



State of Rhode Island
Office of the General Treasurer

Investment Process Governance Consultant - Staff Recommendation

February 2022

RECOMMENDATION

Engage Funston Advisory Services (FAS) to conduct a review of the Rhode Island State Investment Commission (SIC) policies and operations focusing on governance and investment process.

BACKGROUND AND SEARCH PROCESS

The SIC authorized Staff to issue a request for proposal (RFP) for a consultant to review the governance around the State's investment process at the November 2021 meeting. Staff issued the RFP and received responses from five proposers.

The scope of work as described in the RFP was:

The SIC is looking for a firm to review and evaluate the following topics and identify opportunities for improvement:

- A. *Investment governance structure*
- B. *By-laws, charters, and policies*
- C. *Commission meetings and operations*
- D. *Powers reserved for the Commission and delegations*
- E. *Reporting and Commission oversight*
- F. *Commission interactions with staff*

Staff scored each proposal based on the following criteria:

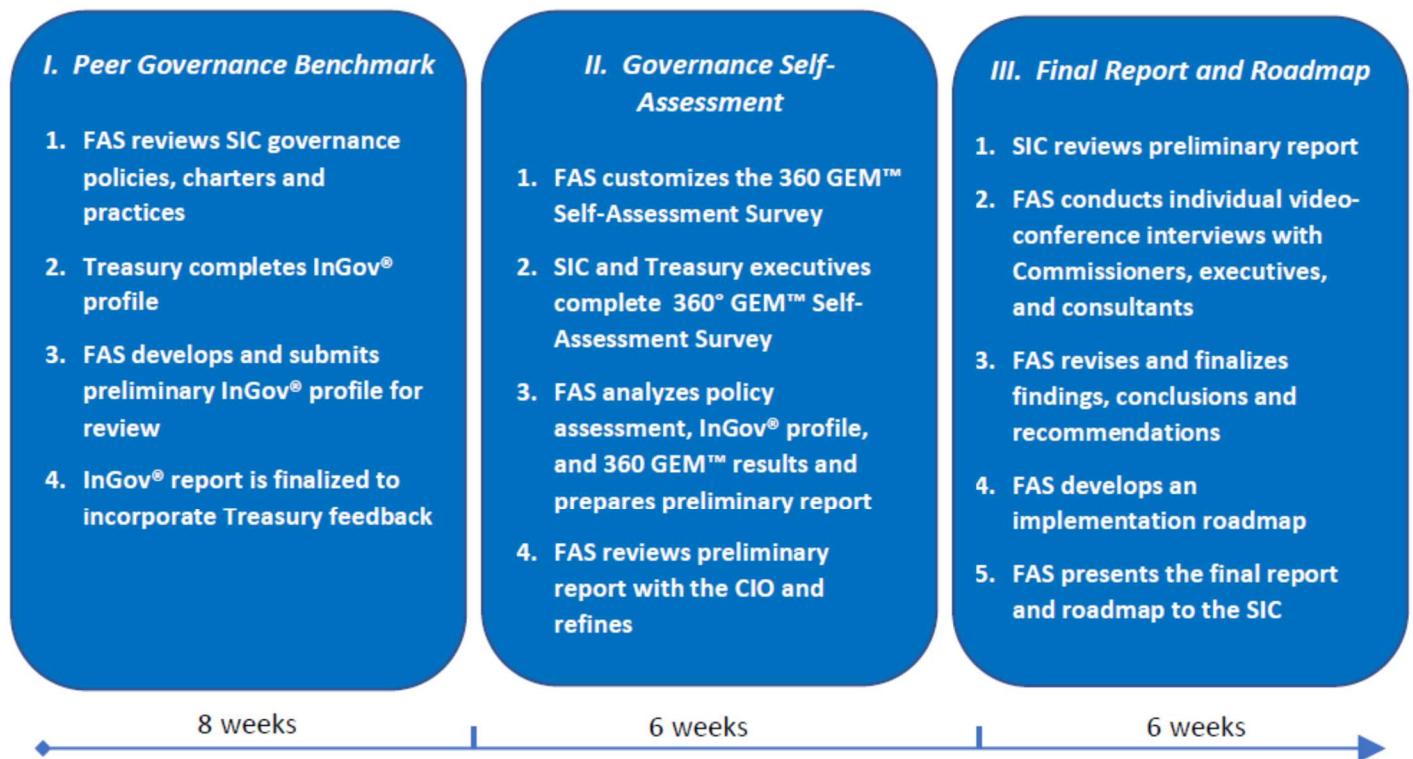
- A. *Organizational Characteristics*
 - 1. *Organization/staff expertise*
 - 2. *Depth of project team and resources*
 - 3. *Relevant prior experience*
 - 4. *References*
- B. *Benchmarking*
 - 1. *Ability to benchmark the SIC practices to appropriate peer organizations*
 - 2. *Knowledge of best practices*
- C. *Governance Review Process*
 - 1. *Proposed approach*
 - 2. *Project workplan*
- D. *Fees*

Interviews were conducted with the top scoring proposers to further understand each firm's ability to conduct the review, ability to benchmark against relevant peers, and relevant experience in conducting similar projects. The proposal from Funston Advisory Services received the highest final score.

OVERVIEW

Funston Advisory Services has provided governance reviews and advice since its inception in 2010. The firm has developed a number of proprietary tools that facilitate capturing opinions and data from key stakeholders (including all SIC members, key Staff members, and investment consultants) and benchmarking client practices relative to an appropriate peer set.

The initial phase of the project will include data gathering and relevant document review (the Investment Policy Statement, applicable Rhode Island code, etc.) plus peer comparisons on a number of relevant data points. The second phase will include input from key stakeholders and a self-assessment of current governance practices. The final phase is iterative and will include interviews with key stakeholders, ultimately concluding with a report and presentation to the SIC providing a set of recommendations and an implementation roadmap.



FEES

- Funston Advisory Services has proposed an all-inclusive fee of \$96,825.