Letter of Addendum

TO: All Proposers

FROM: Kimela Miller

DATE: August 7, 2019

RE: RFP Number: 2007001C - Amendment #2
Commodity: Investments and Cash Management Review

Please check the NM Tech website often for updates on this RFP.

Q1) A consultant report is mentioned and referenced as a requirement for the RFP (section 16.2.1), but not specifically outlined in the scoring section. Could you elaborate on this report, and also share it, if review and response is a requirement?
A1) This question was answered in Addenda #1 Q&A 15.

Q2) Do you have an investment policy statement (IPS)? If so, can you share it?
A2) This question was answered in Addenda #1 Q&A 8.

Q3) In addition to the outlined scoring chart in section 4.4.1, are there any particular selection criteria that the committee is more focused on through this search?
A3) No, the committee reviews the technical portion then the cost portion last, as stated in the RFP in 4.2 and have weighted the criteria appropriately.

Q4) How flexible are the contract terms highlighted in section 5?
A4) If there are any that you take exception to, please list them in your response. See 5.9.

Q5) What prompted an RFP at this time?
A5) The President and CFO felt that there was a need to review the processes for investments and cash management. Also, the result of the report that is in the scope of work was also a factor in the decision.

Q6) What is the committee’s feeling about passive index investment solutions versus actively managed options?
A6) Most of our investments are with the New Mexico State Investment Council. The total funds are actively managed, but not necessarily with each individual campus. As mentioned in the scope of work, we are seeking recommendations on both asset allocation and balancing of investments. However, we would be awaiting recommendations from the selected firm regarding whether or not we move to fully actively managed options.

Q7) What other types of investment firms do you expect responses from? (Understanding the committee’s basis of comparison will allow us to better answer the RFP)
A7) That is not information we share until an award is made. Some sources have been identified, but we do not know who else may access the website and be preparing a response.

Q8) Is it your intention to continue investing the Endowment assets with the State Investment Council or would you consider direct investments for any of the asset classes you invest in?
A8) Although we have been pleased with the State Investment Council, and there are advantages to working within the New Mexico Public structure, we would consider other recommendations from the selected firm.
Q9) What is the current distribution policy for the Endowment? Do you target a specific dollar amount or a percent of assets?
A9) We are currently distributing 4.5% of a five year average of return. However, as indicated in the scope of work, we want to review our distribution strategies, particularly when there are years with very low returns and/or when balances become “underwater.”

Q10) What percent of the Institute’s annual operating budget comes from Endowment distributions?
A10) For FY 2019, less than $2 million of our total operating revenues of about $48 million were from investment earnings, or about 4% of the total operating budget.

Q11) How many meetings per year do you anticipate having the consultant attend?
A11) We are anticipating that the participating firms will provide their estimates on this in their offer. However, we would anticipate at least monthly meetings, some of which could be via conference calls.

All Offerors are required to confirm the receipt of this amendment in their response. All other terms and conditions of the RFP remain unchanged.

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