

**QUESTIONS RELATING TO ASSET CONSULTANT SEARCH
FOR THE COLORADO PUBLIC SCHOOL FUND INVESTMENT BOARD:**

1. In Item #11 *Section III - Scope of Work* specifies “Participate in investment manager selection, where appropriate.” Can you please advise what role precisely that you see the consultant having in this regard? Is this something that will be led by Colorado Treasury staff but with decision support from the consultant? Or will staff rely completely on the consultant? Please define the desired role as much as possible.

First and foremost, nothing will be *led* by Colorado Treasury. Colorado Treasury merely provides support to the Public School Fund Investment Board (“Board”). The selected asset consultant will work closely with the Board to develop criteria for selecting outside investment managers for specific investments and work closely with the Board in developing a process for selecting such managers (i.e. Request for Proposals, etc.).

2. In general, what are the preliminary plans for the Treasury staff involvement in investment strategy and execution?

Treasury staff will provide a support role for the Board only. This includes execution of trades that will remain “in-house” at the direction of the Board.

Tasks that would be useful for us to have clarification on include:

- a. investment manager selection – Treasury Role = Support
 - b. transition management – Treasury Role = Support
 - c. asset allocation and rebalancing – Treasury Role = Support/Execution
 - d. any other tasks that are likely to involve Treasury staff – Treasury Role = Support
3. With regard to this search, is there a dollar amount you have budgeted? Or is there a dollar amount range?

The Board expects to pay the asset consultant commensurate with services delivered. While there is no amount currently budgeted, it is important to note that this is an instrumentality of the State of Colorado so to the extent your firm offers discounts for governmental entities, we would argue these discounts should apply.

4. With regard to portfolio implementation, once the investment policy and the asset allocation (i.e. Targets, ranges, asset classes) is finalized, are you open to a relationship where the consultant (acting in a fiduciary capacity), has the discretion to rebalance the portfolio to reflect a tactical point of view and allow for cash flows (again within stated policy guidelines).

The asset consultant will not have discretion to rebalance the portfolio. The investment professionals within the Colorado Office of the Treasury will rebalance the portfolio at the direction of the Board working in consultation with the asset consultant.

5. With is your preference for a custodial relationship? Are you open to an outside custodian or do you assets need to be custody where they are currently?

The assets will remain with the State’s custodian, currently J.P. Morgan Chase. The State is in the process of replacing its current custodian with Well Fargo which will be completed by year end.

**QUESTIONS RELATING TO ASSET CONSULTANT SEARCH
FOR THE COLORADO PUBLIC SCHOOL FUND INVESTMENT BOARD (CONTINUED):**

6. Are you open to delegating the manager hire decisions to the consultant, acting within your policy guidelines? Or is it your desire to approve all new manager hires?

It is not currently anticipated that the Board will delegate these decisions to the asset consultant, however this may change based upon a future Board's decision.

7. What assets will continue to be managed by the State Treasurer? If so, what type of strategy will they oversee (i.e., cash, short duration, etc?)

The assets that will continue to be managed by the State Treasurer will rely on the investment decisions to be made by the Board in consultation with the asset consultant.