REQUEST FOR PROPOSAL

RFQ NUMBER
INVESTMENT SERVICES-2019

ADDENDUM NO. 2
Dated: 4/01/19

PROPOSAL MUST BE RECEIVED BEFORE:
5:00PM, WEDNESDAY APRIL 10, 2019

MAIL PROPOSAL TO:

Stephen F. Austin State University
Procurement Services
P. O. Box 13030
Nacogdoches, TX 75962-3030

HAND DELIVER AND/OR EXPRESS MAIL TO:

Stephen F. Austin State University
Procurement Services
2124 Wilson Drive
Nacogdoches, TX 75962

Show RFP Number, Due Date and Time on Return Envelope

NOTE: PROPOSAL must be time stamped at Stephen F. Austin State University Procurement Services before the hour and date specified for receipt of proposal.

REFER INQUIRIES TO:

Kay Johnson
Stephen F. Austin State University
Procurement Services
936-468-4037
email: johnsondk6@sfasu.edu
Section 1 – INTRODUCTION

1.1 Scope of Proposal
1.2 Agreement Term
1.3 SFA Information
1.4 Schedule of Events
1.5 Open Records
1.6 Title IX
1.7 Parking on Campus
1.8 U.S. Department of Homeland Security’s E-Verify System
1.9 Israel Non-boycott Verification
1.10 Contracts with Foreign Terrorist Organizations Prohibited
1.11 Confidentiality

Section 2 – STATEMENT OF WORK-Updates in red

2.1 Scope of Work
2.2 Terms and Conditions

Section 3 – INSTRUCTIONS TO RESPONDENTS

3.1 Contact Information
3.2 Submittal Deadline and Location
3.3 Submittal Instructions
3.4 Acceptance and Formation of Agreement
3.5 Evaluation Criteria
3.6 Proposal Format

EXHIBITS
Exhibit A  Execution of Offer
Exhibit B  Acknowledgment of Addenda
Exhibit C  Financial Proposal
Exhibit D  Acknowledgement of SFASU’s Investment Policy 3.21
STEPHEN F. AUSTIN STATE UNIVERSITY
Request for Proposals #INVESTMENT SERVICES-2019

ADDENDUM NO. 2

THIS ADDENDUM MUST BE ACKNOWLEDGED IN ORDER FOR THE RESPONSE TO RECEIVE CONSIDERATION. FAILURE TO ACKNOWLEDGE THE ADDENDUM WILL RESULT IN DISQUALIFICATION OF THE response.

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2.1 SCOPE OF WORK-Updates in red

Overview: The firm and/or firms that are awarded the bid will maintain the bond proceeds in an account and provide monthly statements that reflect the beginning balance, revenue, fees, withdrawals, transaction costs, investment cost basis, market value, and any other appropriate account activity.

2.2 TERMS AND CONDITIONS-Section added

Other than pursuant to any terms of the request for proposals and the term sheet, the consideration has been determined without regard to any formal or informal arrangement (whether or not in connection with issuance of the Series 2019 bonds) with the University or any other person, the respondent did not consult with any other respondent regarding the response, the response is not submitted solely as a courtesy, and represents that the fair market value of the securities/funds/accounts on the date hereof was determined without regard to any payment of any amount in order to reduce or increase the yield on the securities/funds/accounts.

The Respondent has not paid nor expects to pay any fees, commissions or expenses to third Parties, other than amounts to any broker, which have been taken into account in computing the yield on the securities/funds/accounts.

The respondents understand that the University under section 148 of the Code is obliged to Disclose the following conditions for the acceptance by the University of a qualified response. In furtherance thereof, the respondent certifies its understanding of, and represents as follows:

1. to the best of the respondent's knowledge and information, the respondent has not consulted regarding its response with any person who intends to submit a response to this request;
2. the respondent has determined its response without regard to any formal or informal arrangement with the University, financial advisor, the underwriter, bond counsel or any other person acting for or on behalf of the University;
3. the response is not submitted as a courtesy to the University, financial advisor, underwriter, bond counsel or any other person acting for or on behalf of the University; and
4. the respondent, if the response is accepted, represents to the University the above matters in a certificate prior to closing.

Please note the following responses to questions received:

1. Are you actually looking for an asset manager, which would have discretionary trading approval on your account?
   
   Answer: Yes.

2. Please confirm you are not looking for non-discretionary brokerage services?
   
   Answer: Correct.

3. Please confirm the RFP was sent to at least 3 brokers?
   
   Answer: Yes.

4. Evaluation of Qualifications and Experience - Question 6 - Are you looking for audited financials?
   
   Answer: Yes.

5. Evaluation of Qualifications and Experience - Question 7 - Are you looking for returns for all of our products or just liquidity products of interest?
   
   Answer: Liquidity products of interest.

6. There are three benchmarks listed in the investment policy for short, intermediate and long-term investments. Which benchmark will be used for overall portfolio performance?
   
   Answer: Based on maturity of investments and Exhibit C.

7. Evaluation of Qualifications and Experience - Question 10 - Does earnings distribution refer to the withdrawals for construction purposes? Does earnings reporting refer to the actual performance reports or the accounting methods used on reports?
   
   Answer: Distributed earnings could be used for construction draws or reinvestment.

8. Would you ever consider adding asset-backed securities to the list of authorized investments?
   
   Answer: The only investments allowed comply with current investment policy-Exhibit D.

9. Does the University currently use an Investment advisor for the use of its operating funds?
   
   Answer: No.

10. It does not appear that the bond issues (A&B) are separated out in Exhibit C. Is this something we need to account for within the spreadsheet?
    
    Answer: Yes.

11. Are there any needs or requirements of SFA that are not being met by the current manager?
    
    Answer: No.
12. Is there a list of custodians that SFA can work with?
   
   **Answer:** No.

13. Are you able to provide how the current portfolio is structured and what the current benchmark of the portfolio is?

   **Answer:** Current bond proceeds are invested in government pool.

14. Is SFA open to working with a manager located outside of Texas?

   **Answer:** No.

15. Why is the search being conducted?

   **Answer:** To maximize earnings on bond proceeds in order to enhance construction projects.

15. What firm currently provides the investment services and will they be invited to rebid?

   **Answer:** Not Applicable.

16. Will the university anticipate interviewing or hearing presentations from finalists and is so, when is this expected?

   **Answer:** No presentations required.

16. When is the selected firm expected to begin providing the investment services?

   **Answer:** Estimated date is April 15, 2019 or later.

17. Do you know if these SFA assets specified in the RFP are funded by way of public funds?

   **Answer:** Funded by taxable and tax exempt bond proceeds.

18. Is email delivery acceptable?

   **Answer:** No.

19. What performance benchmark will be applied to the portfolio?

   **Answer:** Not applicable.

20. How far along are you in the construction process? Will funding need to be laid out to match timing of construction payments?

   **Answer:** Programming phase of construction; see attached draw schedule for cash requirements per Exhibit C.

21. Can you please clarify the allowable concentration of the portfolio to municipals?

   **Answer:** See investment policy Exhibit D

22. Are there bond indenture restrictions as far as investments that we should be aware of?

   **Answer:** No.
23. Is it appropriate for these funds to be managed on an aggregate basis? Is SFA looking to use their existing custodian?

**Answer:** Segregation at a minimum for the taxable and non-taxable proceeds. There is no current custodian.

24. Are asset backed securities permitted?

**Answer:** See investment policy Exhibit D

3.6.2 Proposal shall include the following information and be submitted in the following order:

**Failure to provide any of the following documents will result in disqualification of the proposal from further consideration**

**Required Submittals**

A. Exhibit A – Signed Execution Of Offer
B. Exhibit B – Acknowledgement of Addenda, if any
C. Exhibit C – Signed Financial Proposal *(including electronic file of investment earnings analysis)*
D. Exhibit D – Signed Acknowledgement of SFA’s Investment Policy

**E. Evaluation of Qualifications and Experience** *(Updates in red)*

7. Provide total market value of assets managed and cumulative returns net of fees achieved for similar to ones proposing in this RFP fixed income portfolios. Provide portfolio performance for calendar year 2017 and 2018.