

MEETING NOTICE
SCHOOL AND INSTITUTIONAL TRUST FUND
BOARD OF TRUSTEES
Friday, October 31, 2014
Suite 180, State Capitol
Salt Lake City
1:00 P.M. – 1:30 P.M.

A G E N D A

1. CALL MEETING TO ORDER
2. DISCUSS AND APPROVE SELECTION OF EXECUTIVE SEARCH FIRM

One or more members of the Board may participate via telephonic conference originated by the Chair, and the meeting may be an electronic meeting, and the anchor location shall be as set forth above, within the meanings accorded by Utah law. In compliance with the Americans with Disabilities Act, individuals requiring special accommodations during the meeting should notify Kathy Wilkey, Administrative Assistant, at State Capitol Suite 180, 801-538-1042 at least three working days prior to the meeting.



Memo

To: Richard K. Ellis, Chair
School and Institutional Trust Fund Board of Trustees

From: David Damschen, Chief Deputy
Office of the Utah State Treasurer

Date: October 21, 2014

Re: Solicitation and Bids for SITFB Executive Search Firm

Richard, as the School and Institutional Trust Fund Board of Trustees (Board) requested, I have looked further into the available options for the selection of and contracting with an executive search firm for the search & recruitment of the new office's CIO/Director position.

As prescribed in the recently promulgated R33-4-108, "Small Purchase of Services of Professionals, Providers, and Consultants," after reviewing the qualifications of a minimum of two professional service providers or consultants, the Board may obtain professional or consulting services up to a maximum of \$100,000 by obtaining a minimum of two bids. The rule requires selection of the lowest bidding firm.

This alternative to a formal RFP works well for the Board's purposes – it is unlikely that a firm's fee combined with related travel expenses could exceed \$100,000.

In accordance with these provisions, bids were solicited from:

- **Hudepohl & Associates**
- **Opus Partners**
- **Charles A. Skorina & Co.**

The bid parameters provided to these firms included:

- A basic description of the Board, the investments, and the new SITF Office.
- A target salary range of \$125,000-\$175,000.
- Stated preferences for candidates with the CFA charter, with management & administrative experience (particularly in the public sector), and also with the CAIA certification.
- Scope of work, as outlined below.

Scope of Work

- a. Assist the Board as requested with the development of position description and compensation range;
- b. Develop and execute a strategy for search, recruitment, screening, and evaluation of candidates;
- c. Maintain all resumes and related materials in a manner consistent with state and federal law and designed to preserve the confidentiality of all candidates;
- d. Review resumes for qualifications and experience;
- e. Conduct follow-up telephone, video, and/or in-person interviews as needed to clarify candidates' experience;
- f. Verify and evaluate candidates' educational background, professional references, and professional certifications;

- g. Convene meetings with and engage in active and ongoing interaction with the Board throughout all stages of the recruitment and selection process;
- h. Prepare and present interim progress reports to the Board as requested;
- i. Prepare and deliver to the Board written profile summaries for candidates considered competitive for the position;
- j. Organize, schedule, and facilitate Board interviews of final candidates and, if requested, assist in finalizing the terms and conditions of employment for the successful candidate;
- k. Notify unsuccessful candidates; and
- l. In the event that the selected candidate leaves employment with the Board before a period of one year, an additional recruitment and selection process will be conducted at no cost to the Board.

Two of three firms (Opus and Skorina) responded with bids. Mr. Hudepohl replied to our solicitation by saying:

“I didn’t want to hold up your decision process so I wanted to get back to you tonight. Thank you for the invitation to submit a proposal and serve the Treasurer and Board. As I previously mentioned, we have extensive experience managing such searches and have been retained by other Treasurers for similar searches.

However, based on possible conflicts with current searches (which will not be concluded until some time in Dec), I think it is best for us not to participate.

We are honored to be considered.

Sincerely,
Gary Hudepohl”

For the purposes of determining the lowest cost bidder, the highest salary (\$175,000) within the target range was assumed. A comparison is summarized in the table below.

Assumed salary: \$175,000				
		On Percentage	Maximum	Lowest at Assumed Salary
Opus Partners	30%	\$ 52,500	\$ 50,000	\$ 50,000
Charles A. Skorina & Co.	20%	\$ 35,000	N/A	\$ 35,000

I would recommend, based on the bids provided in response to the solicitation, that Charles A. Skorina & Co. be selected.

To: **David Damschen**, CTP
Chief Deputy
Utah State Treasurer's Office
(801) 538-1042
ddamschen@utah.gov

Charles A. Skorina & Co.

• Retained Executive Search •

Serving boards and leaders of institutional asset managers

www.charlesskorina.com

skorina@charlesskorina.com

415-391-3431

Response to Utah's School and Institutional Trust Fund Board of Trustees RFP:

Recruiting a Chief Investment Officer/Director for the Utah School and Institutional Trust Fund Office

1. Assignment
2. Capabilities
3. Process
4. Timeline for the engagement
5. Fees, terms, and expenses
6. Background, Interviews, References & Media

1. Assignment

Recruit a Director/CIO for the Utah School and Institutional Trust Fund Office ("Office")

The Scope of Work under which this engagement will proceed is as follows:

- Assist the Board as requested with the development of position description and compensation range;
- Develop and execute a strategy for search, recruitment, screening, and evaluation of candidates;
- Maintain all resumes and related materials in a manner consistent with state and federal law and designed to preserve the confidentiality of all candidates;
- Review resumes for qualifications and experience;
- Conduct follow-up telephone, video, and/or in-person interviews as needed to clarify candidates' experience;
- Verify and evaluate candidates' educational background, professional references, and professional certifications;
- Convene meetings with and engage in active and ongoing interaction with the Board throughout all stages of the recruitment and selection process;
- Prepare and present interim progress reports to the Board as requested;
- Prepare and deliver to the Board written profile summaries for candidates considered competitive for the position;
- Organize, schedule, and facilitate Board interviews of final candidates and, if requested, assist in finalizing the terms and conditions of employment for the successful candidate;
- Notify unsuccessful candidates; and
- In the event that the selected candidate leaves employment with the Board before a period of one year, an additional recruitment and selection process will be conducted at no cost to the Board.

2. CAS Capabilities

- We recruit Board Members and Executive Officers, Chief Investment Officers and Senior Asset Managers.
- Our research and analytics are backed by over thirty years of hands-on recruiting experience and an unrivaled personal network.

- We collect performance, compensation, and background data on most senior institutional investment professionals in the U.S. and the funds they manage. We analyze that data to construct profiles of those managers and their funds, identify best-in-class people, and map their career trajectories.
- We share our research and opinion in a widely-read professional newsletter - *The Skorina Letter* - and website - www.charlesskorina.com. *The Skorina Letter* is delivered to 23,000 individuals in the institutional investment and money-management community.
- The New York Times, Wall Street Journal, Bloomberg, Thompson Reuters, Financial Times (Fundfire), Institutional Investor, Pensions & Investments, Private Equity International and the institutional investment community use our research and analysis. Skorina has been interviewed on chief investment officer compensation issues on Bloomberg TV.
- We focus specifically and effectively on the world we know: Board Members, Chief Executive Officers, Chief Investment Officers, and Senior Asset Managers at global financial institutions and multi-asset funds and firms – including sovereign wealth funds, endowments, foundations, pension funds, banks, insurance companies, investment banks, outsourced chief investment officer firms (OCIO), and sell-side money managers.

3. Process

We actively collaborate with the client from start of each search to the finish.

We begin a search by assembling data on companies, referrals, and initial candidates and broadcast our search through media contacts, professional networks, our newsletter (circulation approx. 21,000), and direct phone and email.

We gather a broad first-round group of candidates and discuss them with the client to get a better feel for who the client likes and why. We welcome and encourage continuous discussion and feedback, particularly at the beginning of a search, to ensure that we are meeting the client's needs.

Our search assignments are published along with our research and commentary in *The Skorina Letter*, a respected industry newsletter which goes to 23,000 recipients. The newsletter helps us serve our clients by providing a highly-effective channel to reach candidates for open positions.

This proprietary data and marketing channel is already in hand when we begin an engagement, and is our starting point.

All our search work is done by me and my research partner; from sifting through our data and contacts, to generating leads and referrals, phone calls, screening, personal interviews, background checks, compensation discussions, and follow ups. We believe the recruitment of senior institutional investment professionals cannot be delegated.

A successful search requires experience, intuition, and a wide network of personal and industry contacts. As candidates are identified we evaluate them through multiple rounds of interviews, and meticulous background checks, all closely coordinated with the client's search committee.

I document and communicate my process in a clear, real-time way so that my client are fully informed. When the decision is laid before them, they have a tangible and understandable work-product that will give them confidence that the search was thorough and properly focused.

4. Timeline for the engagement

I would expect the search to take three to six months. Due to the logistics of work and travel schedules, response times for committee reviews, etc., three months is a realistic minimum. The duration of a search usually depends more on the pace of the review, evaluation, and decision process of the client institution than on the work of the recruiter.

5. Fees, terms, and expenses

The working approximate compensation target for this candidate is \$125k to \$175K in base salary and a bonus to be determined. We understand that determining a more exact compensation formula and job description is one of the deliverables we will undertake to provide for the client, in collaboration with SITF Board.

My fee will be 20 percent of the candidate's first-year guaranteed salary, to be paid in three parts. An initial retainer of approximately one-third of the estimated total fee is requested to begin the search; then, a second midway payment of roughly one-third of the estimated total fee when the "Board" is satisfied with the progress of the search; then a final payment of the balance due after the candidate is hired.

In the event that the selected candidate leaves employment with the Board before a period of one year, an additional recruitment and selection process will be conducted at no cost to the Board.

I will notify and seek approval from the Board in advance for any expenses related to my assignment, including travel, hotel, and incidentals.

6. Background, Interviews, Media & References

My website is my resume. At www.charlesskorina.com we archive our research articles on performance, salaries and rankings, industry observations and insights, interviews with chief investment officers, career moves, and hiring opportunities.

A brief summary of my professional background:

Charles A. Skorina & Company, 1980 – Pres

Executive Search & Consulting

San Francisco, CA

Ernst & Young, Washington, DC

Financial systems consulting

JPMorgan Chase & Co., New York, NY

Credit and risk management

US Army, Russian Linguist, Japan

University of Chicago, MBA, Finance

Michigan State University & MIIS/Middlebury College, BA, Russian History

Culver Military Academy – High school

Interviews

Here are links to a few of our interviews with chief investment officers.

01 An interview with Larry Schloss, President of Angelo Gordon, former CIO of the New York City pension system.

<http://www.charlesskorina.com/nl61-performance-and-pay-at-the-largest-us-and-canadian-pensions/>

01 An interview with **Srini Pulavarti**, President and CIO of the UCLA Investment Company. Previously CIO at the University of Richmond/Spider Management Company.

(Skorina Letter 41): <http://www.charlesskorina.com/the-skorina-letter-no-41/>

02 An interview with **Roz Hewsian**, CIO of the Helmsley Trust (Skorina Letter 31):

<http://www.charlesskorina.com/the-skorina-letter-n-30/>

03 An interview with **Ken Frier**, CIO of the UAW Retiree Medical Benefits Trust.

Previously CIO at the Hewlett Packard pension and Stanford endowment (Skorina Letter 28) – a CIO looks ahead (NL#28): <http://www.charlesskorina.com/nl27/>

04 An interview with **Leo de Bever**, CIO at Canada's AIMCO (Alberta Investment

Management Company) (Skorina Letter 28): <http://www.charlesskorina.com/nl27/>

05 An interview with **Jim Williams**, CIO of the Getty Trust (Skorina Letter 24):
<http://www.charlesskorina.com/the-skorina-letter-no-24/>

Media

The New York Times, Wall Street Journal, Bloomberg, Thompson Reuters, Financial Times, Institutional Investor, Pensions & Investments (and various executive search competitors!) use our research and analysis. Skorina has been interviewed on chief investment officer compensation issues on **Bloomberg TV**.

Our work is regularly re-printed in Allaboutalpha.com, Futuresmag.com, and other industry magazines, blogs, and third- party web postings.

References

Repeat business is the best reference. I am doing (and have finished) repeat business with Casey Family Programs, and have finished searches for Hirtle Callaghan (a \$22 bil AUM outsource CIO firm).

Jon Hirtle, CEO and **Rob Zion**, COO, Hirtle Callaghan & Co.
jhirtle@hirtlecallaghan.com
rzion@hirtlecallaghan.com
(610) 943-4210

Dan Hamann, CEO, Spectrum Financial Services, Inc.
dan.hamann@spectrum-fs.com
(402) 933-4699

I recruited the head of investments for the Hamann family office.

Leonard Raley, President of the University System of Maryland Foundation,
raleym@usmh.usmd.edu
(301) 445-1941

I recruited their chief investment officer, Sam Gallo and just finished recruiting their head of alternatives.

David Saunders, Board of Directors of the University System of Maryland Foundation, Inc., Co-Founding Managing Director of K2 Advisors.
david@k2advisors.com
(203) 348-5252

Sam Gallo, Chief Investment Officer, University System of Maryland Foundation, Inc.,
sgallo@usmd.edu
(202) 296-1209 x11

Joseph Boateng, CIO, Casey Family Programs (a \$2.1 billion AUM operating foundation)
jboateng@casey.org
206 709-2102

I am currently recruiting the head of operations for the CFP investment office.

I recruited Mr. Boateng's current number two, Tim Stark. Mr. Stark was previously CIO of the \$500 million AUM Woods Hole Research Institute endowment.

Mr. Damschen, I look forward to further discussions with you and the team.

Regards,

Charles