



MORIN BUILDING
8570 EXECUTIVE PARK AVENUE
FAIRFAX, VIRGINIA 22031

July 19, 2018

To: All Prospective Offerors

Issued by: Donald R. Legg, CPPO, Procurement Manager

Subject: Addendum #1, RFP #18-79

The purpose of this addendum is to answer questions submitted by the specified deadline.

I. General

Below are questions and answers received on this solicitation. Also attached are the Investment Manager Fees (in BPS) and Mutual Fund Tickers and FW's most recent Actuarial Report.

II. Questions and Answers

QUESTIONS AND ANSWERS

1. Who is the current custodian bank for the Plan? How long have they served the Plan as custodian? Would you be able to share the annual fee for custody services?

Response: Raymond James & Associates, Inc. is our current custodian. The custody services are currently part of our investment advisor relationship and fees are bundled together.

2. Are you able to share the current fee for the Plan's existing consultant? If you are not at liberty to share that information with other RFP respondents, can you tell me if the current consultant's fee is either a flat fee or asset-based fee or performance-based fee?

Response: FW has a long relationship with our current consultant. As such, the fee structure has evolved other time. Some accounts are transactional-based, some are a flat fee and some are asset-based.

3. Does the Plan engage the current consultant's parent company Raymond James Financial in any other capacity?

Response: No, but see response to Question 1.

4. Are you able to share the Plan's management fees (in bps) for each of the Plan's existing primary asset managers (Fayez Sarofim, DC Lane, Smith Asset Mgmt., DSM Capital, MD Sass, Westwood, Eagle Asset, Prudential)?

Response: See attachment.

5. The RFP document makes reference to the Plan having previously been invested in Hedge Funds-of-Funds but recently exiting these investments. Are you able/permitted to share the reasoning for exiting these investments?

Response: FW exited these investments due to underperformance.

6. Has the Plan previously been invested in any other non-traditional/alternative asset classes i.e. Private Real Estate, Private Equity, Private Debt/Credit, Real Assets (Infrastructure, Timber, Farmland etc.)? Can you provide any color as to why or why not?

Response: The plan has not been invested in any other non-traditional/alternative asset classes for at least 15 years.

7. Are you considering outsourcing the management of the entire plan, or are there certain functions the committee and staff would like to retain?

Response: FW would like to retain discretion with respect to long-term asset allocation policy and the selection of the custodian.

8. What are the annual fees for the existing contract that the Board is paying to its current consultant and what are the services they provide for fees received? Is there a maximum fee that will be paid to the discretionary manager?

Response: The current consultant provides non-discretionary consulting services to FW. FW has not established a maximum fee that will be paid to the discretionary manager.

9. Do you have any specific issues in regard to your current consultant? Did your current consultant bring you the idea of moving to a discretionary service model?

Response: The idea of moving to a discretionary service model was not brought forward by the incumbent. FW currently outsources the investment management of its operational funds and was interested in exploring whether such a model could also be applied effectively to its pension assets. After educating itself on the topic, FW decided a discretionary model could be expected to enhance the effectiveness with which its pension assets are managed.

10. What do you think is the single most important characteristic of a discretionary investment consulting firm?

Response: FW has not identified the single most important characteristic. It intends to consider a range of characteristics, with investment performance and fees potentially being of relatively high importance.

11. Are there any restrictions in terms of asset allocation, such as exposure to alternatives assets? If so, what are the restrictions?

Response: FW does not have any restrictions in terms of asset allocation, other than the restrictions identified in FW's Investment Policy.

12. What key objectives is the committee trying to accomplish through outsourcing?

Response: FW seeks to maximize the efficiency and effectiveness with which its assets will be managed.

13. Would you provide a copy of the most recent actuarial report?

Response: See attachment.

14. What has driven your decision to outsource?

Response: See response in Question 9.

15. Are you looking to gain more exposure in alternatives?

Response: Not necessarily, but the investment policy allows for 10% of the portfolio to be invested within the sector at the discretion of the OCIO.

16. Would you provide:

- Tickers for mutual funds and ETFs?
- Rates for any other investment vehicles?

Response: See response in Question 4.

17. Are the hardcopies of the final response due the same date and time as the online submission (August 10, 2018 at 2pm ET) or can the hardcopies arrive a day after the online submission?

Response: All materials (online and hard copies) are due August 10, 2018 at 2pm (ET).

18. Can you provide the most recent valuation report?

Response: See response in Question 13.

19. Can you confirm the total fees paid to the current consultant?

Response: See response in Question 2.

20. The incumbent investment consultant and/ or affiliates, per their ADV, may collect other fees for trading, mark ups/mark downs and dealer spreads that are outside of the asset-based fee. How would you like us to provide these costs, if applicable? Is there a standard template that is utilized today or should we provide our standard disclosures?

Response: FW prefers a fee arrangement that is limited to a fixed or asset-based fee. Please provide your fees as requested in Appendix C of the RFP. Because FW was originally in a non-discretionary arrangement, FW does not have a standard template for OCIO arrangements. As requested in Section 3.2, please provide a standard contract used for your OCIO arrangements for FW's consideration.

21. Would you be able to provide the fee schedules for existing investment managers?

Response: See response to Question 4.

22. The RFP asks for 5 OCIO Public Fund references. Would it be acceptable to provide non-public fund OCIO references?

Response: FW prefers that bidders provide client references that are similar to FW. However, if only non-public fund OCIO references are available, you may provide these clients as references.

23. Are you able to provide the current advisory fee paid to Alex. Brown?

Response: See response in Question 2.

24. Can we receive the most-recent actuarial valuation?

Response: See response in Question 13.

25. May we please also have a copy of supporting documentation such as older investment reviews?

Response: The current investment report provided with the RFP package should be sufficient to provide a response.

III. Acknowledgement

Acknowledge your receipt of, and compliance with, this Addendum by either signing the attached acknowledgement, or referencing its receipt and your compliance, in your bid.

RFP #18-79

ACKNOWLEDGEMENT OF RECEIPT OF ADDENDUM # 1

I certify that the information contained in the proposal submitted on behalf of the below named firm incorporates any and all changes to the original specification. I further certify by my signature below, that I am fully authorized to acknowledge receipt of the above addendum and also bind the below named firm to the terms, conditions and specifications of the RFP and any changes thereto made by this addendum.

ACKNOWLEDGED BY:

FOR: _____
Company Name

Date

Signature of Authorized Agent

Printed/typed name

Title