

BOARD OF REGENTS

EASTERN MICHIGAN UNIVERSITY

SECTION: 19
DATE:
February 24, 2009

RECOMMENDATION

CONTRACT FOR INVESTMENT ADVISORY SERVICES

ACTION REQUESTED

It is recommended that the Board of Regents authorize the Interim Chief Financial Officer and Treasurer to the Board of Regents to negotiate a contract with Fund Evaluation Group for investment advisory services. The initial term of the contract is February 2009 through June 2011, with two mutually agreeable one-year extensions.

STAFF SUMMARY

Given the increasing complexity and volatility of the financial markets, it is recommended the University engage the services of a professional investment advisory firm to assist the University in managing its financial assets and investments.

An RFP was issued in November 2008 seeking qualifications of firms to perform investment advisory services for the University. Eight firms responded, and the proposals were reviewed and scored by an eight-member selection committee of University staff. Based on the evaluation scoring, three firms were selected as finalists. On January 6, 2009, the finalist firms were interviewed and re-scored by the selection committee. Fund Evaluation Group rated the highest overall on the evaluation matrix and is recommended by the committee.

The scope of services Fund Evaluation Group will provide include:

- Assist the University and its Board of Regents in providing oversight and monitoring of the University's financial assets including Investment Policy and performance.
- Conduct an immediate review of the University's Investment Policy followed by annual reviews of the Policy including asset allocation strategies.
- Prepare quarterly reports on the University's investments, asset allocations, and investment performance.
- Perform studies and provide recommendations with regard to specific investment matters as may be required by the Board, President, or CFO.

FISCAL IMPLICATIONS

The fees paid for these services are based on a fixed annual fee of \$50,000 for the initial term (Feb. 2009 through June 2011) plus out-of-pocket expenses (billed as incurred). For optional extension years, fees would be negotiated.

ADMINISTRATIVE RECOMMENDATION

The proposed Board action has been reviewed and is recommended for Board approval.

University Executive Officer

Date