

**WASHINGTON STATE INVESTMENT BOARD**  
**Global Cash Manager and/or Short-Term Investment Funds**  
**SEARCH DOCUMENT**

**Search Objective:**

The Washington State Investment Board (WSIB) is seeking qualified investment management firms to manage cash and short-term investments on behalf of the WSIB. The investment objective for the management of cash and short-term investment funds is preservation of capital and very high liquidity.

Potential candidates should review the key services, selection criteria, and minimum qualifications set forth below. If an interested candidate believes they can provide the key services and meet the selection criteria and minimum qualifications, they may participate in this search process by following the steps below by August 7, 2017.

1. All candidates wishing to be considered in the search should contact Kyle Fekete of Callan Associates Inc., at 415-291-4133 or [fekete@callan.com](mailto:fekete@callan.com), to indicate interest, and must submit a proposed fee schedule to Callan. If a potential candidate's relevant products are currently in Callan's database, the candidate must ensure that all current and historical information is accurate for both the relevant products and the candidate's organization. If a potential candidate's relevant products and organizational information are not yet in Callan's database, that candidate should contact Kyle Fekete of Callan Associates Inc., at 415-291-4133 or [fekete@callan.com](mailto:fekete@callan.com) to obtain the necessary questionnaire for the submission of information into the consultant's database.

In either case, information should be submitted in the manner the consultant requires and should be stated in the manner the offering firm desires it to be seen and evaluated.

2. In addition, candidates will need to ensure that the eVestment database is up to date with complete data as of June 30, 2017, and updated each quarter subsequently. For questions about the eVestment Alliance, LLC database, contact Paul Loudon at 678.569.1465 or [paul@evestment.com](mailto:paul@evestment.com).
3. Relevant current and historical data must be in Callan and eVestment databases no later than August 7, 2017, with quarterly data updated throughout the search.

**Background**

The WSIB is a public agency of the state of Washington established by the 1981 Washington State Legislature to invest the employees' retirement (comprised of defined benefit, defined contribution, and deferred compensation) assets, the industrial insurance trust assets, permanent funds, and other trust or endowment funds. A 15-member board, as described in RCW 43.33A.020, and staff, authorized by RCW 43.33A.100, comprise the State Investment Board.

As of March 31, 2017, the WSIB managed over \$100 billion in assets. The majority of the cash for the defined benefit fund is currently invested by the custodial bank and is not intended to be part of this search. **The approximate assets under management for this cash management search is \$1.3 billion.**

The investment manager must provide daily-traded and daily-priced institutional money market and/or short-term investment funds that are appropriate for one or more of the various trust types managed by the WSIB, including but not limited to: defined benefit; defined contribution and other tax-exempt and taxable qualified and non-qualified plans; the industrial insurance trust assets; permanent funds; and other trust and endowment funds.

Further information on the WSIB and its investments can be found on this website:  
**<http://www.sib.wa.gov>**.

### **Investment Strategy**

The primary investment objective of the investment strategy is preservation of capital and very high liquidity.

It is the desire of the WSIB to find a global cash and short-term investment manager or managers with strong capabilities for managing cash.

### **Key Services that would be required by a qualified firm:**

1. Provide institutional money market and/or short-term investment funds that are appropriate for one or more of the various trust types managed by the WSIB including, but not limited to: defined benefit; defined contribution and other tax-exempt and taxable qualified and non-qualified plans; the industrial insurance trust assets; permanent funds; and other trust/endowment funds. Each product must have daily investment access, same-day access, and adequate liquidity to accommodate all withdrawals.
2. Consistent with the needs of each trust type, provide to the WSIB and the designated record-keeper or custodian, daily pricing or accrual factors and unit valuation, within timelines negotiated with the WSIB, but no later than 1:30 PM PST if the NAV of the underlying fund floats. The WSIB will require daily accrual factors no later than 9:00 PM PST for those funds with a stable NAV per unit price of \$1.
3. Provide service organization control reports describing independent examination of controls (e.g., annual SOC 1).
4. Provide WSIB staff transparency into all material aspects of the investment process and of actual security holdings. Provide a monthly data feed to WSIB's custodian bank of all prorated underlying holdings in a manner prescribed by the WSIB.
5. Provide the WSIB and the designated record-keeper or custodian with a monthly reporting package, which must include a detailed statement of fund assets, detailed fund transaction activity, and fund performance versus relevant benchmarks.

6. Provide existing automated connectivity to the WSIB's custodian bank for the purpose of netting all cash flows amongst WSIB accounts and a net automated movement of cash daily. The fund's investment cut-off time should be no earlier than 12:00 PM PST.
7. Provide fund information publications, fund fact sheets, and prospectuses, if applicable, to the plan administrator for distribution to defined contribution plan participants.
8. Participate in regular communications via telephone, video conferencing, face-to-face meetings and/or conferences, including two in-depth portfolio review meetings per year between WSIB staff and senior investment staff of the manager.
9. Meet with the WSIB Public Markets Committee and WSIB staff on a periodic basis at a location and time specified by the WSIB to review portfolios, investment processes, pricing procedures, organizational issues, performance, and special projects or other relevant topics.
10. Provide research, analysis, advice or assistance related to investment topics and special projects as requested by the WSIB.
11. All reports required under the resulting contract shall be delivered in writing or electronically to: ATTN: Risk Management and Asset Allocation, Washington State Investment Board, 2100 Evergreen Park Drive SW, P.O. Box 40916, Olympia, WA 98504-0916 or to SIBDLAssetAllocation@SIB.wa.gov, and ATTN: Investment Accounting and Administration at the same address; or to SIBDLPortfolioAdministration@sib.wa.gov. All standard monthly and quarterly reports are due the 10th Business Day of the month after the prior month or quarter end. Unless otherwise agreed upon in advance, *ad hoc* and special reports requested by the WSIB under the contract shall be delivered by the Contractor to WSIB as soon as practicable, but never later than fourteen (14) business days after the date of request by the WSIB.

### **Selection Criteria and Mandatory Minimum Qualifications**

As of June 30, 2017, investment manager candidate firms must satisfy *all* of the requirements as outlined below in order to be considered for selection:

- A. Must agree to provide the minimum investment management services as detailed in **Key Services that would be required by a qualified firm.**
- B. Must currently offer a proposed product that is 2a-7 registered fund that is government-only and has: a stable NAV, no liquidity fees, no redemption gates or lock-ups, is US dollar-denominated, and can be used in various trust types.
- C. Must currently offer a U.S. dollar-denominated proposed product that is a short-term investment fund whose objective is to seek a high level of current income as is consistent with liquidity and stability of principal and to operate with a stable net asset value of \$1.00 per unit. This proposed product must be able to be used in a defined contribution fund.
- D. Must have a total of \$1 billion or more of assets under management in each of the products proposed in B. and C. and have \$10 billion or more in total firm assets under management.

E. Must have a minimum of ten (10) years of actual performance history in each of the products proposed in B. and C. Combined or simulated performance is not acceptable. Firm must calculate performance in a manner compliant with Global Investment Performance Standards (GIPS).

F. Must be a U.S. Securities and Exchange Commission-registered investment adviser, or an adviser exempt from registration (Form ADV, parts 1 and 2, or disclosure of the exemption must be submitted).

G. Must have adequate fiduciary insurance coverage. At a minimum, each candidate must provide proof of Errors and Omissions or Professional Liability Insurance of \$1 million or more per occurrence.

H. The key professionals and organization must not have, nor could they potentially have, a material conflict with the WSIB or its consultants.

I. Must be willing to act as a fiduciary when performing these services and certify in writing to that willingness.

### **Preferred Qualification**

Have signed off on the CFA Manager Code of Conduct.

### **Contract**

Candidates for this opportunity will be expected to perform duties under a contract with the care, skill, prudence, and diligence under the prevailing circumstances that an ordinarily prudent investor, acting in like capacity and familiar with such matters, would use in the performance of similar services, in accordance with the applicable federal and state laws as well as WSIB policies, guidelines and procedures. For more information on the WSIB policies, guidelines and procedures, please see [www.sib.wa.gov](http://www.sib.wa.gov). The candidates shall not: (a) deal with WSIB assets in candidate's own interests or for its own account, or the account of its principals or affiliates; (b) act in any transaction involving WSIB assets on behalf of another party, or represent another party whose interests are known to the candidate to be adverse to the interest of the WSIB; or (c) receive any consideration for its own account, or for the account of any of its principals or affiliates, from any third party that candidate knows or should know is being offered or given with the intention to influence the advice or services required or rendered under an Agreement with the WSIB.

### **Search Modification**

The WSIB reserves the right to change the schedule or modify any part of the search by issuance of an addendum which will be posted to the WSIB website. Candidates are advised to check the site regularly prior to the due date.

### **Description of Evaluation Process**

Any and all information that is gathered from any source, including, but not limited to: electronic submittals; consultant candidate material and subsequently requested written materials; site visits; in-person, telephone, and/or video interviews; oral presentations; and any other relevant material will be used in selecting the successful candidate or candidates.

Materials will be evaluated by WSIB staff and, eventually, the WSIB Board. During the evaluation process, the WSIB reserves the right to request additional information or clarification from candidates. At the discretion of the WSIB, telephonic, video, in-person, or on-site interviews may be requested of candidates. The candidate or candidates selected shall be required to make a presentation to the WSIB Public Markets Committee.

Through the selection process, the WSIB reserves, at its sole discretion, the right to select the candidate or candidates that are the best fit in awarding the contract. The WSIB reserves the right: (i) not to select any candidate; (ii) to select any particular product for further consideration; (iii) to accept a candidate other than the lowest cost provider; (iv) to remove a candidate from consideration at any time for any criteria that is determined not to be in the best interest of the WSIB; or (v) to reject any and all candidates if such action is determined by the WSIB in its sole discretion to be in the best interests of the WSIB. The final selection, if any, will be the candidate or candidates, which in the opinion of the WSIB, best meet the requirements and is in the best interest of the WSIB, the state of Washington, and the fund stakeholders.

All material submitted in response to this competitive procurement shall become the property of the WSIB. Such material is subject to public disclosure requests pursuant to Washington's Public Records Act, found in Chapter 42.56 Revised Code of Washington, as well as pursuant to rules promulgated by the WSIB in Chapter 287-02 Washington Administrative Code and cases decided by Washington courts. The WSIB's public records policy may be viewed at: [http://www.sib.wa.gov/information/pdfs/policies/2\\_00\\_250.pdf](http://www.sib.wa.gov/information/pdfs/policies/2_00_250.pdf). If the materials you submit contain information you consider confidential or a trade secret, it should be properly and prominently marked as such.

### **Eligibility to Compete**

Any firm that is either itself or through a parent company, subsidiary, or affiliate, currently performing consulting services for the WSIB, may **not** compete in this procurement. The firm or firms, or any subsidiary, affiliate, or parent company thereof, selected as a result of this procurement may **not** compete, during the term of the resulting contract and any extensions thereto, in any subsequent WSIB procurement, the main purpose of which is to hire a firm or firms for consulting purposes.

### **WSIB Board Contact**

The Search Coordinator is the sole point of contact for this procurement. Throughout the duration of this search, all communications are to be directed, in writing, to the contact listed below.

WASHINGTON STATE INVESTMENT BOARD  
2100 EVERGREEN PARK SW, P.O. BOX 40916  
OLYMPIA, WA 98504-0916  
ATTN: PHIL BRADY, SEARCH COORDINATOR  
TELEPHONE: (360) 956-4748

E-MAIL: [contracts@sib.wa.gov](mailto:contracts@sib.wa.gov)

***Contact by candidate's staff or by anyone on behalf of the candidate with WSIB staff, Board members, or consultant regarding this search after issuance of this search document and not previously authorized by the Search Coordinator will disqualify the candidate. However, contact with the consultant is expressly authorized to coordinate the delivery of***

*data into the database and to facilitate review and discussion with the consultant as they gather information.*