



LONG BEACH COMMUNITY COLLEGE DISTRICT  
CONTRACTS MANAGEMENT DEPARTMENT  
4901 EAST CARSON STREET  
LONG BEACH, CA 90808  
(562) 938-4843

**RFP 22-1002 Investment Management Services  
Addendum No. 1**

**March 7, 2022**

The following changes, additions, revisions, and/or clarifications shall be made to the document for the above referenced RFP. All information contained in the original terms, conditions and specifications shall be included in the contract, except as herein modified.

**ADDENDUM NO. 1 CONTENTS:**

**A. District's Board-Approved Investment Policies & Administrative Procedures**

The Board of Trustees recently approved policies and administrative procedures related to Investments at their meeting of February 23, 2022. They can be viewed here:

<http://go.boarddocs.com/ca/lbcc/Board.nsf/goto?open&id=CBHNVU61A742>

**B. Questions and Answers Received:**

**Q:** Why did you issue the RFP?

**A:** *We need to invest a portion of a large donation.*

**Q:** Is this part of a regular schedule or are you unsatisfied with your current provider?

**A:** *This is a new need that did not exist prior to receiving this donation.*

**Q:** Are you seeking any services that you do not already have?

**A:** *Yes, these services are different in some ways from what we already have.*

**Q:** Are you seeking an OCIO with discretion to manage the portfolio or just advice and recommendations to your committee?

**A:** *We need someone to manage the portfolio at the direction of the committee.*

**Q:** Who is the current investment advisor and how long have they provided services to your organization?

**A:** *Morgan Stanley has managed our OPEB investments since they were first invested in 2006.*

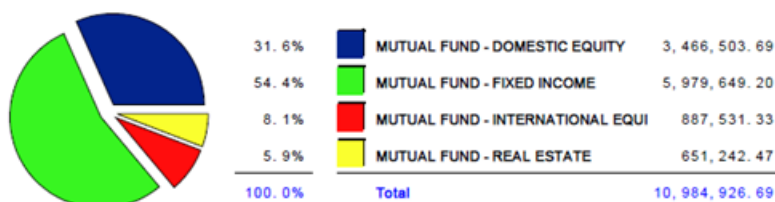
**Q:** What is your current spending rate?

**A:** *We are budgeted to spend \$144.6 million in our unrestricted general fund for the 2021-22 fiscal year.*

Q: Can you share your current asset allocation?

A: **The asset allocation for our OPEB investments at 6/30/21 was:**

Ending Asset Allocation



Q: Can you provide your performance information?

A: **Annual statements for OPEB investments are on our website under Fiscal**

**Services:** <https://www.lbcc.edu/post/futuris-trust-annual-statements>.

Q: Do you currently invest in private equity and hedge funds?

A: **No.**

Q: If not, are you seeking these investments going forward?

A: **We may explore those possibilities.**

Q: At this point, what are your or the Committee's key criteria to choose a new advisor?

A: **Please refer to the RFP document, specifically Appendix A as to evaluation criteria.**

Q: Can you confirm that you are looking for a money manager and not a consultant for this opportunity?

A: **We are looking for a money manager.**

Q: In addition, am I correct that respondents are able to propose any strategy (as long as it is within the Long Beach Community College District IPS as an eligible strategy) that would benefit the fund?

A: **The strategies must be in compliance with all the financial guidance (legal requirements) required of governmental entity/educational entity and should follow the guidance outlined in the RFP.**

Q: Does the District have an existing Investment Policy Statement or target Asset Allocation for the target funding from the Equity Award? That is, does the District envision dedicating a specific portion of its target funding to equity markets and having the remainder, if any, invested in fixed income markets?

A: **Asset allocation will be discussed with the Investment Manager and the committee and the committee will decide on a target portfolio based on the Investment Manager's advice and the goals of the portfolio.**

Q: Within its Investment Policy Statement or bylaws, does the District have an annual spending policy that is expected to be met by some or all of the funding and subsequent investment performance of the Equity Award?

A: **The tentative plan is to spend and estimate of average prior year earnings (like 4%) annually.**

**Q:** For privacy reasons I cannot provide a list of clients and their contact information. Furthermore, the services are ongoing since I manage their money so there are no specific dates that the services were performed. **Why do you need this information and how will it be used for the purposes of this RFP?**

**A:** *For references to experience for your firm.*

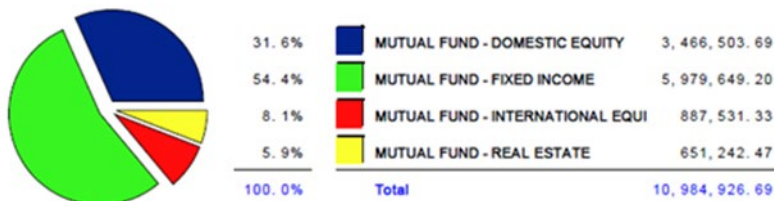
**Q:** “15. INSURANCE THE INVESTMENT MANAGEMENT FIRM shall provide the District with commercial General liability insurance policy which shall name the District and its Board of Trustees as an additional insured and which shall include death and property damage liability insurance with single limit of not less than one million dollars (\$1,000,000) per occurrence and two million dollars (\$2,000,000) aggregate. The policy so secured and maintained shall include personal injury, broad form; contractual or assumed liability insurance; Long Beach Community College District RFP No. 22-1002 products liability and completed operation; property damage, broad form; and owned, hired and non-owned automobile insurance. The policy shall be endorsed to provide specifically that any insurance carried by the District which may be applicable to any claim or loss shall be deemed excess, and the INVESTMENT MANAGEMENT FIRM shall be deemed primary, despite any provisions in the INVESTMENT MANAGEMENT FIRM’s policy to the contrary.” **I am not familiar with this type of insurance for Investment Management. Other institutions I have managed assets for have not required this. Please clarify why I would need to insure the life’s of the Board of Trustees and cover property damage.**

**A:** *This is a requirement of all our contracts. This can be negotiated at time of contract award.*

**Q:** How are the assets/equity grant currently invested and are there conditions/timeline as to the liquidation/transition of this equity grant?

**A:** *The asset allocation for our OPEB investments at 6/30/21 was:*

Ending Asset Allocation



**No, the grant is unrestricted without spending timelines.**

**Q:** What is the LBCC District’s definition of Socially Responsible Investing or what are the District’s specific guidelines? Do the guidelines include, for example, Environmental/Social/Governance or ESG investing?

**A:** *Please refer to the Board-approved District policies in Item A of this Addendum.*

**Q:** Are there other goals besides the District would like to accomplish with this money (for example annual spending/income goals, increased diversification, decreased downside risk)?

**A:** *The tentative plan is to spend an estimate of prior year average net earnings (like 4%). Any excess earnings will be held to allow for future down years.*

**Q:** Does the District have a preference for active vs. passive investing?

**A:** *The District is looking for best net results considering investing fees.*

- Q:** Does the District have an expected asset-weighted fee range for this pool of assets?  
**A:** *Asset allocation will be discussed with the Investment Manager and the committee and the committee will decide on a target portfolio based on the Investment Manager's advice and the goals of the portfolio.*
- Q:** Would the District need a custody provider?  
**A:** *We are open to suggestions from the Investment Manager.*
- Q:** What type of reporting would be required?  
**A:** *Monthly statements.*
- Q:** Has the District engaged a consultant for this RFP process? If so, who?  
**A:** *No.*
- Q:** Can you please provide some additional details about the attached RFP? Specifically, a mandate and objectives overview, as well as benchmarks and breakdown if possible.  
**A:** *The goal is to spend an estimate of prior year average earnings annually on scholarships and other equity initiatives.*
- Q:** Does the District currently utilize the services of an investment advisor? If so, can you please provide a copy of your most recent statement with CUSIP level holdings?  
**A:** *Morgan Stanley is our advisor and Benefit Trust is the custodian of our OPEB funds. Annual statements for OPEB investments are on our website under Fiscal Services: <https://www.lbcc.edu/post/futuris-trust-annual-statements>*
- Q:** The RFP mentioned investing regarding socially responsible guidelines. Could you share more details around how you envision those guidelines applied, and if there are pieces of SRI investing that are important to Long Beach Community College District?  
**A:** *We are open to learning and exploring the various options that align with our guidelines.*
- Q:** Has Long Beach Community College District yet considered a target allocation for these resources?  
**A:** *I believe asset allocation will be discussed with the Investment Manager and the committee and the committee will decide on a target portfolio based on the Investment Manager's advice and the goals of the portfolio.*
- Q:** If there will be spending will there be multiple pools, and spending across all pools?  
**A:** *We plan to spend estimated earnings annually. We could work with the investment manager on the best approach. We would probably transfer assets out of the portfolio into our operating checking account to make the expenditures.*
- Q:** Any expected future changes or projects that would be important to consider when thinking through the investment recommendations?  
**A:** *Possible short-term and long-term earnings-funded programs for students and staff.*
- Q:** Have you defined what your annual spend is going to be off the assets (4%, 5%)?  
**A:** *We plan to spend in the range or 4% to 5%. The exact percentage has not been finalized.*

**Q:** Would the inclusion of private investments (alternatives – Private Equity, Venture Capital, Private Credit) be something that you were interested in?

**A:** I'm not an expert in this, but I would say, no. I'm not sure if that type of investment is prohibited by ed code, but either way, it may be safer to stay away from it. As a school district, we want to reduce risk as much as possible, so I would stay with more conventional types of investments. Again, Marlene could give the final answer on this.

**\*\* END OF ADDENDUM NO. 1 \*\***

**LONG BEACH COMMUNITY COLLEGE DISTRICT**



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**Erica Bonilla**  
**Deputy Director, Purchasing & Contracts**

**3/7/22**

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**Date**