

California State University, Los Angeles Foundation

Request for Proposal from Investment Management Firms

I. INTRODUCTION

A. California State University, Los Angeles (“Cal State LA” or “University”)

Cal State LA is one of 23 campuses within the California State University system and is accredited by the Western Association of Schools and Colleges. With over 55 undergraduate, 54 masters programs and 3 doctoral programs led by award - winning faculty, Cal State LA's dedication to access and excellence has been recognized nationally. Our success as an engine of change was recently confirmed in a study by The Equality of Opportunity Project that ranked Cal State LA #1 in the U.S. for the upward mobility of its graduates. Founded in 1947, the University is located just minutes from downtown Los Angeles, adjacent to the San Gabriel Valley, and serves more than 28,000 students who reflect the rich ethnic and racial diversity of the area. As a federally recognized Hispanic - serving and minority - serving institution, Cal State LA recognizes the transformative power of education and embraces its duty to identify and serve the needs of all of its students. This longstanding commitment is reflected in its history as home to the nation's first Chicano Studies program, second Pan - African Studies program, and Latin American, and Asian and Asian American Studies programs. In addition to fully meeting its obligations under federal and state law, Cal State LA is committed to creating a community in which a diverse population can live, work and learn in an atmosphere of civility and respect for the rights and sensibilities of each individual student.

B. California State University, Los Angeles Foundation (“Foundation”)

The California State University, Los Angeles Foundation is a nonprofit 501(c)(3) California Corporation that serves as an auxiliary organization to Cal State LA. The Foundation assists the University in various activities, including managing the University's endowment, fundraising, student scholarship funds and administering funds for various educational related functions, special programs and other activities.

As of March 31, 2017, the total assets of the Foundation are valued at over \$48 million, with endowment funds valued at approximately \$38 million, and non-endowed funds valued at over \$10 million. The Foundation's Investment and Finance Committee oversees the investment portfolio and the performance of the investment managers. The Investment and Finance Committee is a standing committee of the Cal State LA Foundation Board of Trustees. The Investment and Finance Committee reports to, and makes recommendations to, the full Board regarding the investment policy, asset allocation, spending policy, selection, monitoring, and performance review of investment managers.

The overall objective of the Foundation's Investment and Finance Committee is to establish a formal policy for the investment of assets, which will allow the Foundation to provide for current spending on various University programs and activities. In addition, the Foundation attempts to achieve real growth of the Foundation's assets to provide for future spending on University programs and operations. Please go to <http://www.calstatela.edu/advancement/foundation> to access the Foundation's Investment Policy Statement and other financial related materials.

II. PROPOSAL REQUIREMENTS

A. Title Page

In the interest of objectivity in proposal evaluation, proposals should have a "Title Page" with the following information:

1. Name of firm
2. Address of the office responsible for accomplishing the proposed functions
3. Respondent's name
4. Respondent's title
5. Respondent's telephone number
6. Respondent's fax number
7. Respondent's email address

Upon receipt, this title page will be removed and each proposal will receive a number to enable the Investment and Finance Committee to review each proposal on its merits as documented in the proposal rather than on name recognition and/or perceived reputation.

B. Company Information

1. Year organized and ownership structure
2. Copy of the firm's Form ADV
3. Type of clientele (defined by industry and size of portfolio)
 - a. Include list of clients gained and lost during the past five years
4. Number of staff and diversity (investment-related staff only)
 - a. Number of principals with minimum 20 years of prior direct experiences as registered financial advisors
 - b. Number of consultants and their tenure
5. Assets under management (at fiscal year-end for the past three years)
6. Number of offices
7. Location of corporate headquarters
8. Company's employee ownership
9. Company's philosophy's regarding succession planning and employee retention
10. Related organizations
11. Discussion of any past or present litigation or regulatory actions against your firm
 - a. Please provide any specific litigation related to fraud, negligence or sexual harassment

C. Investment Management Qualifications

1. What is the current scope of the firm?
2. Does your firm manage with discretion, provide consulting services, or both? Does your firm act as a fiduciary when serving as a consultant? Please elaborate.
3. Qualifications of principals and professional staff:
 - b. Please specify those individuals who will be directly responsible for this account and provide a brief biography of each member of the team.
4. Number of years of experience in investment management.
5. Discuss your firm's process for manager research, selection, and ongoing monitoring.
6. How does the firm make investment decisions? Include chart of responsibility, committee structures, frequency of committee meetings and portfolio reviews, and methods for introducing new investment ideas and vehicles into the decision-making process.
7. Discussion of investment philosophy.
8. Discussion of your customer service philosophy.
9. Describe your firm's risk management process.
10. Discuss any potential conflicts of interest.
11. What research capabilities and processes does the firm have?
12. What characteristics distinguish your firm from your competitors?

D. Relevant Experience With Other Not-for-profit Organizations

1. Please provide client performance on 1, 3, and 5-year basis, including top quartile, bottom quartile, median and mean.
2. Include a list of your not-for-profit clients, specifically universities and other institutions/nonprofits with endowments of \$25 million or greater.
3. Please include any experience with sustainable and responsible investing (environmental, social and corporate governance).
4. Include three specific references that we may contact, including each client's name, contact person, address, phone number, contract inception date, and amount of assets managed (clients most similar to the Foundation in type and size of business and similar services requested are recommended).
5. List two past clients, including each client's name, contact person, address, phone number, length of time as a client, amount of assets managed, and reason for contract termination.

E. Reporting, Portfolio Evaluation, and Review and of Accounts

1. What is the frequency of reporting to clients (e.g.: monthly, quarterly)?
2. Please provide a sample report.
 - a. Other than reports, does the firm provide market updates? If so, in what format?
3. Frequency of portfolio evaluation.
4. Frequency of account review by your firm and willingness to meet with management to make recommendations and discuss performance.
5. Frequency of account review by your firm and willingness to meet with the Investment and Finance Committee to make recommendations and discuss performance. What do you see as the optimal role and responsibilities of the Investment and Finance Committee?
6. To which indices would you propose benchmarks of portfolio performance? Do you utilize a blended benchmark for specific or general components of the portfolio?

F. Investment Policy Statement

1. Assessment of existing investment policy, recommendations for improvement, rationale for recommendations, and effect on your fees, if any.
2. Approach to complying with the Foundation investment policy, including controls and disciplines implemented.
3. What controls does the firm have in place to ensure conformity to applicable state and federal laws?

G. Recommended Asset Allocation

1. Provide a sample portfolio you believe will best accomplish the Foundation's investment goals (as defined by the Foundation's Investment Policy Statement, or your recommended changes) including:
 - a. Specific investment approaches you provide (U.S. equity, U.S. fixed income, international, non-traditional, etc.);
 - b. Investment styles you implement (growth, value, market neutral, small capitalization, indexed, among others);
 - c. Please provide a current (through December 31, 2016) one, three, five, and ten year annual returns compared to relevant indices; and,
 - d. Please provide the rationale for your recommendations including pros and cons related to the recommended changes.
2. Include an analysis for the recommended asset allocation and a discussion of the risk/reward spectrum for your recommendation(s).
3. Please include any experience working with small and emerging market managers.

4. Describe in detail the firm's experience in researching, selecting and monitoring managers in alternative asset classes, such as hedge funds, private equity, real estate, distressed debt and commodities.
5. Describe how you will work with our organization to develop asset allocation recommendations.

H. Insurance

1. Provide a listing of applicable insurance coverage maintained with relevant coverage limits.
2. Provide the name of your primary insurance carrier and their related rating.

I. Fees

1. Indicate all fees involved for each of the services you are proposing to provide.
2. Include a breakout of the initial and ongoing consulting fees and the custodial and management fees as a percentage of the dollar value of the assets.
3. Discuss the frequency in which such fees will be evaluated and the maximum amount of any increase to be expected.
4. Would any additional fees be charged? Describe these fees and the circumstances under which they are assessed.
5. Does the fee schedule reflect a discount from your normal rates because of our nonprofit status?

J. Other Services

1. Please address any alternative or additional services that may be of benefit to the Foundation.
 - a. Discuss your experience in rendering such services
2. Discuss opportunities for management and volunteers to participate in sessions, meetings, and conferences sponsored by your organization related to investment management, asset classes and allocation, and economic factors.
3. Please list anything further you would like the Foundation to know about your firm.

III. SELECTION PROCESS AND TIMING

Responses to this proposal are requested no later than **June 16, 2017, 5:00 p.m. (PST)**. Please submit two (2) hard copies and an electronic copy to the Vice President for University Advancement (see addresses below).

Proposals will be reviewed based on the criteria outlined above. Those firms whose proposals are selected for further consideration may be asked to make a personal presentation to the Investment and Finance Committee, and/or answer questions in advance of our final selection. The Foundation plans to make their selection no later than Friday, February 2, 2018*.

California State University, Los Angeles Foundation
Attn: Dr. Janet S. Dial, Executive Director
5151 State University Drive, ADM 809
Los Angeles, CA 90032-8502

OfficeoftheVicePresidentforUniversityAdvancement@calstatela.edu

Questions concerning any aspect of the Request for Proposal must be in writing, addressed to the Executive Director, Dr. Janet S. Dial, and sent by e-mail to the address shown above.

Withdrawal of Proposal:

Proposals may be withdrawn upon written request to the Executive Director.

*Note: Dates subject to change.

IV. REJECTION OR ACCEPTANCE OF BID

1. Proposals submitted shall impose no liability or obligation on the California State University, Los Angeles Foundation.
2. The Foundation reserves the right to accept or reject any or all proposals in full or in part and further reserves the right to request future bid quotations at its discretion.
3. In awarding the contract, the Foundation reserves the right to consider all elements entering into the question of determining the responsibility of the bidder, the bidder's agents or representatives. Any proposal that, in the opinion of the Executive Director or the review team, is incomplete, conditional, obscure, or contains irregularities of any kind, may be rejected.
4. The Foundation reserves the right to conduct background research on the bidding organization and its executives. This research may include, but is not limited to, a review of business practices, pending or settled litigation, financial position, interviews of references, etc.
5. The Foundation reserves the right to reject proposals submitted by bidders that, as identified as a result of the review, do not meet the standards of the Foundation.
6. The Foundation reserves the right to give added consideration to special or unusual features, which may be included in the proposal.

V. BIDDER'S AFFIDAVIT

Each bidder is required to submit with the proposal an affidavit stating that the bidder, its agents, or any other party for the bidder have not paid or agreed to pay, directly or indirectly, any person, firm or corporation any money or valuable consideration for assistance in procuring or attempting to procure the contract. The affidavit must also state that no such money will be paid at any time in the future.