

**Florida A&M University Foundation, Inc.**

Request for Proposal

Outsourced Chief Investment Officer /  
Discretionary Investment Management Services

*Summer 2021*

Responses due September 16, 2021to:

Florida A&M University Foundation, Inc.  
2021 RFP Responses  
Attn: Shawnta Friday-Stroud, Ph.D.  
625 E. Tennessee Street, Suite 100  
Tallahassee, FL 32308-4933

## 1. Purpose

Florida A&M University Foundation, Inc. (“Foundation”) is seeking a partner to provide chief investment officer services for its \$118 million plus endowment. The Foundation is **only** seeking to work with firms that provide an institutional service offering. Consequently, individual representatives, whether with brokerages or banks, who work with high net worth clients, are not being considered for this mandate.

While the Investment Committee will retain the governing aspects of its responsibilities, the investment advisor will have discretionary authority to make investment decisions on behalf of the Investment Committee regarding Foundation assets within agreed-upon parameters. This RFP is intended to identify potential providers and to help the Committee evaluate the different styles and structures within the context of its own specific needs.

## 2. Background

### 2.1. About Florida A&M University

Florida Agricultural and Mechanical University (“FAMU”) was founded as the State Normal College for Colored Students, and on October 3, 1887, it began classes with fifteen students and two instructors. Today, FAMU (fam-yoo), as it has become affectionately known, is the premiere school among historically black colleges and universities. Prominently located on the highest hill in Florida’s capital city of Tallahassee, FAMU remains the only historically black university in the eleven member State University System of Florida.

Distinguished by lush foliage and massive oaks, FAMU's main campus comprises 156 buildings spread over 422 acres atop the highest of Tallahassee’s seven hills. The University also has several satellite campuses including a site in Orlando where the College of Law is located and sites in Miami, Jacksonville and Tampa for its pharmacy program. FAMU enrolls approximately 9,500 students from the United States and more than 70 countries such as India, Egypt, Trinidad, Netherlands, China, Bahamas, Jamaica, and Brazil.

FAMU offers 54 bachelor’s degrees, 29 master’s degrees, three professional degrees and 12 doctoral degrees. The three professional degrees include the JD, PharmD, and the Doctor of Physical Therapy. The 12 doctoral degree programs include 11 Ph.D. degrees and one Doctor of Public Health (DrPH). The Ph.D. degrees include the following: biomedical engineering, chemical engineering, civil engineering, electrical engineering, mechanical engineering, industrial engineering, pharmaceutical sciences, physics, educational leadership, environmental science and entomology.

Top undergraduate programs are architecture; journalism; computer information sciences and psychology. FAMU’s top graduate programs include pharmaceutical sciences along with public health; physical therapy; engineering; physics; master of applied social sciences (especially history and public administration); business and sociology.

### 2.2. About Florida A&M University Foundation, Inc.

The FAMU Foundation is a living organization which is vital to the progress of the University. The Foundation functions through its Board of Directors, institutional constituents, and community donors. Due to the devout contributions of donors who consistently support quality programs that

strengthen and broaden the university's academic appeal, Florida A&M University continues to be recognized as one of the leading institutions in Florida.

As a non-profit organization, Florida A&M University Foundation, Inc. is established with the specific mandate to serve as a custodian of contributions from the private sector, alumni, friends, and industry. The Foundation receives, invests and administers funds. In addition, the Foundation acts as a trustee and exercises in general the powers of a not-for-profit organization under the laws of Florida.

### **3. Scope of Services**

The Foundation seeks an investment advisor who will undertake the following:

- 3.1. Manage the Foundation's investments on behalf of the board.
- 3.2. Perform periodic (at least semi-annual) reviews of the progress of the Foundation's asset allocation plan, giving consideration to market conditions, manager performance, the financial condition of the individual funds under management, risk tolerance, and other relevant considerations, such as cash flow requirements and overall plan liability. The review would be expected to include a review of the objective for each asset class currently in the plan as well as others that may be considered.
- 3.3. Examine the appropriateness of the investment benchmarks that are being used to assess investment performance and review investment performance against appropriate benchmarks, including investment performance for each asset class.
- 3.4. Provide, on a quarterly basis and in a form acceptable to the Investment Committee, a review of the performance of the funds included in the scope above. The reports will consist of an executive summary for each fund, and an analytical review of the investment portfolios, including both returns and risks.
- 3.5. Perform specialized studies and produce reports on specific investment matters, within 10 business days, as may be requested by the Investment Committee or Foundation.

Performance of the required services will, at a minimum, necessitate the investment advisor to attend and make presentations at approximately four to six virtual Investment Committee meetings and at a minimum of two in-person board of directors meetings each year. In addition, the investment advisor's attendance may be requested at a minimum of two virtual board meetings per year where specific investment management issues are discussed.

### **4. Firm Information**

- 4.1. Firm name
- 4.2. Firm headquarters mailing address
- 4.3. Firm headquarters telephone number, including country code
- 4.4. Name of individual(s) completing questionnaire
- 4.5. Individual(s) telephone number(s), including country code(s), and address(es)
- 4.6. Individual(s) fax number(s), including country code(s)
- 4.7. Individual(s) e-mail address(es)
- 4.8. Designated single point of contact from above, if multiple names provided
- 4.9. Firm classification – Select most applicable:
  - 4.9.1. Bank
  - 4.9.2. Insurance Company
  - 4.9.3. SEC-Registered Investment Adviser

4.9.4. Non-U.S. Registered Investment Manager (country and entity registered with: \_\_\_\_\_)

4.9.5. Other; If other, please explain \_\_\_\_\_

4.10. Brief history of firm, including ownership, with an emphasis on any material developments in the past three years; please include prior names and the length of time your organization has been in business under its present name and ownership (250 words or less)

4.11. Description of organization's culture (250 words or less)

4.12. Firm's current succession plans

4.13. Name of parent firm (if any) and the name of affiliations or subsidiaries (if any)

4.14. Date of firm inception

4.15. Name of regulatory body overseeing the firm and the dates of registration, as appropriate

4.16. Firm's fidelity bond and fiduciary liability insurance policies, including coverage amounts

## 5. Firm Personnel

5.1. Please complete the following table. If individuals hold multiple job functions or responsibilities, only count them once under their main responsibility and please detail this in the "Notes" section at the bottom of the table:

<b>Job Function</b>	<b># of Employees</b>	<b>Avg. Yrs. Experience</b>	<b>Avg. Yrs. Tenure</b>	<b># of Women Employees</b>	<b># of Ethnically Diverse Employees</b>
Portfolio managers					
Research/diligence analysts					
Traders					
Economists					
Compliance					
Operations					
Client service					
Marketing					
Other staff					
<b>Total firm employees</b>					

5.2. Provide the names and background of key personnel making investment and portfolio recommendations and decisions.

- 5.3. What specific members of the investment team will be assigned to work on the Foundation portfolio?
- 5.4. Will the Foundation have a dedicated team or would it be covered by a broad group?
- 5.5. How will the service team be structured—roles, number of professionals, location, and related matters?
- 5.6. How are members of the investment team compensated?
- 5.7. Describe the diversity of the firm, the leadership team, and the investment team.

**6. Assets Under Management**

6.1. Account Types

<b>Account Type</b>	<b>Assets Under Advisement</b>	<b>Assets Under Management</b>	<b>Number of Accounts</b>
Publics			
Corporates			
Foundations			
Endowments			
Other non-profit organizations			
Other, please explain			
<b>Total</b>			

6.2. Account Activity (please discuss the reasons for lost accounts referenced below)

	<b>Accounts Gained</b>			<b>Accounts Lost</b>		
	<i>Number</i>	<i>US\$ in Millions</i>	<i>% of AUM</i>	<i>Number</i>	<i>US\$ in Millions</i>	<i>% of AUM</i>
2021						
2020						
2019						
2018						
2017						
2016						

### 6.3. Account Size

<b>% Portfolio By Year</b>							
	<i>\$0 to \$249.9M</i>	<i>\$250M to \$499.9M</i>	<i>\$500M to \$999.9M</i>	<i>\$1B to\$4.9B</i>	<i>\$5B to \$9.9B</i>	<i>\$10B+</i>	
2021							100%
2020							100%
2019							100%
2018							100%
2017							100%
2016							100%

6.4. Further describe the firm's assets under management (amounts, make-up of investments, and any other related information).

## 7. Investment Outsourcing Capabilities

- 7.1. Describe the investment outsourcing model or models that your organization provides. Please describe the varying levels of discretionary services you offer as well as the level of flexibility within those options.
- 7.2. Which model(s) are you proposing for the Foundation? What are the advantages and disadvantages?
- 7.3. Is your platform open or closed architecture?
- 7.4. Do you offer active and passive solutions?
- 7.5. Describe your expertise and access across alternative asset classes and/or alternative strategies?
- 7.6. Provide a list of first quartile investment managers to which the firm has access across asset classes (e.g. Hedge Funds, Real Estate, Venture Capital, Private Equity, Private Credit).
- 7.7. How do you ensure the Foundation's objectives are at the forefront of investment decisions?
- 7.8. Do you offer custody services? If so, is the offering bespoke or bundled?

## 8. Investment Philosophy and Endowment Experience

- 8.1. What is your philosophy regarding asset allocation? Why is that philosophy superior to other approaches to asset allocation?
- 8.2. What is your philosophy regarding active management versus passive management?
- 8.3. What is your philosophy regarding external investment management versus internal investment management (i.e. directly or by parent organization or by affiliates)?
- 8.4. What is a realistic expected return over the next ten years for the outsourced investment portfolio structure that is employed for clients like the Foundation? Why?
- 8.5. How similar are the portfolios of your outsourced investment clients?
- 8.6. What specific investment/endowment related experiences do you or does your firm have working directly with University/College Foundations in general, with portfolios of less than \$200 million, and with HBCUs? Please offer specific details.

- 8.7. Please describe your strategy for growing endowments/investment products where scholarship/academic payouts are a primary objective.
- 8.8. If you have experience working with endowments/foundations of universities, please elaborate on how, if at all, you have partnered with those schools to add non-investment related value (e.g., professional development of foundation staff, professional development of students, undergrad and graduate recruiting, and related).

**9. Investment Process**

- 9.1. Describe your investment process, including how decisions are ultimately made.
- 9.2. Which aspects of your investment process are truly differentiated from other organizations? Which are the most value added?
- 9.3. Which key elements of your process involve group decision making versus individual responsibility? In each case, what is the method used to make a decision?
- 9.4. Describe the use of outside research in your process. What are the key resources and why?
- 9.5. How are strategic asset allocation decisions made and how frequently do they occur?
- 9.6. How are tactical asset allocation decisions made and how frequently do they occur?
- 9.7. Describe your portfolio construction process.

**10. Investment Managers**

- 10.1. Describe your due diligence process for investigating investment managers (include operational/business due diligence along with investment due diligence).
- 10.2. How do you judge the quality of an investment management organization?
- 10.3. What characteristics are the best indicators of prospective investment manager success? Failure?
- 10.4. What are the lessons learned your organization has garnered in regard to due diligence and manager selection?
- 10.5. Describe your philosophy as to benchmarks and peer group comparisons for evaluating investment manager performance.
- 10.6. The Foundation is highly committed to providing opportunity and allocating assets to minority-owned investment managers.
  - 10.6.1. Do you have a dedicated diverse manager practice?
  - 10.6.2. What is your approach to identifying women and minority managers?
  - 10.6.3. How many women and minority firms are on your platform?
  - 10.6.4. What will you do specifically to ensure the Foundation allocates assets to minority-owned firms while meeting its investment objectives?
  - 10.6.5. Please complete the following table regarding assets allocated to women and minority-owned asset managers:

	<b>Women Owned Firms – Dollars Allocated</b>	<b># of Women Owned Firms Allocated to</b>	<b>Minority Owned Firms – Dollars Allocated</b>	<b># of Minority Owned Firms Allocated to</b>
1 Year				
3 Years				
5 Years				
Notes on distribution across asset classes:				

10.7. Please complete the following tables:

No. of Investment Managers in Outsourced Investment Portfolios	No. Hired in Last Three Years	No. Fired in Last Three Years

Reasons for Firing	No. of Managers Fired for Reason
Underperformance	
Change of Control	
Change in Philosophy/Approach	
Other (Please Specify) _____	
Other (Please Specify) _____	
Other (Please Specify) _____	

**11. Fees**

- 11.1. What is your philosophy about the level and structure of underlying investment manager fees? What specific guidelines, if any, do you follow?
- 11.2. Describe your OCIO fee structure.
- 11.3. Estimate average annual fees and expenses for a \$150 million OCIO client.

**12. Requested Documents**

- 12.1. Attached the organizational chart of firm.
- 12.2. Provide three references (preferably other foundations and/or educational institutions or non-profits): (1) An investment outsourcing client for three years or less. (2) An investment outsourcing client for at least five years. (3) A former investment outsourcing client.
- 12.3. Attach a sample set of reports for an investment portfolio that would normally be provided to clients. If at all possible, please choose an endowment similar to the one described in this RFP.
- 12.4. Attach the most recent audited financial report available for your firm.
- 12.5. Attach the standard management agreement your firm would anticipate using for this relationship.
- 12.6. Attach a sample due diligence questionnaire sent to prospective investment managers.
- 12.7. Attach an internal due diligence report on an investment manager currently being used in an outsourced investment portfolio.

- 12.8. Attach a report on your organization's outsourced investment portfolio performance, including inception-to-date results and other appropriate intervals (e.g. annually, quarterly, etc.) compared to relative benchmarks.
- 12.9. Attach a completed ILPA DEI template

**Attachment: FAMU Foundation current investment policy draft.**