



STATE OF TENNESSEE  
TREASURY DEPARTMENT

**REQUEST FOR PROPOSALS # 30901-43520  
AMENDMENT # 1  
FOR GENERAL INVESTMENT CONSULTING  
SERVICES**

**DATE: August 25, 2020**

**RFP # 30901-43520 IS AMENDED AS FOLLOWS:**

1. **This RFP Schedule of Events updates and confirms scheduled RFP dates. Any event, time, or date containing revised or new text is highlighted.**

EVENT	TIME (central time zone)	DATE	UPDATED OR CONFIRMED
1. RFP Issued		August 10, 2020	CONFIRMED
2. Disability Accommodation Request Deadline	2:00 p.m.	August 13, 2020	CONFIRMED
3. Pre-response Teleconference	1:00 p.m.	August 14, 2020	CONFIRMED
4. Notice of Intent to Respond Deadline	2:00 p.m.	August 17, 2020	CONFIRMED
5. Written "Questions & Comments" Deadline	2:00 p.m.	August 20, 2020	CONFIRMED
6. State Response to Written "Questions & Comments"		August 25, 2020	CONFIRMED
7. Response Deadline	2:00 p.m.	September 1, 2020	CONFIRMED
8. State Completion of Technical Response Evaluations of RFP Attachment 6.2., Sections B and C		September 4, 2020	CONFIRMED
9. State Schedules Oral Presentations of the Top Three (3) Ranked Respondents		September 8, 2020	CONFIRMED
10. Respondent Oral Presentations of the Top Three (3) Ranked Respondents	8:00 a.m. - 4:30 p.m.	September 14 – September 16, 2020	CONFIRMED
11. State Completion of Oral Presentation Evaluations		September 17, 2020	CONFIRMED
12. State Opening & Scoring of Cost Proposals of the Top Three (3) Ranked Respondents	2:00 p.m.	September 18, 2020	CONFIRMED
13. State Notice of Intent to Award Released <u>and</u> RFP Files Opened for Public Inspection	2:00 p.m.	September 23, 2020	CONFIRMED

14. End of Open File Period		September 30, 2020	CONFIRMED
15. State sends contract to Contractor for signature		October 1, 2020	CONFIRMED
16. Contractor Signature Deadline	2:00 p.m.	October 2, 2020	CONFIRMED

**2. State responses to questions and comments in the table below amend and clarify this RFP.**

Any restatement of RFP text in the Question/Comment column shall NOT be construed as a change in the actual wording of the RFP document.

QUESTION / COMMENT	STATE RESPONSE
1 To clarify, the incumbent firm for these services is Verus Advisory? And the incumbent contract expires on November 30 of this year?	Yes
2 Is the incumbent firm eligible to respond to this RFP?	Yes
3 Looking ahead, the RFP notes there will be a contract term of 60 months. Will this possibly be bid out again in about five years from now as the awarded contract expires?	Yes, it is possible.
4 Will the winning firm be able to bid again on any subsequent solicitation?	Yes
5 Can you provide insight into your short term objectives and planned initiatives over the next 12-18 months?	<p>TCRS will be modifying its Investment Policy and asset allocation over the next 12-18 months. These changes would have already occurred except for COVID related scheduling changes in March. At this moment it is anticipated that the changes will likely be relatively insignificant. Bringing the illiquid asset classes up to their current, and future, targets is an ongoing challenge.</p> <p>Treasury began overseeing the 403(b) plans in October 2019. It is anticipated that there will be significant efforts to evaluate and streamline the existing fund offerings. A key part of this process will likely be a procurement for the record keepers of the 403(b) and ORP programs during the next two years.</p>
6 Do you intend to consolidate the plans that currently are not being advised by the current general consultant under one consulting firm moving forward?	This RFP seeks one investment consultant for all funds currently managed or otherwise invested by the Tennessee State Treasurer except for TCRS' real estate asset class, strategic lending and private equity funds.
7 Are you currently using a consultant for the plans not being advised by the current general consultant that have been added to the general	Yes. The assets of the 401(k) and 457(b) plans. The investment consultant is Advised Assets Group.

QUESTION / COMMENT	STATE RESPONSE
consulting scope? If so, who is that consultant?	
8 What are the annual fees for the existing contract that the State is paying to its current general investment consultant?	The fee structure under any contract awarded under this RFP will be different from the current fee structure with the present general investment consultant contract. However, attached is the current contract with the general investment consultant, including all contract amendments, that describe the current fees.
9 Do the investment services currently provided by the current general investment consultant meaningfully differ from the scope of services described in Attachment 6.6 of this RFP?	Please see attached contract for a description of the services currently being provided by the present general investment consultant.
10 Within the last three years, have there been any "Other Significant Projects" that required a Memorandum of Understanding (MOU) to be added to the contract, as described in Section A.6.b of Appendix 6.6? If so, please provide a brief description of the "Other Significant Projects".	No.
11 When was the last time a liability-based asset allocation study was performed for TCRS?	One was conducted in the spring of 2020.
12 What is the most important investment issue TCRS is currently facing?	A few:  Obviously, improving portfolio returns and easing contribution pressures in a probable low return environment is a key issue.  Generating positive relative returns while utilizing a resource constrained, largely internally managed portfolio.
13. Questions pertaining to the sample contract included with RFP:  A.6. <u>Consulting, Education and Research Services</u> .  a. <u>General Consulting, Education and Research Services</u> . At the State's request, the Contractor shall conduct in-depth research, and analysis on pension, endowment, defined contribution and investment issues requested by the State as it relates to the Funds. The research shall include current industry trends and developments, accounting, regulatory and legal changes relative to pensions, endowments, defined contribution plans and investments. The Contractor shall provide technical advice as requested by the State, either orally or in writing, in	The State respectfully disagrees. This provision is not requiring the successful respondent to provide legal advice. Consequently, there is no need to revise this provision.

QUESTION / COMMENT	STATE RESPONSE
<p>connection with miscellaneous problems and questions that may arise from time to time relative to pensions, endowments, defined contribution plans and investments. The Contractor shall also provide continuing education on pensions, endowments, defined contribution plans and investments to the State which shall be accomplished through biannual educational conferences, research projects and surveys, access to the Contractor's research and white papers and such other means as is agreed upon by both Parties from time to time. The Contractor shall also assist the State in drafting policies, procedures, and guidelines relative to the Funds at the request of the State.</p> <p>Vendor does not provide legal advice. Would the State accept edits to the contract language to clarify that vendor would not be expected to provide legal advice?</p>	
<p>14. <u>A.20.Ownership of Materials.</u> All records, reports, documents, or other material related to this Contract and/or obtained or prepared by the Contractor in connection with the performance of the services hereunder shall become the property of the State, and shall, upon request, be transmitted by the Contractor to the State, at the Contractor's expense, at termination or expiration of this Contract or at such earlier time as the State may request.</p> <p>Many of the materials vendor would provide as part of this contract would also be provided to other clients, therefore making it impossible for the State to own these materials. Vendor produces many research reports that are distributed to all clients; additionally, our research is incorporated into client reports. We would need to retain ownership of these materials. Would the State accept edits to the contract language to clarify this issue?</p>	<p>Yes. See Item 3 below for an amendment to Section A.20 of the <i>Pro Forma</i> Contract, RFP Attachment 6.6.</p>
<p>15. Can you state what the annual fee is for the current general consulting relationship?</p>	<p>See response to Item 8 above.</p>
<p>16. Are there specific investment issues the Board is currently focusing on?</p>	<p>No specific investment issues. Obviously, improving portfolio returns and easing contribution pressures in a probable low return environment is a key concern.</p>

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<p>17. Are there particular standing dates throughout the year when the Contractor would be expected to meet with the Board? If so, what are those dates or days?</p>	<p>TCRS's board meetings are typically the last Friday of every quarter except December.</p> <p>Tentative dates below:</p> <p>12/4/2020</p> <p>3/26/2021</p> <p>6/25/2021</p> <p>9/24/2021</p> <p>We expect the consultant to attend two board meetings a year and not all four. Those meetings would generally be the one reviewing annual investment performance (September) and the March meeting.</p> <p>This does not count reasons the Consultant would be asked to attend on an ad hoc basis.</p> <p>There are four, quarterly meetings for these DC programs: 401(k) 457, 529/Able, etc. and then four for the 403(b). The attendance by the consultant for those meetings is typically virtual, but physical presence may also be required at various times.</p>
<p>18. Is the Scope of services intended to include manager research due diligence services for hedge funds and/or other forms of marketable alternatives?</p>	<p>No.</p>

**3. Delete Section A.20 of the *Pro Forma Contract*, RFP Attachment 6.6 in its entirety and insert the following in its place (any sentence or paragraph containing revised or new text is highlighted):**

A.20. Ownership of Materials. All records, reports, documents, or other material related to this Contract and/or obtained or prepared by the Contractor in connection with the performance of the services hereunder shall become the property of the State, and shall, upon request, be transmitted by the Contractor to the State, at the Contractor's expense, at termination or expiration of this Contract or at such earlier time as the State may request. **Notwithstanding the foregoing, the Contractor shall be and remain the sole owner of all research materials developed by the Contractor that are also intended to be used for other clients of the Contractor; provided, however, the State shall not be restricted in any manner from continuing to use the research materials after the expiration of this Contract and the Contractor shall be deemed to have granted the State a non-exclusive right to use the research material.**

**4. RFP Amendment Effective Date.** The revisions set forth herein shall be effective upon release. All other terms and conditions of this RFP not expressly amended herein shall remain in full force and effect.