



## *The* FSU RESEARCH FOUNDATION

2000 Levy Avenue, Suite 351  
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# **Invitation to Negotiate (ITN):** **Investment Advisory Firm**

## **1. General Information**

### 1.1. Overview

The Florida State University Research Foundation, Inc. (Research Foundation) is requesting proposals from qualified professional investment advisory and/or management firms to perform advisory services in the management of the Research Foundation endowment.

### 1.2. Eligibility

The Research Foundation is accepting proposals from professional investment advisory firms who are registered by Florida's Office of Financial Regulation or with the U.S. Securities and Exchange Commission.

### 1.3. Timeline

|   |                   |
|---|-------------------|
| 1.3.1. Release of ITN   | August 18, 2017   |
| 1.3.2. ITN Proposals Due  | September 8, 2017 |
| 1.3.3. Presentation to the Investment Committee                     | TBD, October 2017 |
| 1.3.4. Recommendation to the Research Foundation Board of Directors | November 1, 2017  |

### 1.4. Process

Please submit an electronic version in pdf format by COB 9/8/17. A total of **five (5)** complete copies of the proposal, including the original, must be delivered to the Research Foundation and post marked by 9/8/17. The paper and electronic proposals should be submitted to the following:

FSU Research Foundation  
Attn: Heather Cave  
2000 Levy Avenue  
Building A, Suite 351  
Tallahassee, FL 32310  
[hcave@fsu.edu](mailto:hcave@fsu.edu)

The proposals will be evaluated on a qualitative basis. This includes review of the firm's proposal, materials, and documented past performances. The review team then will present selected respondents to the Research Foundation's Investment Committee for consideration. **This group will request that one or more respondents appear before the Committee to make oral presentations.** The Investment Committee will make recommendations to the Research Foundation Board of Directors (BoD). Once approved by the BoD, FSURF will enter into negotiations and a contract with a firm under the guidance of the Investment Committee.

The Investment Committee will first give consideration to the quality of the proposed work to be performed. After such deliberation, the Investment Committee shall take the proposed fee into consideration. Scoring processes will be based on the priorities and needs of the Research Foundation.

### 1.5 Terms and Conditions

The Research Foundation is not required to follow state procurement guidelines. The Research Foundation reserves the right to award the contract to the respondent who submits a responsive proposal, based on the criteria stated and in the best interest of the Research Foundation.. There is no obligation on the part of the Research Foundation to award the contract to the respondent with the lowest fee

Negotiations shall then be held on a contract to include the fee and related expenses. The Research Foundation reserves the right to further negotiate all terms and conditions of the proposal along with all fees and expenses. If a contract cannot be agreed upon, negotiations shall be formally ended with that firm The decision of the Research Foundation is final and non-appealable.

The Research Foundation's acceptance of or notification of acceptance of a proposal shall not constitute acceptance of an offer to contract. Neither the Research Foundation nor the respondent of the accepted proposal shall be bound in the absence of a separate agreement in writing duly executed all the parties. Such a written agreement may contain additional terms.

There is no express or implied obligation for the Research Foundation to reimburse responding firms for any expenses incurred in preparing proposals in response to this request and the Research Foundation shall not be held liable for any such expenses. The Research Foundation reserves the rights to waive any informalities or minor irregularities in a proposal, providing such action is in the best interest of the Research Foundation. The Research Foundation reserves the right to reject all proposals and terminate the process or re-advertise and solicit new or additional proposals. The materials submitted in response to this ITN become the property of the Research Foundation. The Research Foundation reserves the right to make such investigations, or to request clarifications, as it deems necessary to determine the ability of any respondent to perform the work or service requested.

Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the Research Foundation and the selected firm.

Any request for clarification or additional information should be directed to the Research Foundation's key contact as follows:

Heather Cave, Director  
850-644-6222  
[hcave@fsu.edu](mailto:hcave@fsu.edu)

David O'Keefe, Assist Director  
850-644-3658  
[dokeefe@fsu.edu](mailto:dokeefe@fsu.edu)

## 2. Background Information

### 2.1 Florida State University Overview

Mission: Florida State University preserves, expands, and disseminates knowledge in the sciences, technology, arts, humanities, and professions, while embracing a philosophy of learning strongly rooted in the traditions of the liberal arts. The university is dedicated to excellence in teaching, research, creative endeavors, and service. The university strives to instill the strength, skill, and character essential for lifelong learning, personal responsibility, and sustained achievement within a community that fosters free inquiry and embraces diversity.

Florida State offers leading undergraduate, graduate and professional programs. Many units have programs that consistently rank among the nation's top twenty-five public universities, including those in Physics, Chemistry, Statistics, Ecology and Evolutionary Biology, Meteorology, Political Science, Psychology, Sociology, Criminology, Information, Creative Writing, Public Policy, Business and Law.

### 2.2 FSU Research Foundation Overview

The Florida State University (FSU), with the approval of the Board of Regents, established The FSU Research Foundation, Inc., a direct-support organization, in September 1993, to promote, encourage and provide assistance to the research and training activities of FSU faculty, staff and students. Incorporated by the State of Florida on September 15, 1993, the not-for-profit organization provides a means by which discoveries, inventions, processes and work products of the FSU faculty, staff and students may be patented, developed, applied, and utilized in order that the results of such research can be made available to the public. The Research Foundation also accepts and administers contracts and grants from private funds or foreign entities. Income derived from contracts, grants and other sources, including, but not limited to, income derived from or related to the development and commercialization of University work products is used to enhance research at FSU.

### 2.3 FSU Research Foundation Investment Portfolio

Currently, the Research Foundation holds short and long term assets totaling approximately \$96 million.

The Research Foundation currently invests in a pool at the Florida State Board of Administration and has funds held at Northern Trust.

- Florida State Board of Administration Local Government Investment Pool Fund A is a SEC Rule "2a7-like" external investment pool.
- Northern Trust - Northern Institutional Government Select Portfolio (GSP) invests exclusively in high-quality money market instruments.
- Northern Trust QM Common Daily United States IMI Fund-Non-Lending (NTGI-QM) is an equity fund that approximates the overall performance of the MSCI United States Investable Market Index.

**Please see attached Research Foundation Investment Policy**, updated 2012, for additional information.

### 3. Scope of Work

3.1 The Research Foundation is seeking services relating to the management of its investment portfolio. A responding firm may propose to provide one or both of these services:

- 3.1.1 Investment Advisor-** Functions similar to that of a Chief Investment Officer for the Research Foundation, under direction from the Investment Committee, the Research Foundation Board of Directors and its Officers. They will update investment policy as necessary, submit quarterly reports and will recommend an Investment Fund Manager.
- 3.1.2 Investment Manager-** Directly invests Research Foundation assets under the direction of the Investment Committee, the Research Foundation Board of Directors and its Officers.

3.2 A responding firm may request to provide both advisory and management services, OR only advisory services. There is no preference or penalty if a firm responds to one or both services.

### 4. Information to be provided

4.1 To insure that ITN documentation and subsequent information is directed to the appropriate persons within the respondent's firm, each respondent who intends to participate in this ITN should provide the following information:

- Name of primary contact
- Mailing address of primary contact
- Telephone number of primary contact
- Fax number of primary contact
- E-mail address of primary contact

4.2 Overview

- 4.2.1 Firm's complete name, address, telephone and website.
- 4.2.2 Provide a brief history of your firm (including date founded) and affiliated organizations.
- 4.2.3 Describe your firm's ownership structure giving specific details with regard to any parent or affiliate relationships. Include an ownership and organizational chart diagramming the relationship between the professional staff as well as the parent / subsidiary, affiliate or joint venture entities.
- 4.2.4 Provide a list of services and description of those services offered by your firm relative to this proposed engagement. A separate Service Level Agreement which will act as a template for the final agreement if the firm is selected to represent the client should be included.
- 4.2.5 State whether your firm, its parent or affiliate, is a registered advisor with the SEC under the Investment Advisor Act of 1940. List all relevant licenses, certifications, and registration your firm has obtained.
- 4.2.6 Briefly summarize your consulting and research staff.

#### 4.3 Investment Policy Analysis and Asset Allocations

- 4.3.1 Describe the firm's experience / expertise in developing investment policies for educational clients.
- 4.3.2 Describe your firm's asset allocation evaluation methodology.
- 4.3.3 Describe the process your firm utilizes to develop asset class expected return / risk assumptions.
- 4.3.4 What is your approach to recommending alternative asset classes in an allocation?

#### 4.4 Research

- 4.4.1 Describe your firm's research capabilities and resources.
- 4.4.2 Indicate the quantitative tools utilized by the firm to evaluate managers and the market.

#### 4.5 Investment Manager Evaluation and Monitoring

- 4.5.1 Describe your firm's process and criteria used to identify, evaluate and recommend potential investment managers.
- 4.5.2 Describe your firm's ongoing manager due diligence process.
- 4.5.3 Provide an overview of your firm's approach and criteria for placing a manager on a watch list. Also specify under which conditions the manager might be removed from such a list.

#### 4.6 Performance Evaluation and Reporting

- 4.6.1 Summarize your firm's performance evaluation and reporting services. Provide examples.
- 4.6.2 Describe the frequency of the performance reports produced by your firm.
- 4.6.3 Describe the sources of data you use in calculating investment performance of a client's portfolio. Include whether or not calculated performance is reconciled with investment managers and custodians.
- 4.6.4 Describe how benchmarks are chosen or developed and how performance is compared to similar portfolios. Describe your custom benchmark capabilities.
- 4.6.5 If submitting consideration as Investment Fund Manager, provide all investment performance data you wish to be considered. Investment performance data should show at least one-year, three-year, and five-year performance, including benchmark comparisons, and both gross-of-fee and net-of-fee performance.

#### 4.7 Conflicts of Interest

- 4.7.1 Do you receive any fees or any form of remuneration from any sources other than your consulting clients? If yes, please explain. List any fees your firm receives from managers for providing analytic output regarding performance and style.
- 4.7.2 Disclose any potential conflicts of interest, or appearance of conflict, which might arise if you were selected to represent this client. Such disclosure should reveal compensation, in any form by any source to your firm.
- 4.7.3 Do you have a policy and practice that forbids fees and services being given by managers selected for investment to your firm?

#### 4.8 Fees

- 4.8.1 Provide a fee schedule for advisory services.
- 4.8.2 Describe and illustrate how and when all ongoing fees (advisor, managers and others) are reported.
- 4.8.3 If submitting consideration for the Investment Fund Manager, please describe investment fund offerings related to our account and specify all explicit and underlying related fees.

#### 4.9 Client references

- 4.9.1 Provide the following information for at least three relevant and similar institutions for whom you provide similar services:

Institution:

Contact person:

Phone number:

E-mail address:

- 4.9.2 Provide the following information for at least two relevant and similar institutions for whom you provided similar services but who are no longer your clients:

Institution:

Contact person:

Phone number:

E-mail address:

#### 4.10 Other

- 4.10.1 Describe how the client would transition to your services from another investment advisor. Also indicate if your firm back loads transactions and /or investment performance data, if so, and how far back.
- 4.10.2 Describe your policies regarding the confidentiality of client information, especially as regards changes or potential changes in outside managers or asset allocation.
- 4.10.3 What unique services do you offer that would differentiate you from your competition in dealing with the client? Describe any training you provide to staff and Board members concerning relevant investment topics. Is there an additional charge for these services?