Responses to Questions on Investment Advisor RFPs

1. Could you share the context for this particular search? We understand that the Board undertakes a search every five years.
   - Board Policy indicates that good business practice includes periodic searches.

2. Approximately how many meetings per year does the Board anticipate holding with the investment advisor?
   - The investment advisor presents to the Board of Regents typically 4 times a year. At least one of these is a telephonic meeting. Additional meetings occur when fund manager interviews or reviews take place – perhaps 3 times a year. Other meetings may occur as needed. Much of the communication is done via conference calls.

3. How does the Board work with its current advisor? What are they doing well? Are there areas for improvement?
   - The relationship is very open and cordial. The current advisor has developed a succinct presentation style to the Board of Regents and due to the gap between the close of a quarter and a Regents meeting, fills in the period with updated material and discussion. No areas for improvement noted.

4. Which competitors or models are you considering as part of your search?
   - Attached is the list of those invited to respond to this RFP; the invitation is open to any firm interested and was posted on the Board of Regents website as well as those of the three public universities.

5. What are the concerns or “hot buttons” that the Board is currently discussing or dealing with internally?
   - No known concerns or hot buttons.

6. With regards to staffing, is there a certain style or personality type that would work best for the Board and staff?
   - The Board appreciates direct and concise discussion. University and Board staff desire to work with an advisor who understands the needs of the universities and is openly engaged with them.

7. Could you provide any information on the role of alternative assets in the portfolio? How are they currently thought about? Are investments made directly or through fund-of-funds?
   - Any alternative investments are typically fund of funds. We have not made any direct investments in alternatives, nor are we likely to based on Iowa Code.

8. Is the RFP intended to be a due diligence process, or is the RFP intended to result in a change in consultants?
   - The Board of Regents wishes to engage the consultant with the best fit. Good business practice requires periodic thorough review of service providers. This is an open review intended to find an investment advisor with the ability to vision and guide the universities investments for return and safety.

9. The RFP states that investment consulting services will be primarily focused on the Endowment assets. What services will be required for the Operating Pool?
   - The scope is institutional investment pools. Please see Board of Regents Investment Agenda at: http://www.regents.iowa.gov/Meetings/DocketMemos/11Memos/September2011/0911_a&cITEM02.pdf
   - There are 3 institutional investment pools.
10. What are the annual fees for the existing contract that the Board of Regents is paying to its current consultant? Are there project-related fees associated with the current arrangement that are not part of the base fee?
   - Annual fee for 2011 is $155,100. Fees for additional services are negotiated at the time.

11. What do you think is the single most important characteristic of an investment consulting firm?
   - Hard to single out one, would answer integrity and vision.

12. In your review process, what investment consulting firm characteristics will you be emphasizing?
   - See final page of RFP, list of evaluation criteria

13. Do you have any specific issues in regards to your current consultant?
   - No

14. Is there any interest in a discretionary arrangement, in which the role of the consultant is expanded to include setting and implementing asset allocation, investment structure and manager selection?
   - The Investment advisor does assist in asset allocation, investment structure and manager selection.

15. What is the spending policy for the Endowment funds? What is the spending’s contribution to the overall operating budget?
   - Spending dollar payouts are adjusted annually by the trailing calendar year Consumer Price Index. Typically approx. 5%. For the University of Iowa, the contribution is less than 2% of the operating budget.

16. Do you anticipate making any changes to the asset allocation of the fund? Are you considering any new asset classes?
   - Not at this time

17. What is the most important investment issue that the Board of Regents – State of Iowa is currently facing?
   - Nothing unusual

18. What are the assumed/target rates of return for the Regent Composites (Operating Accounts, Quasi / Intermediate Term Portfolio, and Endowment Portfolios)?
   - Please see latest Quarterly Investment Report of June 30, 2011 at:  
     [http://www.regents.iowa.gov/Meetings/DocketMemos/11Memos/September2011/0911_a&cITEM02.pdf](http://www.regents.iowa.gov/Meetings/DocketMemos/11Memos/September2011/0911_a&cITEM02.pdf)

19. Who is your current custodian bank?
   - Wells Fargo
INVESTMENT ADVISOR CANDIDATES

The Bryton Companies
1466 28th St #100
West Des Moines, IA 50266

Cambridge Associates, Inc.
100 Summer Street
Boston, MA 02110-2112

DeMarche Associates, Inc.
6320 Lamar
Overland Park, KS 66202

Hewitt Ennis Knupp
10 South Riverside Plaza, Suite 1600
Chicago, IL 60606

Fund Evaluation Group LLC
201 East Fifth Street, Suite 1600
Cincinnati, OH 45202-2628

Ellwood Associates
33 West Monroe, Suite 1850
Chicago, IL 60603

Graystone Consulting
Cheryl L. Carpenter
Financial Consultant
4449 Easton Way, Suite 300
Columbus, OH 43219

Northwestern Mutual Financial Network
Scott Sernett
110 Plaza Cir
Waterloo, IA 50701-5139

Prime Buchholz Associates
Attn: George Hauptfuhrer
7 Piedmont Center
3525 Piedmont Road, Suite 300
Atlanta, GA 30305

RB Kuhns
111 SW Naito Parkway
Portland, OR 97204

Hammond Associates/Mercer
101 South Hanley Road, Third Floor
St Louis, MO 63105-3406

Stratford Advisory Group, Inc.
500 West Madison Street, Suite 27400
Chicago, IL 60661

Wilshire Associates
FreeMarkets Center
210 Sixth Avenue, Suite 3720
Pittsburgh, PA 15222

Callan Associates Inc.
Attn: Janet Becker-Wold
1660 Wynkoop Street
Suite 950
Denver, CO 80202

Russell Investment Group
909 A. Street
Tacoma, WA 98402

Slocum
43 Main Street SE Ste 148
Minneapolis, MN 55414

KPMG LLP
345 Park Avenue
New York, NY 10154

The PFM Group
2600 Grand Ave, Suite 214
Des Moines, IA 50312

Wilson Mui
Winters & Co. Advisors, LLC
11845 W. Olympic Blvd. Ste 540
Los Angeles, CA 90064

Ken Forester
Merrill Lynch
Institutional Advisory Division
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