

**Q&A Addendum  
Investment Advisory Services  
RFP 111615-1**

**This document provides question and answer information pertaining to the above captioned RFP and will be updated as necessary.**

**REMINDER:** It is the Respondent's responsibility to thoroughly examine and read the entire RFP document and any appendices and addenda to this RFP.

**Posted November 20, 2015**

**Question:** Can you provide the most recent account statements for the accounts for both RFP's 111615-1 and 111615-1?

**Answer:** The majority of the university operating funds are currently held in collateralized bank accounts and pooled investment funds. Therefore statements will not be provided.

**Question:** I am curious what the amount of the account is expected to be so I can make sure I price it appropriately. I recognize the document says 250-350 MM but I wanted to make sure it is for the full amount.

**Answer:** The range provided in the RFP includes *all* university operating funds. A portion of those funds will always remain in liquid collateralized bank accounts. That amount will vary based on university cash flow.

**Posted November 23, 2015**

**Question:** The RFP states that the Operating Pool asset level is typically \$250-350 million:

- How much has that varied in recent years?

**Answer:** The University's operating funds balance has seen a steady year-over-year increase for the past several years.

- Is there a pattern to the buildup and drawdown?

**Answer:** The University's cash flow cycle is typical of other higher education institutions. Cash balances increase at the beginning of semesters, and is utilized throughout the semester, with balances at a low point in late December.

- What are expected inflows and outflows in the coming year?

**Answer:** The University expects minor changes in cash inflows and outflows for the coming year. \*\*Please reference the University's financial statements for additional information. The financial statements can be found at <http://finance.uark.edu/>.

**Question:** The RFP states that the \$250-350 million includes amounts invested in the University of Arkansas Foundation. The IPS states that Tier 3 Portfolio assets may be invested in external investment pools sponsored by the Board of Trustees of the University of Arkansas or the University of Arkansas Foundation, Inc:

- How much of the Operating Pool is invested in investment pools sponsored by the Board or the Foundation (eg as of a recent reference date such as a recent quarter end)?

**Answer:** Approximately 25% of operating funds are invested in pools sponsored by the Board of Trustees.

- What Foundation investment pools are available for allocation?

**Answer:** Pools sponsored by the Board of Trustees and University of Arkansas Foundation are available.

- How much of the Operating Pool has historically been allocated to Foundation investment pools?

**Answer:** Approximately 25% of operating funds have historically been allocated to Foundation investment pools, with some variation based on market fluctuation.

- How has that varied over time?

**Answer:** The amount of operating funds (in dollars) invested in the pools has remained stable over time, outside of normal market fluctuations.

- Is there a pattern to use of those pools?

**Answer:** There amount of operating funds (in dollars) invested in the pools has remained stable over time, outside of normal market fluctuations. There is no pattern of use.

### **Posted November 24, 2015**

**Question:** Will the \$250,000,000 to \$350,000,000 operating fund balance that is held be divided between more than one advisor or will one advisor be responsible for the entire balance?

**Answer:** The dollar range provided in the RFP includes *all* University operating funds. Therefore, a portion of these funds will always remain in collateralized bank accounts. This amount will vary over time, depending on the University's cash flow. At this time, the University anticipates awarding the RFP to a single advisor.

### **Posted December 1, 2015**

**Question:** Will this RFP also include management and administration of a Planned Giving program including Charitable Remainder Trusts and/or Charitable Gift Annuities?

**Answer:** The RFP only includes management of operating funds. No planned giving or other related funds will be included.

**Question:** Would the University give consideration to a response where the respondent is a fiduciary, and the discretionary asset manager for the pool?

**Answer:** Yes.

**Question:** We have an additional question re section 9.4 specifically the following section:

*“Agencies must submit one (1) signed original and five (5) signed copies of their response. Responses must be received at the following location prior to the time and date specified within the timeline this RFP:*

*University of Arkansas  
Business Affairs, Purchasing Division  
Administration Building, Room 321  
1125 W. Maple St  
Fayetteville, Arkansas 72701*

*One (1) copy of referenced or otherwise appropriate descriptive literature must accompany a submitted bid.”*

Please clarify, if our RFP response includes an appendix with referenced materials are we to provide only one copy of the materials, or is it considered part of our response and be included with the 1 signed original and 5 signed copies?

**Answer:** Please include reference materials with the 1 signed original and 5 signed copies.

**Question:** What is the current percentage allocation of operating funds between Tier 1, Tier 2, and Tier 3 asset portfolios?

**Answer:** The Operating Funds Investment Policy was recently adopted by the University of Arkansas, Fayetteville. Currently, the majority of operating funds are in collateralized bank accounts and Board sponsored pool investments. The operating funds are not currently allocated under this tier structure.

**Question:** Outside of collateralized accounts or Board-sponsored pool investments, how many separate and distinct operating fund portfolios currently comprise UAF operating assets?

**Answer:** None.

**Question:** What is the current yield on Board-sponsored investment pools?

**Answer:** Information not available at this time. Investment benchmarks are included in the Investment Policy.

**Question:** Does UAF have an incumbent custodian or is the University considering hiring a new third-party custodian?

**Answer:** The University of Arkansas does not have an incumbent custodian. Custodian(s) for Board sponsored pools are engaged by the University of Arkansas Foundation, Inc.

**Question:** What percentage of the operating funds are owned by the University of Arkansas Foundation?

**Answer:** None.

**Question:** Would an investment advisory firm, under section XIV of the Investment Policy, be required to pre-clear conforming trades?

**Answer:** Expectations of an investment advisory firm are as outlined in section XIV of the policy.

**Question:** Do you have an incumbent investment advisor? If yes:  
a. For how long has the incumbent served the university?  
b. Are you willing to share the current fee arrangement with the incumbent?

**Answer:** The University does not have an incumbent advisor.

**Question:** Can you please advise as to the reason for the issuance of this RFP?

**Answer:** The University is seeking an Investment Advisor to implement the University's investment policy which was recently adopted.

**Question:** Would you be willing to share the manager roster at this point of the RFP process?

**Answer:** N/A

**Question:** Are any funds managed internally aside from investments in the Foundation sponsored investment pools?

**Answer:** Funds outside the Foundation are largely collateralized bank accounts.

**Question:** Given your approximate allocation of 25% to Foundation sponsored external pools, do you expect the advisor to opine on the appropriateness of the particular investment pool(s) for Tier 3 or only the percentage allocation to Foundation sponsored investment pools?

**Answer:** Yes.

**Question:** Will you provide us with the 2015 meeting schedule and indicate when the advisor was present?

**Answer:** N/A

**Question:** Will you provide the meeting schedule for 2016? If no schedule, we would appreciate the number of annual meetings.

**Answer:** N/A

**Question:** Is there flexibility of investment with the funds that are currently held in the pooled investments of the Foundation (25%) and investments sponsored by the Board (25%) if better returns can be found in the investment portfolio?

**Answer:** Yes

**Question:** "Would UArk consider a discretionary asset manager solely for its operating assets invested in liquid short-maturity fixed income securities? These would be the non-Trustee pool, non-endowment/Foundation assets. The chosen advisor would thus offer non-discretionary recommendations to the Trustees on allocations to other investments (Trustee pool, Foundation investments, other)."

**Answer:** The University is seeking an investment advisor for its operating funds, under the University's Operating Funds Investment Policy. Requirements and expectations are outlined in the policy, which is included in the RFP. A portion of the University's operating funds are currently invested in a Board sponsored external pool investment vehicle. The selected vendor will be working with the University on *all* operating funds. This engagement is for the University of Arkansas and does not impact management of any external Board sponsored pool investments.