

WASHINGTON STATE INVESTMENT BOARD

REQUEST FOR QUALIFICATIONS AND QUOTATIONS (RFQQ) #17-01

FOR

INVESTMENT CONSULTANTS

QUESTIONS & ANSWERS

1. Are consulting and research services for Private Equity and Alternative Investments included in the scope of this Project Pool?

Answer: Consulting services are not used for manager or partnership due diligence or selection for Private Equity and Alternatives Investments; however, the consultant may be used for asset allocation and other general research.

2. How often does WSIB expect to bid out projects over the course of a year?

Answer: The WSIB engages consultants for a number of purposes on an as needed basis. Consultants are typically engaged for an asset allocation study for each of its stakeholders once every four years. Consultants may also be engaged for public equity investment manager contracts. These contracts can be rebid at any time, although the contracts have a 5 year term with optional renewal for an additional 5 years. New manager searches require consultant assistance, but come up as needed and vary by year.

3. Will all projects be bid out to all successful offerors?

Answer: No, projects will be bid out at Washington State Investment Board (WSIB) investment staff's discretion, based upon the expertise and experience of the general consultant.

4. Will bidders be disqualified for providing comments on the contract and Attachment A?

Answer: No; however, please refer to Section 3-1 and Section 5-9 of the RFQQ.

5. Do you currently use an investment consultant? If so, who and for how long? Why is the search being conducted? Is there dissatisfaction with the current consultant? How many firms were invited to participate in the search?

Answer: WSIB's existing contracts with five general investment consultants will expire on December 31, 2018. The five current consultants are Aon Hewitt Investment Consulting, Callan Associates, Inc., Mercer Investment Consulting, Inc., Pension Consulting Alliance, LLC and RVK, Inc. State law requires a competitive procurement at regular intervals and we expect all current consultants will reapply.

Staff will review proposals from all firms that meet the minimum qualifications. All firms are invited to participate.

6. What is the current consultant fee?

Answer: Please refer to Section 4-2 of the RFQQ. This is an optional-use contract and the fee will be based upon the specific work order and its terms.

7. Is there a budget for investment consulting fees going forward?

Answer: Yes, there is a budget, but the amount spent depends on the work projects assigned.

8. Who is the custodian bank?

Answer: State Street Bank and Trust Company.

9. Would you be willing to provide the current investment policy statement, current asset allocation, statement of assets and the most recent actuarial report?

Answer: Yes, this information can be found on the respective websites of the Washington State Investment Board and Office of the State Actuary. Refer to Section 1-6 of the RFQQ for a link to the WSIB Policy 2.10.050. Information on the State Actuary can be found here: <http://leg.wa.gov/osa/Pages/default.aspx>.

10. Please describe the Plan's funded status and benefit structure.

Answer: This information can be found on the Office of the State Actuary website.

11. Do you view consultant conflicts of interest/other sources of revenue as important issues?

Answer: Yes. Please refer to Section 4-4 of the RFQQ.

12. How many meetings is the consultant expected to attend each year? Are they held on a regular basis, such as "third Wednesday of February/May/August/November"?

Answer: There is no standing requirements for a consultant to attend Board meetings. Please refer to Section 2-2 of the RFQQ.

13. Does the Investment Committee favor passive or active investing?

Answer: Please see the Investment Policies for the Commingled Trust Fund (CTF) and 18 other public funds that the WSIB manages on the WSIB's website here: http://www.sib.wa.gov/information/bi_po.asp.

14. Please describe your investment staff.

Answer: Investment Staff consists of the Chief Investment Officer, five Senior Investment Officers (SIO), which oversee the five asset classes, and one SIO that oversees Risk Management and Asset Allocation. Each investment unit has a minimum of four additional investment officers (Assistant Senior Investment Officers and Investment Officers) that support their respective Senior Investment Officers.

15. Please rank the following criteria in order of importance to the selection process:

- Total fees paid to investment managers.
- Total fees paid to the consultant.
- Consultant physical location.
- Quality and experience of the consultant's staff.
- Scope of services.
- Client references.
- The plan maintains control of the asset allocation process.
- The plan maintains control of investment manager selection.

Answer: Please refer to Section 5-9 of the RFQQ.

16. Our question relates to advisory services to Washington's 529 college savings and 529A (ABLE Act) plans. Will advisory services to those plans be selected from the consultant pool that this RFQQ is establishing, or will there be a separate process to procure consultants to those plans?

Answer: The WSIB seeks access to a pool of general consultant services to support its investment management of a variety of pools of capital, including capital for self-directed funds. Advising opportunities may be available for self-directed funds, including defined contribution retirement, deferred compensation, college savings, and/or Achieving a Better Life Experience (ABLE) plans. Please note, however, that the WSIB is not the governing body for Washington's college savings or ABLE programs, and these organizations may engage 529 or 529A-focused investment consultants through their own procurements.