

# BOARD OF REGENTS

EASTERN MICHIGAN UNIVERSITY

SECTION: 23

DATE:

March 25, 2014

## **RECOMMENDATION CONTRACT FOR INVESTMENT ADVISORY SERVICES**

### **ACTION REQUESTED**

It is recommended the Board of Regents approve a three year agreement with NEPC, LLC to provide investment advisory services to the University consistent with the parameters outlined below.

### **STAFF SUMMARY**

In November 2013, a request for proposal (RFP) was issued seeking qualifications of firms to provide investment advisory services to the University. Nine firms responded. The proposals were reviewed by a six-member selection committee including the Chair of the Board's Finance and Investment Committee, University CFO and Treasurer to the Board, EMU Foundation CFO, EMU Purchasing Director and two other University finance personnel. Seven firms were interviewed on-campus on February 25, 2014.

Based on the RFP responses and on-campus interviews, the selection committee recommends that NEPC, LLC be engaged by the University. NEPC provides investment advisory services to 320 clients with assets of \$750 billion including \$7 billion for higher education clients. NEPC headquarters are in Boston and will provide services to EMU out of its Detroit office.

The scope of services NEPC will provide the University include:

- Assist EMU and its Board of Regents in providing oversight and monitoring of the University's financial assets including investment policy and asset allocation
- Recommend investment strategies and actions
- Assist in updating EMU's Investment Policy and conduct annual reviews of the Investment Policy and asset allocation strategies
- Prepare quarterly reports on EMU's portfolio, asset allocations, and performance compared to benchmarks and meet at least quarterly with EMU Investment Committee
- Perform studies and provide recommendations with regard to specific investment matters as may be required by the Board, President, or CFO

The term of the contract is April 2014 through March 2017, with two mutually agreeable one-year extensions.

### **FISCAL IMPLICATIONS**

EMU will pay NEPC a fixed annual fee of \$95,000 in the first year of the contract, adjusted annually for inflation in years two and three.

### **ADMINISTRATIVE RECOMMENDATION**

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

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**University Executive Officer**

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**Date**