

**WORKING CAPITAL INVESTMENT ADVISOR**

1. **Division and Department:** Finance and Administration Division, Treasury Management Department

2. **Introduction:** In April 2013, the Board of Trustees (Board) approved the Working Capital Management and Investment Policy. The policy calls for the use of an Investment Advisor to assume a major role in the management of the University's working capital. The Investment Advisor is expected to supplement the University's internal treasury operation with global capital market expertise, and back office and client support services.

Over the last six months a Committee consisting of the Assistant Vice President for Finance and Administration, Treasury Accountant, and the University's interim working capital Investment Advisor (Steve Roberts), completed both a Request for Information (RFI) and a competitive Request for Proposals (RFP) process with the objective of bringing forward a recommendation to the Board to hire a working capital Investment Advisor.

Sixteen (16) firms were invited to respond to the RFI, of which ten (10) firms responded. After a review of the RFI submittals and an initial assessment of working capital Investment Advisor qualifications, eight (8) firms were invited to respond to the RFP. Seven (7) proposals were received (Capital Cities, Commonfund, Morgan Stanley, PNC Bank, SEI, UBS Financial Services, and Wells Fargo). Review of the proposals considered the firms' understanding and expertise specifically related to working capital (as opposed to other investment management and advising), narrative plan for investment strategies, number of working capital Investment Advisor engagements and their similarity with Oakland University, client references, transition assistance plan, and fees.

Based on this review, Commonfund was selected as the recommended firm to be the University's working capital Investment Advisor. The Committee believes Commonfund will optimize investment returns, while maintaining adequate layers of liquidity and acceptable levels of risk, due to Commonfund's working capital client base, depth of global capital market expertise, and strength of back office and client support services. See Attachment for a summary of the top two firms' proposals.

3. **Previous Board Action:** At the April 3, 2013 Board of Trustees Meeting, the Board approved the Working Capital Management and Investment Policy.

4. **Budget Implications:** The proposal to hire a working capital Investment Advisor is expected to be budget neutral as relates to fees and expense ratios.

5. **Educational Implications:** None.

6. **Personal Implications:** None.

7. **University Reviews/Approvals:** This recommendation was created by the Treasury Management Department in consultation with interim Investment Advisor Steve Roberts, and reviewed by the Vice President for Finance and Administration and Treasurer to the Board of Trustees, and Interim President.

8. **Recommendation:**


WHEREAS, the University has completed a Request for Information and a competitive Request for Proposal process for the selection of a working capital Investment Advisor, and Commonfund was determined by a Committee to be the most qualified to optimize investment returns while maintaining adequate layers of liquidity and acceptable levels of risk due to Commonfund's working capital client base, depth of global capital market expertise, and strength of back office and client support services; now, therefore, be it

RESOLVED, that the Board of Trustees authorizes the Vice President for Finance and Administration to negotiate and execute any and all agreements necessary to hire Commonfund to perform Investment Advisor services related to the University's working capital; and, be it further

RESOLVED, that all agreements be reviewed and approved by the Office of the Vice President for Legal Affairs and General Counsel prior to execution and be in compliance with the law and University policies and regulations, and conform to legal standards and policies of the Vice President for Legal Affairs and General Counsel.

9. **Attachments:** Working Capital Investment Advisor Finalist Candidate Summary

Submitted to the President  
on 12/5, 2013 by

  
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John W. Beaghan  
Vice President for Finance and Administration  
and Treasurer to the Board of Trustees

Recommended on 12/5, 2013  
to the Board of Trustees for Approval

  
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Betty J. Youngblood  
Interim President

**Oakland University  
Working Capital Investment Advisor  
Finalist Candidate Summary**

	<u>Commonfund</u> <sup>(1)</sup>	<u>SEI</u>
Working Capital Clients	1,035	34
Working Capital \$ Under Management	\$4.0 Billion	\$2.6 Billion
Advisory Management Fees	\$ 631,000	\$ 679,000

<sup>(1)</sup> Commonfund has the lowest fees and largest client base of all the firms that responded to the RFP