



INDIAN RIVER STATE COLLEGE

RFP 15/16-04

Request for Proposal

Investment Management

Request for Proposal

Indian River State College intends to secure a contract for Investment services. The purpose of this Request for Proposal (RFP) is to define the Committee's requirements, solicit proposals and gain adequate information from which the Committee may evaluate such services.

Requests for Proposals will be received until 4:00 p.m. on Thursday, June 16, 2016:

Indian River State College
Attention: Purchasing Department, Building S, Room 227
3209 Virginia Avenue
Fort Pierce, FL 34981

Late proposals will not be accepted.

Detailed information on this RFP including general information, scope of work, terms and conditions, and required format for information is available by calling or e-mailing:

Don Windham, CPPB
(772) 462-7357

Purchasing Director
dwindham@irsc.edu

Indian River State College (IRSC) reserves the right to reject any and all submittals and to waive irregularities and informalities in the submittal and evaluation process. This RFP does not obligate IRSC to pay any costs incurred by respondents in the preparation and submission of an RFP. Furthermore, the RFP does not obligate IRSC to accept or contract for any expressed or implied services.

Dated this 19th day of May, 2016.

Posted:

Sheryl S. Vittitoe, CPA
Vice President of Financial Services, CFO

Indian River State College
Request for Proposal – Investment Management
Issuance Date: May 19, 2016

Indian River State College
Investment Management
Request for Proposal
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Section I – General Information

Introduction

Indian River State College (IRSC) is a 501(c)(3) political sub-division of the state of Florida. IRSC is a comprehensive college accredited to award Associate and Baccalaureate degrees and Career and Technical certificates. The objectives for this investment portfolio are: safety of principal, optimize total return, minimize risk of market value volatility, and short-term liquidity to meet cash flow needs.

IRSC has approximately \$40 million in an investment portfolio. A copy of the investment policy is included in the attached materials. Our current manager has provided services since April 2008. In consideration of our fiduciary responsibility, we are conducting a formal Request for Proposal (RFP) process to determine which investment consultant will best serve our needs for managing this portfolio. We welcome the opportunity to partner with an investment consultant who will assist in our efforts to provide additional resources for IRSC.

Administration of Systems

The oversight, management and responsibility for the proper operation of the investments falls upon the Finance & Audit Committee comprised of the District Board of Trustees. IRSC currently uses an investment consulting firm to manage a majority of the portfolio. IRSC's District Board of Trustees sets the policy with the assistance and recommendations from the Investment Consultant and the custodian executes the details of the policy. The College President and the Vice President of Financial Services, Chief Financial Officer oversee the general administration and requests directed by the Finance & Audit Committee.

Preliminary Schedule

These dates are estimates and subject to change by IRSC. All submissions are due by 4:00 p.m. on the date specified below. Providers accept all risks of late deliveries regardless of fault. Facsimiles will not be considered. All RFPs and accompanying documentation will become the property of IRSC and will not be returned. **Late RFPs will not be considered:**

RFP Released	May 19, 2016
RFP Due to IRSC	June 16, 2016
Summary of proposals to Committee	June 23, 2016
Final Selection	June 28, 2016
Contract Start	August 1, 2016

RFP Terms and Conditions

IRSC reserves the right to request any provider to clarify its RFP or to supply additional material deemed necessary to assist in the evaluation of the RFP.

IRSC reserves the right to change the RFP schedule or issue amendments to the RFP at any time. IRSC also reserves the right to cancel or reissue the RFP.

IRSC recognizes that not all questions may apply to all advisors submitting the RFP and requests that the RFP be completed on a best efforts basis.

Minimum Qualifications

The Committee requires that all prospective service providers have strong credentials and be in good financial standing. All investment managers must be a registered investment advisor with the SEC under the Investment Advisors Act of 1940 unless otherwise exempt, and must acknowledge their responsibilities as a fiduciary in writing within the contract. **RFP must include provide a copy of the most current FORM ADV for your firm (Parts I and II).**

Section II – Scope of Services

The primary role of IRSC’s Investment Advisor is to provide objective advice and counsel that will enable the Committee to make well-informed and well-educated decisions regarding the investment of IRSC assets.

Contractual services for investment advising will include, but not be limited to, the following:

1. Development of Investment Policy, Objectives and Guidelines

Assist the Committee in the development and periodic review of the policy statement that properly reflects the Committee’s tolerance for risk and best helps the Committee meet and/or exceed the relevant market indices and cover all investment fees.

2. Asset Allocation Studies

Conduct ongoing asset allocation analyses to determine whether the current asset allocation falls within the Committee’s target investment objectives and Florida Statute requirements.

3. Development of Investment Manager Performance Standards/Guidelines

Assist the Committee in the development and review of performance standards and guidelines with which the Committee can measure the Investment Manager’s progress and performance.

4. Assist in Fund Diversification

Assist the Committee in the development of a structure that provides adequate diversification with respect to the number and types of investment managers to be

retained by the Committee. Provide consulting services as required by the Committee.

5. Attend Meetings of the Committee

Be available, in person, to provide portfolio performance updates and results of investment analyses - including fund manager and market projections, to present strategic investment changes, and to address the Committee's questions. The meetings are usually the fourth Tuesday of the month, except for July and December, and the location varies between IRSC campuses.

Section III – Questionnaire

The following questionnaire must be completed and included for the RFP to be considered.

A. Firm Information

1. Name of the firm, the physical address and/or the physical address of the firm's headquarters, and the telephone number and primary contact for the request for information.
2. Provide summary of the firm and describe the overall strengths and experiences of the firm and/or parent firm for the services required. Provide the depth of the professional and support staff, the year founded, the ownership structure, and the revenues generated from investment advisory/consulting services.
3. Please provide the firm's experience in supporting post-secondary, higher education institutions.
4. Please provide the most recent financial statement for the firm. Provide the percentages of revenues derived from investment management and trust-related services. For the most recent year, please state the assets under advisement. Please include details about the average client's portfolio size.
5. Please submit biographical profiles on the individual(s) who will be assigned to our account and their office location. Include their certifications and specialties. Be specific as to experience, performance measurement, manager search, and investment policy consulting. Please identify the individuals that will attend the meeting.
6. Please describe your performance measurement database. What indices are used for relative comparisons?
7. What software systems are utilized to prepare reporting and tracking of the investments? Does the firm maintain the database and, if not, who does? How often are database managers reviewed?
8. Please describe the computer system and database system backup process. Please discuss computer systems and data issues.

9. Why is the firm uniquely qualified to service IRSC's account? Describe the philosophy of the firm. Indicate the attributes of the investment consulting/management that distinguish the firm from the rest.
10. Disclose all formal and informal business relationships with any of your current investment managers. You must disclose all relationships with future managers.
11. Please describe the transition process when taking on a new client.
12. Briefly describe how the corporate culture and philosophy contribute to the firm's approach to total investment outsourcing.
13. How has the firm's investment approach evolved in the past decade?
14. How does the firm measure the success of the team in meeting or exceeding client expectations?
15. Provide examples of creativity and skill in helping clients meet their investment objectives.
16. Give examples of educational services, material and training that the firm will provide to investment committee and staff.

B. Investment Policy/Asset Allocation Guidelines

1. Provide an outline of the principle steps the firm would follow when developing a statement of Investment Policy and Objectives. What issues and items would be covered in a typical policy statement?
2. What is the firm's approach to development of asset allocation guidelines? What asset classes are included? How often does the firm recommend reviewing asset allocations/rebalancing? Does the firm recommend an active or passive approach to investing? Why?

C. Investment Manager Selection

1. What is the procedure and criteria the firm will follow in the selection and evaluation of investment managers? What is the firm's competitive advantage in manager selection?
2. Do the consultants who will be assigned to IRSC's account actually interface with prospective managers? Is due diligence performed for all managers? If so, please explain the firm's due diligence process and some of the key issues the firm examines. How are consultants apprised with respect to developments about the managers?
3. Describe the methodology and sources of data for analyzing and evaluating a fund manager's performance. Discuss the performance benchmarks the firm recommends to appropriate asset class and how the firm makes comparisons with other managers.
4. What criteria are used to recommend termination of a fund manager?
5. Timely investment reports are important to the Committee; what is the firm's commitment to such a timeline? If necessary, is the firm willing and able to customize proposed reports?

D. Insurance/Legal

Describe the various types of insurance and indemnification provided to protect clients (be sure to include specific dollar coverage).

E. Conflicts of Interest

1. Please indicate how the firm maintains its independence from the investment management community (managers, brokers, custodians, etc.).
2. Has the firm or any parent or affiliated firm derived any direct or indirect revenue from the investment managers included in the firm's investment manager database?
3. Does the firm have any policies or procedures to address conflict of interest or to prevent these payments or relationships from being considered when the firm provides advice to your clients?
4. What is the firm's position on Commission Recapture Programs? What effect, if any, would the Committee's participation in a Commission Recapture Program have upon the firm's services?
5. If the firm allows plans to pay the firm's consulting fees using the plan's brokerage commissions, what steps does the firm take to ensure that the plan receives the best execution for its securities trades?
6. If the firm allows plans to pay your consulting fees using the plan's brokerage commissions, does the firm monitor the amount of commissions paid and alert plans when consulting fees have been paid in full? If not, how can a plan make sure it does not over-pay consulting fees?
6. Does the firm have arrangements with broker-dealers under which the firm or a related company will benefit if money managers place trades for their clients with such broker-dealers?
7. What percentages of the firm's clients utilize money managers, investment funds, brokerage services or other service providers from whom the firm receives fees?
8. Does the firm currently have, or has the firm previously had, professional or personal relations with any member of the IRSC District Board of Trustees, IRSC Foundation Board of Directors, IRSC staff, IRSC Foundation staff, or with a firm owned by or affiliated with that individual, during the past 5 years? If yes, please describe fully those relationships. A list of the respective board members and staff members may be found here:

District Board of Trustees:

<http://www.irsc.edu/aboutirsc/aboutirsc.aspx?id=450>

Foundation Board of Directors:

<http://www.irscfoundation.org/p/15/board-of-directors#.VzyrW03rs5s>

IRSC staff and IRSC Foundation staff:

<http://www.irsc.edu/peoplesearch/peoplesearch.aspx>

9. Does the firm have written Conflict of Interest and/or Code of Ethics policies? If the firm is selected, IRSC will need a copy of your policies.
10. Will the firm acknowledge in writing the fiduciary obligation as an investment adviser to the plan while providing the consulting services we are seeking?

Attachment I

Submission Requirements

To achieve a uniform review process and obtain the maximum degree of comparability, it is required that the proposal be organized in the following manner:

1. Title Page:

The name of the firm, address, telephone number, e-mail address, website, name of the contact person and date of submission.

2. Table of Contents:

Clearly identify the material by section and page number.

3. Letter of Transmittal:

Limit to one or two pages.

A. Briefly state the firm's understanding of the work.

B. Give the names of the persons who will be authorized to make presentations for the firm, their titles, addresses, and telephone numbers.

4. Submission:

The Committee requests that the firm submit one (1) printed copy and four (4) electronic copies.

All printed proposals, both printed and electronic versions, must be presented in a sealed envelope clearly marked as follows:

**RFP 15/16-04
Investment Management
Indian River State College
Purchasing Department, Building S, Room 227
3209 Virginia Avenue
Fort Pierce, FL 34981**

The printed response to this RFP must be received at the above address by **4:00 p.m. on June 16, 2016.**

All inquiries about the RFP should be in writing and brought to the attention of Don Windham, CPPB, Purchasing Director at dwindham@irsc.edu.

Attachment II

Fee Proposal

Please provide a comprehensive quote/bid to provide IRSC with a full-service contract, to include, as a minimum, all of the following services specified (no a la carte pricing) for approximately \$40 million in investments.

- Risk Tolerance Assessment
- Portfolio Cash Flow Needs Assessment and Analysis
- Investment Objective Determination and Measurement
- Investment Oversight, Monitoring and Evaluation
- Investment Management Fee
- Standard Performance Reporting
- Customized Reporting
- On-Line Access and Software Charges
- Investment Committee Presentations
- Staff and Committee Learning Sessions
- Initial Manager Selection
- Manager Probation and Replacement Triggers
- Manager Search and Selection
- Manager Termination and Replacement
- Asset Allocation Rebalancing Triggers
- Comparative Performance-Based Ranking
- Comparative Performance Assessment
- Investment Policy Statement Compliance Testing
- Ongoing Manager Searches – with no limitations
- Trustee Counseling and Training
- Investment Performance Analysis Services
- Asset Allocation Analysis and Design
- Investment Policy Development
- Custodial Search
- Custodial Services and Transaction Fees and Charges

- Account Charges and Asset Based Fees
- Transaction charges
- Spending policy review

1. Would the firm charge separately for travel expenses? If so, please explain in detail the firm's policy.
2. What other costs or expenses might be incurred by us from the firm?
3. Does the firm offer payment by cash on a pro-rate quarterly basis billed in arrears?
4. How does the firm bill?

Included in this quote is the commitment to meet with the Committee, at least, six times a year, see schedule previously provided and full Board presentations as needed. Please describe any additional services included in this full service contract not previously described.

Attachment III

Evaluation Criteria

The Committee will select the firm which best serves the overall needs of Indian River State College. The following is a summary of the general considerations that will be used to determine the firms to be selected as finalists:

	<u>Points</u>
• Firm capabilities and experience	15
• Firm personnel and proposed advisory team	10
• Analytical tools, research and processes	15
• Understanding of IRSC’s needs	15
• Ability to communicate effectively	15
• Client and industry references	10
• Independence from conflicts of interest	10
• Fees and compensation	<u>10</u>
	100

Attachment IV

References

1. Provide the total number of investment management clients currently employing the firm's process, including the total assets and the average relationship length per client.
2. Provide a reference list of at least four clients that are college/university and/or nonprofit organizations. We place importance on those that have served higher educational institutions.
3. List the number of clients the firm has had for each of the last three years.
4. How many of those clients left in the past three years, and how many additions the past three years?