

ICR 1

Office of the Executive Vice President for Finance and Administration
June 15, 2021

Members, Investment Committee of the Board of Trustees:

AUTHORIZATION TO ESTABLISH CONTRACT WITH SELECTED FINALIST(S) IN ENDOWMENT INVESTMENT CONSULTANT SEARCH

Recommendation: that the Investment Committee of the Board of Trustees authorize investment staff and university purchasing officials to establish contract(s) with the selected finalist(s) in the endowment investment consultant search.

Background: Pursuant to university of Kentucky Governing Regulation (GR) II.E.2.f(1) and consistent with KRS 164A.550 through 164A.630, the Investment Committee has sole responsibility for the review and oversight of the endowment investment program of the university and its affiliated corporations. Action by the full Board of Trustees is not required. These responsibilities include appointing, monitoring, and evaluating investment managers and consultants, and reviewing and approving plans for the general management of the endowment funds of the university.

The university issued a request for proposals (RFP) for an endowment investment consultant on January 15, 2021 and received 10 proposals. The RFP Evaluation Committee performed a preliminary evaluation of proposals and conducted Zoom interviews with five consulting firms. Three firms were selected as finalists and interviewed by the Investment Committee in a closed session on June 15, 2021. The consulting firm(s) selected was determined to be the most advantageous to the university, providing the best overall value to perform some or all of the following services:

- General Investment Consulting
- Performance and Portfolio Reporting
- Traditional Manager Research
- Alternative Manager Research
- Operations Support

The initial term of the contract(s) will be four years with an option of up to two, two-year renewals for a total term not to exceed eight years. The effective date of the new contract(s) is to be determined.

Consistent with KRS 45A.085 and KRS 61.878(1)(o), the selected finalist(s) will not be publicly identified until the contract is established. The university's current endowment investment consultant, FEG, was hired following an RFP process and the term of the initial contract was July 1, 2016 through June 1, 2020. The contract provided for four,

one-year or two, two-year extensions at the option of both parties under the same terms and conditions. In February 2020, the Investment Committee approved the first extension for the period June 1, 2020 through May 31, 2022. If the current consultant is not a selected finalist, the university would terminate this extension for convenience in conjunction with the effective date of the new contract.

Action taken: Approved Disapproved Other _____