

## Investment Management Request for Qualifications Respondent's Questions and CalMHSA's Answers



*"A George Hills Company Administered JPA"*

**August 8, 2011**

The CalMHSA Investment Management Request for Qualifications (RFQ) was posted on August 1, 2011. RFQ respondents had until August 8, 2011 to submit written questions to CalMHSA's Finance Director Kim Santin. All questions and CalMHSA responses were posted on the CalMHSA Website on August 10, 2011. Following are the Proposer Questions and CalMHSA responses to each question.

Respondent's Questions and CalMHSA's Responses:	
<b>1</b>	<p><b>Respondent Question:</b></p> <p>The RFQ states that CalMHSA is looking for an Investment Management Consultant? This RFQ is solely to select the Investment Management Consultant, who will then work with the Finance Committee to screen and select investment managers?</p> <p><b>CalMHSA Response:</b></p> <p>Following selection of the Investment Management Consultant, the consultant and Finance Committee will be responsible for screening and selection of investment managers.</p>
<b>2</b>	<p><b>Respondent Question:</b></p> <p>What California Government Code provisions regulate CalMHSA's allowable investments? If not solely California Government Code Section 53601, what other provisions apply?</p> <p><b>CalMHSA Response:</b></p> <p>CalMHSA is a Joint Powers Authority of County Members so the Government Code and the Investment Policy will determine our allowable investments.</p>
<b>3</b>	<p><b>Respondent Question:</b></p> <p>Where are CalMHSA's funds currently invested? In what types of investment vehicles are the funds invested? Can CalMHSA provide a current statement for its funds?</p> <p><b>CalMHSA Answer:</b></p> <p>CalMHSA currently has accounts with California Bank and Trust, LAIF, and Money Market Account with Morgan Stanley Smith Barney. LAIF and Money Market Account Treasurers Report is in the August Agenda under the meetings tab on <a href="http://www.calmhsa.org">www.calmhsa.org</a>.</p>
<b>4</b>	<p><b>Respondent Question:</b></p> <p>Does CalMHSA expect that the selected consultant will arrange/provide custody services?</p> <p><b>CalMHSA Answer:</b></p> <p>Yes</p>

**Respondent's Questions and CalMHSA's Responses:**

5	<p><b>Respondent Question:</b></p> <p>If we determine that the RFQ's scope for an investment consultant does not best fit the types of services we provide, could we request to be placed on the distribution list to receive the RFP/RFQ for potential investment managers?</p> <p><b>CalMHSA Answer:</b></p> <p>Yes</p>
6	<p><b>Respondent Question:</b></p> <p>We read in the June 9, 2011 Board Meeting minutes that the Board, and more specifically the Finance Ad Hoc Committee, is considering a proposal of services from an individual at Smith-Barney to serve the CalMHSA in a treasurer-type capacity. If the proposal is accepted, what will this individual's role be relative to the selected investment consultant hired through this RFQ process?</p> <p><b>CalMHSA Answer:</b></p> <p>Morgan Stanley Smith Barney has received and has the opportunity to respond to this RFQ.</p>
7	<p><b>Respondent Question:</b></p> <p>Will the Investment Management Consultant be able to manage the funds directly?</p> <p><b>CalMHSA Answer:</b></p> <p>That will be decided by the Board of Directors in Development of the Investment policy and may be considered if that piece can also be terminated by the Management Consultant if not performing to expectations.</p>
8	<p><b>Respondent Question:</b></p> <p>Will the Investment Management Consultant be able to custody the securities as well?</p> <p><b>CalMHSA Answer:</b></p> <p>Yes</p>
9	<p><b>Respondent Question:</b></p> <p>Will the Investment Management Consultant be required to choose and oversee managers which will handle the securities?</p> <p><b>CalMHSA Answer:</b></p> <p>Yes. In conjunction with the Finance Committee will oversee, review and compare results, hire and terminate managers when performance is evaluated.</p>
10	<p><b>Respondent Question:</b></p> <p>What does the current fees structure look like for the combined oversight, management and custodial services?</p> <p><b>CalMHSA Answer:</b></p> <p>CalMHSA currently do not have these services in place. This is a new service agreement.</p>