Lamar Institute of Technology
- Lamar State College - Orange
- Lamar State College - Port Arthur
- Sul Ross State University Rio Grande College

The Texas State University System is governed by a nine-member Board of Regents appointed by the governor. In addition, a nonvoting student regent is appointed annually to the board. System Administration, which is headed by a board-appointed chancellor, is based in Austin, where it provides support to the System components and state government.

The Office of Finance within System Administration oversees investment assets, included the development of the System’s Investment Policy and the management of the Investment Consultant agreement.

All Endowment and Operating Funds must be invested in accordance with the Investment Policy for Operating Funds and Endowments Funds of the Texas State University System. A copy of the current policy may be found at www.tsus.edu.

While the TSUS Board of Regents (“Board”) retains ultimate responsibility for investments as fiduciaries of TSUS assets regardless of who is investing those assets, the investment consultant must certify to in writing that they are a fiduciary of the funds.

TSUS currently utilizes a single Investment Consultant and a single custodian, Trustmark, for the portfolio.

As of May 31, 2017, the Market Value of TSUS Assets are as follows:

Advised Assets	Market Value
Operating Short-Intermediate	\$ 94,151,063.25
Operating Long	\$ 41,220,503.71
Endowment	\$ 218,177,439.00
Total Advised Assets	\$ 353,549,005.96
Unadvised Assets	
Operating Short-Intermediate	\$ 335,800,402.03
Operating Long	\$ 85,822,380.66
Endowment	\$ -
Bond Proceeds	\$ 376,510,233.43
Total Unadvised Assets	\$ 798,133,016.12
Total Assets	\$ 1,151,682,022.08

Each component will determine what portion, if any, of its Operating Funds and Endowments Funds will be managed by the selected Investment Consultant.

- 2.2 PROJECT DESCRIPTION: The Texas State University System and its Components, through this Request for Proposals (“RFP”) is seeking an investment consultant, dually licensed and registered under the Investment Advisors Act of 1940 (15 U.S.C. Section 80b-1 et seq.), to provide investment oversight of the Endowment and/or Operating Funds of the System and its eight components institutions and System Administration. This solicitation sets forth, at minimum, the specifications, terms, conditions, and requirements to be considered for this Consultant.
- 2.3 PERFORMANCE PERIOD/OPTION TO EXTEND THE TERM: The initial contract term shall be for six (6) years, beginning December 1, 2017 and continuing through November 30, 2023. TSUS may renew the contract, by order or resolution of the TSUS Board, for up to six (6) one year terms. Notice of renewal to be issued in writing at least thirty (30) days prior to the end of the current performance period. The total duration of the contract, including the exercise of renewals, shall not exceed twelve (12) consecutive years.
- 2.4 REQUIRED TIMELINE:
- a. Issue RFP on or about: September 28, 2017
 - b. Last Day for questions: October 13, 2017
 - c. Proposal due: October 31, 2017
 - d. Anticipated Contract start date: December 1, 2017
- 2.5 Class and Item (NIGP Code): 946-48, 946-56, 958-39

SECTION 3 – TSUS OBJECTIVES AND INVESTMENT CONSULTANT RESPONSIBILITIES

- 3.1 OPERATING INVESTMENT OBJECTIVES: It is the policy of TSUS to invest operating funds in compliance with the “Prudent Person Standard” as defined by Texas Education Code § 51.0031(d). The Investment Policy for operating funds is designated to fulfill the following objectives: provide security of invested principal, provide liquidity for operating requirements which may be reasonably anticipated, manage interest-rate and market risk, maximize total return within established risk constraints, and provide for diversification of investment assets.

The investment strategy has as its primary objective assurance that anticipated liabilities are matched and adequate investment liquidity is provided. The secondary objective is to create a portfolio structure which will experience minimal volatility while generating income.

The components of TSUS will base investment decisions on short-term, intermediate-term, and long-term needs dictated by cash flow analyses of present and future financial requirements.

- 3.2 ENDOWMENT INVESTMENT OBJECTIVES: It is the policy of TSUS to invest endowment funds in compliance with UPMIFA. The overall objective of investing Texas State University System for endowment funds is to provide security of invested principal, provide for appreciation of principal, provide a continuing and dependable cash payout within the market constraints, provide for planned liquidity for anticipated cash flow purposes, manage market risks, maximize overall total return within the established risk constraints and, provide for diversification of investment assets.

The long term objective of an endowment is to preserve the intergenerational equity of the endowment while providing an appropriate current spending policy. All endowment funds (and Operating Funds) will be managed by the “Prudent Person Standard”.

3.3 INVESTMENT CONSULTANT RESPONSIBILITIES: Responsibility of the overall Consultant would include, but may not be limited to:

- Assist in the development and implementation of investment policies, objectives, and guidelines to submit to the Board for approval as required by the Investment Policy.
- Review investment strategies and vehicles, including search, selection, and recommendation of investments to the Investment Officers at each respective component Institution.
- Prepare and present performance evaluation reports in accordance to established investment standards for each component Institution as well as a consolidated report to System Administration.
- Review contracts and fees for all current and proposed Investment Managers. Please note that each component school may determine to use different managers and different strategies.
- Communicate investment policies and objectives to Investment Managers, monitor those strategies, and notify the Investment Officers of any significant changes in portfolio managers, litigation, or violation of securities regulations.
- Participate in quarterly investment committee meetings for respective components and at the request of the Vice Chancellor for Finance.
- Acknowledge, in writing, the Consultant is a fiduciary for all assets overseen.

3.4 RESPONDENT REPRESENTATIONS: Each respondent, by submitting a proposal, represents that the firm:

- Has read and completely understands the RFP documents and attachments.
- Is familiar with the conditions under which services would be provided.
- Understands and agrees that all proposals must conform to the instructions and conditions contained herein to receive consideration.
- Understands that Texas State University System shall be the contact throughout the process and is responsible for determining which proposal represents the best value/fit to the component institutions.

SECTION 4—PROPOSER QUESTIONNAIRE

Please answer the following questions considering the opportunity for managing both the Operating Cash and the Endowment Assets for The Texas State University System and each of its Components as outlined in Section 3. To be considered Proposer must address and include a response to each question in this Section in their proposal in the order asked.

- 4.1 HISTORY, OWNERSHIP, AND AFFILIATIONS: Proposer shall provide a complete response to each question listed below in their response.
- a. Provide a brief history of your firm, including the year organized, by whom, and the structure of the firm's ownership. Have any changes in ownership occurred over the last five years?
 - b. Is investment advising the only business process? Identify and describe any parent or affiliated companies and/or joint ventures.
 - c. Describe the procedures you have in place that would mitigate or eliminate potential conflicts of interest.
 - d. Do you accept trades for client accounts through any broker dealers?
 - e. Has your firm been involved in any regulatory or litigation events in the past five years? Has any member of your firm been fined, disciplined and/or suspended by the SEC, the NASD or any regulatory agency? If yes, please explain.

- 4.2 QUALIFICATIONS: Proposer shall provide a complete response to each question listed below in their response.
- a. Discuss your qualifications as investment consultants. What differentiates your firm from others?
 - b. Describe your underlying philosophy as an investment Consultant.
 - c. Describe your experience in providing consulting services to multiple System or University components for both endowments and/or operating funds. Please include the number of client relationships, the level of assets under Consultant and staff employed to commit to the System or individual Component management.
 - d. Describe any aspect of your firm's consultancy, research, and operational practices which are unique and grant you competitive advantages and superior results.
 - e. Do you have any System, University, University Foundation or Foundation clients in the state of Texas? If so, who?
- 4.3 PROFESSIONAL STAFF: Proposer shall provide a complete response to each question listed below in their response.
- a. Please provide an organizational chart that shows the individuals involved in the institutional investment and consultancy area.
 - b. Provide summary biographies of key professionals and staff that would be responsible for the Texas State University System account. How do you determine the consultant (regionally, by sector, by assets under management?)
 - c. What is the average staff turnover rate of the consultants and researchers?
- 4.4 CULTURE/RISK: Proposer shall provide a complete response to each question listed below in their response.
- a. How do you measure your firm's performance in meeting or exceeding client objectives?
 - b. Do you have experience in managing for the different styles needed of endowment and operating funds? Explain.
 - c. How do you gauge the risk tolerance of the firm you are consulting?
 - d. Discuss your firm's overall investment consulting strategy, and the opportunities and risks associated with investments in the current market. Discuss any special or niche opportunities.
 - e. How do you perform management performance monitoring, portfolio modeling, and risk monitoring? What software is utilized? Who in your firm is responsible for this type of monitoring?
 - f. What is your approach to evaluating portfolio risk? Does your process differentiate types of risk?
 - g. Do you consider your firm as a "traditionalist" or an "innovator"?
 - h. Has your investment philosophy changed over the past five years? If so, why and in what way?
 - i. Provide an overview of your firm's business continuity plan. Was the plan activated during the past five years?
- 4.5 RESEARCH: Proposer shall provide a complete response to each question listed below in their response.
- a. Describe your investment manager research, due diligence, and selection process.
 - b. How does your firm integrate internal and external research?
 - c. How does your firm help the client develop a process for evaluating new asset classes and investment opportunities?
 - d. List all asset classes in which you conduct research and how that research is conducted.

- e. How does your firm monitor and report market trends?
 - f. What are your medium and long-term Capital Market Assumptions?
- 4.6 REPORTING: Proposer shall provide a complete response to each question listed below in their response.
- a. Describe any internet-based information or reporting capabilities you offer. Provide some sample reports and any commentary on those reports. Do the reports include an executive summary?
 - b. What are the current technologies utilized in supporting the back office process? Please summarize your maintenance and upgrade policy/plan.
 - c. What percentage of the reports are based on standard templates, and what percentage can the client manipulate based on their need?
 - d. What is the frequency and content of your normal reporting? Describe the system used to calculate rates of return.
 - e. How soon are quarterly reports available after the quarter end?
 - f. How do you handle reporting for assets not directly managed by your firm?
 - g. Provide benchmarking analysis including the annual NACUBO study.
 - h. How do you adapt your reporting to the requirements that would be outlined by TSUS?
- 4.7 INVESTMENT ANALYSIS AND PERFORMANCE: Proposer shall provide a complete response to each question listed below in their response.
- a. Describe your performance measurement process (methodology, analysis and evaluation).
 - b. What type of portfolio attribution analysis do you provide and how often?
 - c. How do you handle new clients and their existing portfolio relationships?
 - d. Describe your process for recommending modifications to the portfolio structure based on market changes.
 - e. How often do you advise your clients to rebalance? Why?
- 4.8 MANAGER SELECTION AND MONITORING: Proposer shall provide a complete response to each question listed below in their response.
- a. Do you use any fund of funds?
 - b. Who at your firm determines to add a new manager? Describe how the manager is vetted?
 - c. How do you verify manager information?
 - d. How often does your staff meet the managers?
 - e. In the past three years, which managers have been added and which dropped? Why? Provide a list of active managers the System and Components may have access to.
 - f. How many managers, by asset class, do you typically have in your portfolio?
 - g. What is your process of monitoring the client's investment managers? Describe the process for reviewing a manager.
 - h. How many managers do you recommend by each asset class for a sample portfolio between \$50 million and \$100 million?
 - i. Do you permit managers to use soft dollar arrangements?
 - j. Are there any conflicts of interest between your firm or staff and the investment managers?
 - k. What is the expected portfolio turnover?
- 4.9 CLIENTS: Proposer shall provide a complete response to each question listed below in their response.
- a. How many consulting clients do you currently have?
 - b. What are the total assets under management?
 - c. What is the average portfolio size of your clientele?

- d. What is the average length of consulting services with your clientele?
- e. Provide client list.
- f. Please provide the names of four clients and the associated contact information. By providing this information, the proposer agrees that TSUS may contact the references and consider the references response as a basis to determine award of this RFP.
- g. Please provide performance analysis for July 31, 2017 for last three years for the top five Universities you manage.
- h. What percentage of your clients are retained annually?

4.10 **SERVICES, FEE STRUCTURE, AND RELEVANT INFORMATION:** Proposer shall provide a complete response to each question listed below in their response.

- a. Describe the availability of the consultant to the client. Describe the communication process and frequency of in-person visits. What is the average number of clients per consultant?
- b. Describe educational opportunities that your firm may provide to the Texas State University System and its component Institutions. How is it delivered and are there any fees associated with the training?
- c. Does your firm host any conferences where your clients may interact with one another? If so, what fees are associated with the conference, where is it held and how often?
- d. Describe in detail the investment consulting services offered under a full retainer relationship. Are there any partial relationships?
- e. Please outline your pricing structure. The stated fee schedule must include all charges associated with the proposed services and must reflect all costs in their entirety. Are all the fees retained or do some go to other parties?
- f. How many years is the fee structure guaranteed?
- g. The Proposer is encouraged, in addition to the information requested in this Section, to offer any services, which may represent “**added value**” to TSUS and its component Institutions. This will be considered in the evaluation of the proposal.

RELEVANT INFORMATION: Proposer is encouraged to include any additional information relevant to their firm that may impact TSUS consideration of their firm as an investment consultant.

SECTION 5 – INSURANCE

5.1 Insurance

5.1.1 Contractor, consistent with its status as an independent contractor will carry and will cause its subcontractors to carry, at least the following insurance in the form, with companies admitted to do business in the State of Texas and having an A.M. Best Rating of A-VII or better, and in amounts (unless otherwise specified), as TSUS may require:

5.1.1.1 Workers’ Compensation Insurance with statutory limits, and Employer’s Liability Insurance with limits of not less than

Employers Liability - Each Accident \$1,000,000

Employers Liability - Each Employee \$1,000,000

Employers Liability - Policy Limit \$1,000,000

Policies must include (a) Other States Endorsement to include TEXAS if business is domiciled outside the State of Texas, and (b) a waiver of all rights of subrogation and other rights in favor of TSUS;

5.1.1.2 Commercial General Liability Insurance with limits of not less than:

Each Occurrence Limit \$1,000,000

Damage to Rented Premises \$ 100,000

Medical Expenses (any one person) \$ 10,000
Personal & Advertising Injury \$1,000,000
General Aggregate \$2,000,000
Products - Completed Operations Aggregate \$2,000,000

Policy will include independent contractor's liability, covering, but not limited to, the liability assumed under the indemnification provision of this contract, fully insuring Contractor's (or Subcontractor's) liability for bodily injury (including death) and property damage.

- 5.1.1.3 Business Auto Liability Insurance covering all owned, non-owned or hired automobiles, with limits of not less than \$1,000,000 Combined Single Limit Bodily Injury and Property Damage;
- 5.1.1.4 Errors and Omissions Insurance with limits of not less than \$1,000,000 per claim.
- 5.1.2 Contractor will deliver to TSUS:
 - 5.1.2.1 Evidence satisfactory to TSUS in its sole discretion, evidencing the existence of all insurance after the execution and delivery of this Contract and prior to the performance or continued performance of any services to be performed by Contractor under this Contract.
 - 5.1.2.2 Additional evidence, satisfactory to TSUS in its sole discretion, of the continued existence of all insurance not less than five (5) days prior to the expiration of any insurance. Insurance policies, with the exception of Workers' Compensation and Employer's Liability, shall be endorsed and name TSUS as an Additional Insured. All policies will be endorsed to provide a waiver of subrogation in favor of TSUS. All policies with the exception of Workers' Compensation and Employer's Liability will be endorsed to provide primary and non-contributory coverage. No policy shall be canceled until after thirty (30) days' unconditional written notice to TSUS. All policies shall be endorsed requiring the insurance carrier providing coverage to send notice to TSUS 30 days prior to any cancellation, material change, or non-renewal (60 days for non-renewal) relating to any insurance policy required herein.
- 5.1.3 The insurance policies required in this Agreement will be kept in force for the periods specified below:
 - 5.1.3.1 Commercial General Liability Insurance, Business Automobile Liability Insurance; will be kept in force until receipt of Final Payment by TSUS to Contractor; and
 - 5.1.3.2 Workers' Compensation Insurance and Employer's Liability Insurance will be kept in force until the Work has been fully performed and accepted by TSUS in writing.
 - 5.1.3.3 Errors and Omissions Insurance will be kept in force an additional two years after the Work has been fully performed and accepted by TSUS in writing.

SECTION 6

EXECUTION OF OFFER

1. In compliance with this RFP, and subject to all the conditions herein, the undersigned offers and agrees to furnish any and all commodities or services at the prices quoted.
2. By signature hereon, the offeror hereby certifies that he/she is not currently delinquent in payment of any franchise taxes owed the State of Texas under Chapter 11, Tax Code.
3. By executing this offer, offeror affirms that he/she has not given, offered, or intends to give at any time hereafter, any economic opportunity, future employment, gift loan, gratuity, special discount, trip, favor, or service to public servant in connection with the submitted offer. Failure to sign the offer, or signing it with a false statement, shall void the submitted offer or any resulting contracts, and the offeror shall be removed from all proposals lists.
4. By the signature hereon affixed, the offeror hereby certifies that neither the offeror or the firm, corporation, partnership, or institution represented by the offeror or anyone acting for such firm, corporation, or institution has violated the antitrust laws of this State, codified in Section 15.01, et. seq., Texas Business and Commerce Code, or the Federal anti-trust laws, nor communicated directly or indirectly the offer made to any competitor or any other person engaged in such line of business. By signing this offer, offeror certifies that if a Texas address is shown as the address of the offeror, offeror qualified as a Texas Resident Proposer as defined in Rule 1 TAC 113.8.

This offer consists of RFP# 758-18-00049

Federal Employer Identification Number (FEIN): _____

Proposer/Company: _____

Signature (ink): _____ **Date:** _____

Name (typed/printed): _____

Title: _____

Address: _____
Street or PO Box City State Zip Code

Telephone Number: _____ **E-mail:** _____

COST OF PROPOSAL: Proposer shall include in their Proposal any and all cost associated with their Services as requested in Section 4.10 or any other part of this solicitation.

Proposer shall complete, sign, and submit the **Execution of Offer** with their response. The **Execution of Offer** must be signed by a representative of Proposer duly authorized to bind the Proposer to its proposal. **Failure to sign the Execution of Offer will result in the rejection of proposal.**

SECTION 7-- TERMS & CONDITIONS: Items below apply to and become a part of proposal. Any exceptions there to must be in writing.

1. PROPOSAL REQUIREMENTS:

- 1.1 **Rules, Regulations & Statutes:** Proposers must comply with all rules, regulations and statutes relating to purchasing in the State of Texas in addition to the requirements of this form.
- 1.2 **Unit Price:** Proposers must price per unit shown. Unit prices shall govern in the event of extension errors.
- 1.3 **Submittance:** Proposals must be submitted on or before the specified opening date and time.
- 1.4 **Late or Unsigned Proposals:** Late and/or unsigned proposals will not be considered under any circumstances. Person signing the proposal must have the authority to bind the firm in a contract. The proposer (not the carrier/mail service/other or the TSUS) who is solely responsible for ensuring that the documentation is received in The Texas State University System's Office prior to the specified opening date and time.
- 1.5 **FOB Point:** Quote FOB destination, freight prepaid and allowed unless otherwise stated within the specifications.
- 1.6 **Pricing Firm:** Proposal prices are requested to be firm for TSUS acceptance for 180 days from proposal opening date (**unless otherwise stated in specifications**). "Discount from list" proposals are not acceptable unless requested. Cash discounts are not considered in determining an award. Cash discounts will be taken if earned.
- 1.7 **Tax Exempt:** Purchases made for State use are exempt from the State Sales tax and Federal Excise tax, per Texas Tax Code, Section 151.309(4). Do not include tax in the proposal.
- 1.8 **Right to accept or reject:** The State reserves the right to accept or reject all or any part of any proposal, waive minor technicalities and award the proposal to best serve the interests of the State.
- 1.9 **Withdrawal:** Any proposal may be withdrawn prior to the date and time set for receipt of proposals. Any proposal not so withdrawn shall constitute an irrevocable offer, for a period of 180 days, to provide the commodity or service set forth in the specifications, or until a selection has been made by The TSUS.
- 1.10 **Proposal Costs:** Proposers electing to respond to this RFP are responsible for any and all costs of proposal preparation. The TSUS is not liable for any costs incurred by a proposer in response to this RFP.
- 1.11 **Exceptions:** If a proposer takes exception to any specifications within this Request for Proposal, they must notify The TSUS in writing prior to the scheduled proposal opening date and time.
- 1.12 **Cost/Pricing:** All cost/pricing must be in United States dollars.
- 1.13 **Texas Public Information Act:** By submission of this Agreement, [Proposer] acknowledges that the Agreement, and the contents of any underlying proposals or other documents provided to [TSUS] in response to a competitive bid process from which the Agreement resulted, are public information under the Texas Public Information Act (Texas Government Code Chapter

552). [Proposer] agrees that [TSUS] may provide a copy of the Agreement and/or bid documents in response to a public information request, post the Agreement on its public website, or otherwise release the contents of the Agreement and/or bid documents at [TSUS's] discretion and without prior notice to [Proposer]. Proposer acknowledges that the TSUS strictly adheres to all statutes, court decisions, and the opinions of the Texas Attorney General with respect to disclosure of public information.

2. SPECIFICATIONS

- 2.1 **Brand Name Descriptive:** Catalogs, brand names or manufacturer's references are descriptive only, and indicate type and quality desired. Proposals on brands of like nature and quality will be considered unless otherwise stated in the Request for Proposal (RFP). If proposing other than brand referenced, proposal should show manufacturer, brand or trade name, and other description of product offered. If other than brand(s) specified is offered, illustrations and complete description of product offered are requested to be made part of the proposal. Failure to take exception to specifications or reference data will require proposer to furnish specified brand names, numbers, etc.
- 2.2 **New Items:** Unless otherwise specified, items shall be new and unused and of current production.
- 2.3 **Electrical Standards:** All electrical items must meet all applicable OSHA standards and regulations, and bear the appropriate listing from UL, FMRC or NEMA.
- 2.4 **Samples:** Samples, when requested, must be furnished free of expense to the State. Each sample should be marked with the proposer's name, address, and RFP number. Do not enclose in or attach proposal to sample. All samples become the property of The TSUS.
- 2.5 **Oral Statements:** TSUS will not be bound by any oral statement or representation contrary to the written specifications of the Request for Proposal (RFP).
- 2.6 **Manufacturer's Warranty:** Manufacturer's standard warranty shall apply unless otherwise stated in the RFP.

3. DELIVERY

- 3.1 **Delivery Days:** Show number of days required to place material in receiving agency's designated location under normal conditions. Delivery days' mean calendar days, unless otherwise specified. Failure to state delivery time obligates proposer to deliver in 14 calendar days. Unrealistic delivery promises may cause proposal to be disregarded.
- 3.2 **Foreseen Delays:** If delay is foreseen, vendor shall give written notice to TSUS. Proposer must keep TSUS advised at all times of status of order. Default promised delivery (without accepted reasons) or failure to meet specifications authorizes TSUS to purchase supplies elsewhere and charge full increase, if any, in cost and handling to defaulting proposer.
- 3.3 **Substitutions:** No substitutions permitted without written approval of TSUS.
- 3.4 **Delivery Hours:** Delivery shall be made during normal working hours (8:00 a.m. to 4:00 p.m.) only, unless prior approval has been obtained from ordering agency.

4. **INSPECTION AND TESTS** – All goods will be subject to inspection and test by TSUS. Authorized TSUS personnel shall have access to supplier's place of business for the purpose of inspection merchandise. Tests shall be performed on samples submitted with the proposal or on samples taken

from regular shipment. All costs shall be borne by the proposer in the event products tested fail to meet or exceed all conditions and requirements of the specification. Goods delivered and rejected in whole or in part may, at TSUS' option, be returned to the vendor or held for disposition at proposer's expense. Latent defects may result in revocation of acceptance.

5. AWARD OF CONTRACT

5.1 A response to this RFP is an offer to contract based upon the best price, terms, conditions and specifications contained herein. **Proposals do not become contracts until they are accepted through a purchase order.** The contract shall be governed, construed and interpreted under the laws of the State of Texas, and TSUS policy as the same may be amended from time to time. Any legal actions must be filed in Travis County, Austin, Texas.

5.2 **Tie Proposals:** Awards will be made in accordance with Rule 1 TAC Section 113.6 (b) and 113.8 (preferences).

5.3 **No Guarantee of Award:** TSUS makes no warranty or guarantee that an award will be made as a result of this RFP. TSUS reserves the right to accept or reject any or all proposals, waive any formalities or minor technical inconsistencies and delete any requirement or specification from this RFP or the Agreement when deemed to be in TSUS's best interest. TSUS reserves the right to seek clarification of any item contained in Proposer's proposal prior to final selection. Such clarification may be provided by telephone or personal meeting with or in writing to TSUS, at TSUS's discretion. Representations made by Proposer within its proposal will be binding on Proposer. TSUS will not be bound to act by any previous communication or response submitted by Proposer, other than this RFP.

6. **CANCELLATION OF CONTRACT** – If contract is cancelled, for any reason, any prepaid fees shall be refunded on a pro-rated basis.

7. **PAYMENT** – Proposer shall submit an itemized invoice showing TSUS purchase order number. TSUS will incur no penalty for late payment, if payment is made in 30 or fewer days from receipt of goods or services on an uncontested invoice. Regardless of the invoice date, the payment process will begin when TSUS receives the authorized authorization/acceptance from the awarding department, or system components. TSUS may pay proposer for any goods or services provided utilizing any one of the following methods of payment:

- a) Paper check
- b) ACH
- c) Wire
- d) WEX Inc. Financial Services' AP Direct (do we need to use the formal name of the service, not vendor?)
- e) Procurement Card

8. **NON-DISCLOSURE:** No public disclosures or news releases pertaining to this RFP shall be made without prior written approval of TSUS.

9. **CONFLICTS:** In event of a conflict between standard proposal requirements and conditions and the attached detail specification, the detail specification shall govern.

10. **PATENTS OR COPYRIGHTS** – The vendor agrees to protect TSUS from claims involving infringement of patents or copyrights.

11. PROPOSER ASSIGNMENTS – Proposer hereby assigns to ordering agency any and all claims for overcharges associated with this contract arising under the antitrust laws of the United States 15 U.S.C.A. Section 1, et seq. (1973), and the antitrust laws of the State of Texas, TEX. Bus. & Comm. Code Ann. Sec. 15.01, et seq. (1967).

12. FUNDING OUT CLAUSE – TSUS reserves the right to cancel, without penalty, if funds are not appropriated or otherwise made available at any time during the contract period.

13. PROPOSER AFFIRMATION – Submitting this proposal with a false statement is material breach of contract and shall void the submitted proposal or any resulting contracts, and the proposer shall be removed from all proposal lists. By submitting this proposal, the proposer herein affirms:

13.1 The proposer has not given, offered to give, nor intends to give at any time hereafter any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant in connection with the submitted proposal.

13.2 The proposer is not currently delinquent in the payment of any franchise tax owed with the Texas Comptroller of Public Accounts. For more information see the website for the Texas Comptroller of Public Accounts: <https://mycpa.cpa.state.tx.us/coa/>

13.3 Neither the proposer nor the firm, corporation, partnership, or institution represented by the proposer, or anyone acting for such firm, corporation or institution has violated the antitrust laws of this State or the Federal Antitrust Laws (See Section 11, above) nor communicated directly or indirectly the proposal made to any competitor or any other person engaged in such line of business.

13.4 The proposer has not received compensation for participation in the preparation of the specifications for this RFP.

13.5 If applicable, pursuant to Texas Family Code, Title 5, Subtitle D, Section 231.006(d), regarding child support, the proposer certifies that the individual or business entity named in this proposal is not ineligible to receive the specified payment and acknowledges that this contract may be terminated and payment may be withheld if this certification is inaccurate. Furthermore, any proposer subject to Section 231.006 must include the names and Social Security numbers of each person with at least 25% ownership of the business entity submitting the proposal. This information must be provided prior to contract award.

13.6 Pursuant to Section 2155.004 Government code re: collection of state and local sales and use taxes, the proposer certifies that the individual or business entity named in this proposal is not ineligible to receive the specified contract and acknowledges that this contract may be terminated and/or payment withheld if this certification is inaccurate.

13.7 The Proposer shall defend, indemnify, and hold harmless the State of Texas, TSUS, component institutions, all of its officers, agents and employees from and against all claims, actions, suits, demands, proceedings, costs, damages, and liabilities, arising out of, connected with, or resulting from any acts or omissions of proposer or any agent, employee, subcontractor, or supplier of contractor in the execution or performance of this contract.

13.8 Proposer agrees that any payments due under this contract will be applied towards any debt, including but not limited to delinquent taxes and child support that is owed to the State of Texas.

13.9 Pursuant to Texas Government Code 2252.908 and Texas Ethic Commission Rule 46, for contracts that are either have a value of at least \$1 million or require approval of the TSUS Board of Regents, a business entity (vendor) must submit a copy of Disclosure of Interested Parties filed with the Texas Ethics Commission when the business entity submits the signed contract. No such contract may be presented to the TSUS Board of Regents for approval without the disclosure. Information on the Disclosure of Interested Parties can be found at <http://www.ethics.state.tx.us>.

13.9 Proposer certifies that they are in compliance with Texas Government Code, Title 6, Subtitle B, Section 669.003 of the Government Code, relating to contracting with the executive head of a State agency. If Section 669.003 applies, proposer will submit the following information with their response as an attachment in order for the proposal to be evaluated:

Name of Former Executive: _____
Name of State Agency: _____
Date of separation from State Agency: _____
Position with proposer: _____
Date of Employment with proposer: _____

14. TECHNOLOGY ACCESS CLAUSE-The Proposer expressly acknowledges that state funds may not be expended in connection with the purchase of an automated information system unless that system meets certain statutory requirements relating to accessibility by persons with visual impairments. Accordingly, the Proposer represents and warrants to TSUS that the technology provided to TSUS for purchase is capable, either by virtue of features included within the technology or because it is readily adaptable by use with other technology, of:

- providing equivalent access for effective use by both visual and non-visual means;
- presenting information, including prompts used for interactive communications, in format intended for non-visual use; and
- being integrated into networks for obtaining, retrieving, and disseminating information used by individuals who are not blind or visually impaired.

For purposes of this paragraph, the phrase “equivalent access” means a substantially similar ability to communicate with or make use of the technology, either directly by features incorporated within the technology or by other reasonable means such as assistive devices or services which would constitute reasonable accommodations under the Federal Americans with Disabilities Act or similar state or federal laws. Examples of methods by which equivalent access may be provided include, but are not limited to, keyboard alternatives

Access by Individuals with Disabilities. Proposer represents and warrants (the Electronic and Information Resources (EIR) Accessibility Warranty”) that the electronic and information resources and all associated information, documentation and support that it provides to the TSUS under the Agreement (collectively, the “EIRs”) comply with the applicable requirements set forth in Title 1, Chapter 213 of the Texas Administrative Code and Title 1, Chapter 206, Rule §206.70 of the Texas Administrative code (as authorized by Chapter 2054, Subchapter M of the Texas Government Code). To the extent Proposer becomes aware that the EIRs, or any portion thereof, do not comply with the EIR Accessibility Warranty, then Proposer represents and warrants that it will, at no cost to the TSUS, either (1) perform all necessary remediation to make EIRs satisfy the EIR Accessibility Warranty or (2) replace the EIRs with new EIRs that satisfy the EIR Accessibility Warranty. In the event the Proposer fails or is unable to do so, then the TSUS may terminate the Agreement and

Proposer will refund to the TSUS all amounts the TSUS has paid under the Agreement within thirty (30) days after the termination date.

All submissions must include all Voluntary Product Accessibility Templates (VPAT), Information Technology Industry Council (ITIC) and General Services Administration (GSA), that describes compliance with Section 508.

The Proposer agrees to protect, defend, and save the TSUS, its elected and appointed officials, agent, and employees, while acting within the scope of their duties as such, harmless from and against all claims, demands, causes of action of any kind or character, including the cost of defense thereof, arising in favor of the Proposer's employees or third parties on account of bodily and personal injuries, death, damage to property arising out of services performed or omissions of services or in any way resulting from the acts or omissions of the Proposer and/or its agents, employees, representatives, assigns, subcontractors, except the sole negligence of the TSUS under this Agreement with regard to Title 1, Chapter 213 of the *Texas Administrative Code* and Title 1, Chapter 206, Rule §206.70 of the *Texas Administrative Code* (as authorized by Chapter 2054, Subchapter M of the *Texas Government Code*.) United States Rehabilitation Act of 1973 and its amendments, Section 508; and World Wide Web Consortium (W3C), Web Accessibility Initiative (WAI), Web Content Accessibility Guidelines (WCAG) 1.0 and 2.0AA.

15. NOTICE TO PROPOSER:

- 15.1 Any terms and conditions attached by the proposer to their proposal will not be considered unless specifically referred to in their response and may result in the disqualification of their proposal.
- 15.2 Equal opportunity – This contractor and subcontractor shall abide by the requirements of 41 CFR § 60-1.4(a), 60-300.5(a) and 60-741.5(a). These regulations prohibit discrimination against qualified individuals based on their status as protected veterans or individuals with disabilities, and prohibit discrimination against all individuals based on their race, religion, color, national origin, sex, age, sexual orientation, gender identity. Moreover, these regulations require that covered prime contractors and subcontractors take affirmative action to employ and advance in employment individuals without regard to race, religion, color, national origin, sex, age, sexual orientation, gender identity, protected veteran status or disability.
- 15.3 In the event that TSUS is closed due to inclement weather and/or emergency situations at the time set aside for the published bid opening, the published due date will default to the next open business day at the same time.