



Request for Proposal (RFP) For Investment Management Services

*Angie Lutterman, CPA
Chief Financial Officer*



IMCA Request for Proposal

Objective

IMCA is requesting proposals from investment consultants to assist in the management of its investment portfolio by advising the Investment Committee on appropriate investment philosophy, capital market trends, regular investment performance reports, policy reviews and updates, asset allocation strategy, investment manager searches, investment manager evaluations, compliance monitoring, education, and by providing the Committee with other investment consulting services as needed.

Currently, IMCA has \$5.5M in unrestricted long-term investments. For purposes of your proposal, please assume all funds are liquid and can be transferred immediately.

Background

IMCA – Investment Management Consultants Association – a non-profit membership association, which was established in 1985, sets the standards and practices for the investment management consulting and wealth management professions, as well as provides investment consultants and advisers with the credentials and tools required to best serve their clients. Through conferences, webcasts and certificate programs, etc., IMCA makes sure that its members are up-to-date on all investment management consulting topics.

The cornerstone of IMCA is the Certified Investment Management Analyst® designation. The CIMA® designation reflects experience, education, and ethical standards. Every financial professional who has earned the CIMA designation has at least three years of broad experience in the field of investment management consulting, has passed an extensive background check and has completed the demanding two-step, graduate-level program of study.

Response Instructions

Please submit **10** hard copies, in addition to one electronic copy (PDF) sent via email, of your response to this RFP no later than 3 p.m. (MDT) on August 1, 2012.

Please respond to the RFP questions in the order presented and limit your response to twenty (20) typed written pages for all questions. Appendix items, if any, are limited to an additional twenty (20) pages, bringing the maximum size of the RFP response to forty (40) pages. An appendix is to be presented as back-up information and not directly in response to the questions.

IMCA Request for Proposal

Qualifications

To be considered a qualified consultant firm, your firm must respond to all items in the RFP and be:

- An active CIMA® licensee in good standing as of July 1, 2012.
- Willing to accept co-fiduciary responsibility for our account on behalf of your firm.

Timing - 2012

RFP to Consultants	July 1
Last Day for Questions	July 20
RFP Response Deadline	August 1, 3 p.m. (MDT)
Finalist Selections	September 1
Finalist Presentations in Denver	Week of September 24
Firm Selection and Begin Implementation	November 1

Contact Information

At no time shall any representative of IMCA be contacted, unless pre-approved by Angie Lutterman. This includes members of the Investment Committee or Board of Directors. All questions and contact by the consultant firms are to be made **only to:**

Angie Lutterman
Chief Financial Officer
5619 DTC Parkway - Suite 500
Greenwood Village, CO 80111
303.850.3073
InvestmentRFPresponses@imca.org

Format

An evaluation committee will review all submitted RFPs. Interviews will be conducted with a short list of finalists. Information and/or factors gathered during interviews, negotiations, and any reference checks, in addition to the evaluation criteria rankings, shall be the sole and exclusive property of IMCA. IMCA reserves the right to contact references other than, and/or in addition to, those furnished by your consulting firm.

Proposals shall be submitted via email as a PDF document. Where possible, responses shall be limited to single-spaced, single-sided, 8 ½" x 11" pages (excluding exhibits, samples, or other attachments) in no smaller than 10 point font. Include your firm's name on each page.

IMCA shall not be responsible or liable in any manner for the risks, costs, or expenses incurred by any consultant in the preparation of its response to this RFP nor travel expenses incurred by the finalists.

Evaluation Criteria

Specific attention will be paid to:

- Organization and capabilities
- Credentials, experience and reputation of the consulting team working with institutional clients
- Background and quality of the investment research and methodology
- Competitiveness of management and advisory fees for our non-profit organization
- Performance reporting capabilities
- Quality of existing client relationships and references

Finalist Presentations

Firms selected as finalists should be prepared to conduct a one-hour presentation at IMCA's corporate offices in Denver, CO. Finalists should be prepared to answer detailed questions regarding their proposals.

Confidentiality

All information presented in this RFP, including information disclosed by IMCA during the selection process, is to be considered strictly confidential. Information must not be released to external parties without the express written consent of IMCA.

All responses and other materials submitted in response to this RFP will become the property of IMCA. IMCA assumes no obligation and shall incur no liability regarding confidentiality of all or any portion of a response or any other material submitted in response to this RFP unless expressly agreed in writing to protect specifically identified information.

Addendum A - IPS

Please refer to Addendum A — IMCA's current IPS for more information about the organization, the asset allocation targets, and other pertinent information.

A. Firm Strength and Stability

1. Please provide the full name of your organization, address, telephone and facsimile number, firm website, mailing address of your main office and the name and CIMA license # of the team member who holds an active CIMA license. Include an organizational overview including a description of the corporate structure of the firm, ownership details, year of founding in present form, including the legal form of the organization, the parent company (if applicable), and any affiliated companies. If any change to the firm's corporate structure is anticipated, please also note this.
2. Please indicate the number of years your firm has been performing investment services similar to those that you seek to provide to IMCA.
3. Please describe your client base, including types of clients served, the number of non-profits for which your organization currently provides services, the length of time of services and the range of asset values among your non-profit clients.
4. Please disclose any and all conflicts of interest your organization has in serving as our investment consultant. Disclose whether your firm has any financial or other affiliation with other brokerage firms, banks, insurance companies, investment banking firms, or money management firms. If any such affiliations exist, how does your firm protect against conflict of interest?
5. Is the firm willing to disclose upon client request, the dollar amount and nature of all material beneficial relationships that the firm or any affiliate of the firm, engages in with investment manager clients? If not, please explain.
6. Describe any material litigation, regulatory, or legal proceedings in which your firm or any of the principals are or have been involved over the past five years. Specifically highlight this information for the consultant(s) for our account.
7. Describe the levels of insurance coverage, including the amounts of errors and omission insurance and any other fiduciary professional liability insurance your firm currently has in force. Provide copies of all the appropriate state and/or national licenses required to act as investment manager as appendices.
8. What do you believe sets your organization's services apart from the competition, and allows your firm to generate superior performance and service levels?
9. Describe your firm's experience and capability for providing education to IMCA staff and investment committee members.

B. Investment Process

1. Comment on your “investment philosophy” and process for analyzing a client's portfolio structure and for recommending modifications. How active is your management approach towards this portfolio?
2. Describe your manager due diligence/research process. How often does your staff visit with money managers in-house and onsite?
3. Describe the capabilities and differentiating features of your firm's manager research database. Is the database proprietary or purchased? Are managers charged fees for inclusion? How many managers are tracked?
4. Describe the firm's manager search process. How are the managers initially screened? What criteria are emphasized in the latter stages of a search? Is there a minimum number of years of live performance required or a minimum amount of assets in the strategy to be included in the search?
5. How many analysts are employed by your organization that are responsible solely for investment manager research? How many analysts are responsible for performance evaluation, performance attribution analysis, manager evaluation and due diligence, etc.?
6. Describe your firm's experience in researching, selecting and monitoring managers in alternative asset classes, such as hedge funds, private equity, real estate, portable alpha, and commodities.
7. Discuss the theory and methodology of your asset allocation modeling process. Is your asset allocation software developed in-house or externally?
8. How are your capital market projections derived? How is that information used to develop investment strategy for clients?
9. How would you assist IMCA's Board and Finance & Investment Committee in meeting their fiduciary responsibilities?
10. Describe the process you will use to assist us in the maintenance of our investment policy, spending policy, objectives and guidelines for our fund. Appendix A of this document contains IMCA's current IPS. Please provide us with 3-4 key insights you wish for our committee to review as it relates to our IPS.
11. Address how you would structure the custody of IMCA's investment assets. Would an internal, external or blended approach be used?
12. Please provide four client references applicable to this RFP whom we can contact. Include the contact name, title, address, telephone, e-mail, the length of time providing services and the level of assets under management.

C. Service Structure & Accessibility

1. Please provide a full list of consulting services offered by your firm.
2. Provide the location of the office that will serve IMCA and biographies of the key consulting personnel assigned to our account. Please identify who would be our main representative, who would perform the analytical work on the relationship and who would serve as the back-up consultant in situations when the proposed lead consultant could not attend a meeting. What is the average number of client relationships per consultant?
3. Tell us about the support professionals who would be responsible for this account. Explain how the team dedicated to our account would function. Indicate any special endowment management expertise. List any senior staff departures in the past two years and explain the reason for the departure.
4. Is your firm a registered investment advisor under the Investment Advisors Act of 1940? Can your firm provide fiduciary services to its clients?
5. Does your firm, its employees, or any affiliated or related entities derive any economic benefit from any investment entities, intermediaries or service providers that are or will be involved in our account?
6. Will you or your representatives be available to meet regularly (primarily via teleconference) to review the account? IMCA's Finance and Investment Committee meetings occur approximately six times per year. In-person attendance typically would be expected one to two times per year at locations that coincide with our regular IMCA conferences, with the remainder of the meetings conducted via conference call.
7. What is your quality standard for returning telephone calls and/or emails?

D. Performance Reporting

1. Comment on your process for providing performance measurement reports to suit the needs of the Finance and Investment Committee.
2. How frequently do you plan to provide investment performance measurement reports to the committee? When are reports available after the end of each month/quarter? Can IMCA access performance reporting on a secure website?
3. Describe the performance measurement software your firm uses. Is the software proprietary, or does your firm utilize the software of an outside vendor? If your firm uses non-proprietary software, do you have the ability to influence changes to the software to customize reports for our needs?
4. Please describe how you monitor the style adherence of investment managers. Specifically, what types of reports would you use?
5. Describe the performance attribution analysis services you could provide.
6. Provide, as an appendix, sample copies of portfolio reports that would be provided to IMCA.

E. Fee Proposal

1. Please describe the fees proposed by your organization for providing investment management services to IMCA. Fully itemize all fees, if any, for the following:
 - Advisory – percentage of assets or hard dollar
 - Investment manager fees, investment manager revenue share, directed brokerage, soft dollar fees
 - Conversion fee
 - Transferring assets from one fund/manager to another
 - Other transaction fees
 - Travel
 - Training
 - Other administrative
2. If there are additional fees to be charged as a result of performing services related to preparing or modifying IMCA's Investment Policy, asset allocation analysis, or conducting manager searches, please describe those fees in detail.
3. Do you receive any 12b-1 fees or other compensation or revenue share from any investments that are or will be contained in our account and, if so, are they used to reduce our costs?

Thank you for taking the time to respond to IMCA's request for proposal for consulting services for our assets! Your effort is deeply appreciated and we will respond shortly.

**STATEMENT OF OBJECTIVES, POLICIES AND GUIDELINES
FOR THE LONG-TERM ACCOUNT OF THE
INVESTMENT MANAGEMENT CONSULTANTS ASSOCIATION**



Amended
December 2011

**The Investment Management Consultants Association
Statement of Objectives, Policies and Guidelines for the
Investment of Long-Term Assets**

Statement of Investment Policy, Objectives, and Guidelines

Executive Summary

Type of Fund:	Not for Profit Consulting Organization
Investment Horizon:	10-years for Asset Allocation Analysis
Real Return Target:	CPI plus (growth) – No spending rate at this time.
Time Horizon Return: Minimal Acceptable Rate of Return (MAR)	To achieve a <u>real</u> rate of return above inflation, net of all investment management costs.
Spending Policy:	Spending Policy will be determined on an annual basis. The maximum spending will be 4% of the previous year's value of the total assets of the Long-term account.

Asset Allocation

Asset Allocation Analysis:	Reference to Asset Allocation Addendum A
Normal Policy Allocation:	65% S&P 500, 35% Barclays Capital Aggregate Bond Index 65% MSCI All Country World Index (ACWI), 35% Citigroup World Government Bond Index (WGBI).

Asset Class Guidelines:

Asset Class	Strategic Allocation	Lower Limit	Upper Limit	Range
Total Equities	50%	35%	65%	30%
• US Large Cap Equities	20%	16%	24%	20%
• US Small/Mid Cap Equities	10%	7%	13%	30%
• International non-US Equities	20%	14%	26%	30%
Fixed Income Securities	35%	30%	40%	14.2%
Tangible / Alternatives	15%	11.25%	18.75%	25%
Total	100%			

INTRODUCTION

The Investment Management Consultants Association is a not-for-profit organization chartered in the State of Colorado for the purpose of education in the financial services industry.

INVESTMENT MANAGEMENT CONSULTANTS ASSOCIATION MISSION

The mission for Investment Management Consultants Association is to deliver the premier investment consulting and wealth management designations and world class education offerings, conferences, education, and publications to the investment industry.

PURPOSE OF THE INVESTMENT POLICY STATEMENT

This statement of investment policy is set forth by the Investment Management Consultants Association (IMCA) in order to:

1. Define and assign the responsibilities of all involved parties regarding the management of the assets of the Long-term investment account.
2. Establish a clear understanding of the investment goals and objectives of the Fund assets.
3. Offer guidance and limitations to all Investment Managers / Consultants regarding the investment of Fund assets.
4. Establish a basis for evaluating investment results.
5. Manage Fund assets according to prudent standards. IMCA investment process shall be in compliance with the State of Colorado – “Uniform Prudent Management of Institutional Funds Act” UPMIFA.
6. Establish the relevant investment horizon for which the Fund assets will be managed.

In general, the purpose of this statement is to outline a philosophy and attitude, which will guide the investment management of the assets toward the desired results. It is intended to be sufficiently specific to be meaningful, yet flexible enough to be practical.

PURPOSE OF THE LONG-TERM INVESTMENT AND OPERATING ACCOUNTS

The Investment Management Consultants Association, Inc. (“IMCA”) Long-Term Account (“Fund”) was established to provide long-term financial stability for the organization. While shorter-term investment results will be monitored, adherence to a sound long-term investment policy is crucial to the long-term success of the IMCA.

The **Restricted Long-Term Funds** are those funds that are in excess of the anticipated needs for the operating funds of the organization. These funds are set-aside at the direction of the Board of Directors to protect the association’s viability during periods of financial need, which may arise due to:

- 1) An unanticipated substantial decline in revenue,
- 2) Unforeseen extraordinary expenses,
- 3) Liabilities, actual or contingent, arising from legal claims or law suits,
- 4) Developmental projects of major proportion. Use of these funds requires the Board of Directors approval in every instance.

DELEGATION OF AUTHORITY

The governing body of the Investment Management Consultants Association (IMCA) is the Board of Directors which is a named fiduciary and has ultimate responsibility for directing and monitoring the investment management of Fund assets. As such, the Directors are authorized to delegate certain responsibilities to professional experts in various fields. These include, but are not limited to:

1. The Finance, Audit and Investment Committee: The Board of Directors has delegated the direct management and fiduciary oversight of the investment management of all investment assets to the Finance and Audit Committee. The Finance and Audit Committee has appointed a subcommittee, the “Investment Committee” to carry out these duties.
2. Investment Management Consultant: The consultant advises the Board of Directors through the Finance, Audit and Investment Committee in establishing investment policy, objectives, and guidelines; selecting investment managers and investment vehicles, reviewing such managers and investment vehicles over time; measuring and evaluating investment performance; and other tasks as deemed appropriate.
3. Investment Managers: The investment managers have discretion to purchase, sell, or hold the specific securities that will be used to meet the Fund's investment objectives, within the limits of each manager's specific investment mandate.
4. Custodian: The custodian will physically (or through agreement with a sub-custodian) maintain possession of securities owned by the Fund, collect dividend and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales. The custodian may also perform regular accounting of all assets owned, purchased, or sold, as well as movement of assets into and out of the Fund accounts.

ASSIGNMENT OF RESPONSIBILITY

Responsibility of Finance, Audit and Investment Committee

The Finance, Audit and Investment Committee is responsible for formulating and recommending investment policy for the “Fund” to the Board of Directors. These duties are carried out by the Investment Committee of The Finance and Audit Committee and include but are not limited to the following:

- Selection and retention of investment managers and investment vehicles as the investment policy dictates. The Finance, Audit and Investment Committee acts within the authority delegated by the Board of Directors in all matters relating to investment manager and investment vehicle selection. From time to time, certain members of the Finance, Audit and Investment Committee may be required to recuse themselves from such responsibility.
- Review performance of the fund to stated objectives. Review and monitor performance of investment managers and investment vehicles.
- Monitor the asset allocation of the fund. The Committee acts with the authority of the Board of Directors in all matters relating to rebalancing the portfolio to the strategic asset allocation targets, which may include intermediate term active adjustments over time.
- Determine if the overall policies and objectives continue to be appropriate and reasonable and make recommendations to the Board of Directors as necessary.

Responsibility of the Investment Consultant(s)

The Investment Consultant's role is that of a non-discretionary advisor to the Finance, Audit and Investment Committee. Investment advice concerning the investment management of Fund assets will be offered by the Investment Consultant, and will be consistent with the investment objectives, policies, guidelines and constraints as established in this statement. Specific responsibilities of the Investment Consultant include:

1. Reviewing the financial markets and economic climate in light of the Fund's investment objectives and investment activity.
2. Conducting investment manager and investment vehicle searches when requested by the Investment Committee.
3. Providing "due diligence", or research, on the Investment Manager(s).
4. Monitoring the performance of the Investment Manager(s) and investment vehicles to provide the Finance, Audit and Investment Committee with the ability to determine the progress toward the investment objectives.
5. Communicating matters of policy, manager research, and manager performance to the Finance, Audit and Investment Committee.
6. Providing review of the fund investment history, historical capital markets performance and the contents of this investment policy statement to any newly appointed members of the Finance, Audit and Investment Committee.
7. The Investment Consultant must operate without any conflicts of interest.

Responsibility of the Investment Manager(s)

Each Investment Manager will have full discretion to make investment decisions for the assets placed under its jurisdiction within the investment methodology and mandate approved by the Finance and Audit Committee through the Investment Committee. Institutional pooled funds selected will be governed by their prospectus, or disclosure documents as appropriate, as Investment Manager Policy addendums will not be written for pooled funds or for management of index funds.

GENERAL INVESTMENT PRINCIPLES

In seeking to attain the investment objectives set forth in the policy, the Investment Committee and its members shall exercise prudence and appropriate care in accordance with the Uniform Prudent Management of Institutional Funds Act adopted by the State of Colorado. All investment actions and decisions must be based solely in the interest of the Fund. Fiduciaries must provide full and fair disclosure to the Committee of all material facts regarding any potential conflicts of interests.

UNIFORM PRUDENT MANAGEMENT OF INSTITUTIONAL FUNDS ACT (UPMIFA)

It is the intent of the Board of Directors to have the Finance, Audit and Investment Committee apply the investment standards of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as they apply in the management of the investment assets. The following language was taken directly from Senate Bill 1329, which established the UPMIFA standards:

Institutional Funds

In managing and investing unrestricted institutional funds, all of the following factors, if relevant, must be considered:

- General economic conditions.
- The possible effect of inflation or deflation.
- The expected tax consequences, if any, of investment decisions or strategies.
- The role that each investment or course of action plays within the overall investment portfolio of the funds assets.
- The expected total return from income and the appreciation of investments.
- Other resources of the institution.
- The needs of the institution and the funds to make distributions and to preserve capital.
- Management and investment decisions about an individual asset must be made not in isolation but rather in the context of the institutional fund's portfolio of investments as a whole and as a part of an overall investment strategy having risk and return objectives reasonably suited to the funds and to the institution.
- Except as otherwise provided by law other than this part, an institution may invest in any kind of property or type of investment consistent with this section.
- An institution shall diversify the investments of institutional funds unless the institution reasonably determines that, because of special circumstances, the purposes of the funds are better served without diversification.
- Within a reasonable time after receiving property, an institution shall make and carry out decisions concerning the retention or disposition of the property or to rebalance a portfolio, in order to bring the institutional funds into compliance with the purposes, terms, and distribution requirements of the institution as necessary to meet other circumstances of the institution and the requirements of this part.
- A person that has special skills or expertise, or is selected in reliance upon the person's representation that the person has special skills or expertise, has a duty to use those skills or that expertise in managing and investing institutional funds.
- The investment policy of the institution.

Fiduciary responsibility for decisions regarding the management of investment assets rests jointly with the Finance Audit and Investment Committee, the Investment Management Consultant and the Investment Managers hired by the Investment Management Consultants Association.

DIVERSIFICATION AND ASSET ALLOCATION STRATEGY

The overall asset allocation strategy shall be to diversify investments to provide a balance that will enhance long-term total return while avoiding undue risk or concentration in any single asset class or investment strategy. The Finance, Audit and Investment Committee have approved five distinct asset classes for inclusion in the portfolio. They are as follows: domestic equity (large and small cap), domestic fixed income, international equity, tangible / alternatives and cash. The portfolio will be invested with investment manager(s) and investment vehicles in each of these five asset classes. Multiple manager(s) and or investment vehicles may be employed. The overall objective of the Long-term account will be to maintain a fully invested asset allocation with minimal allocation to cash. Individual asset class managers may hold cash as a portion of their portfolios consistent with their investment methodology.

The aggregate funds Asset Allocation Guidelines (at market value) are illustrated in the table below. Maximum allocations (upper limits) and Minimum allocations (lower limits) are provided to give guidelines for re-balancing the portfolio when the valuations of each asset class move outside the minimum or maximum collar. Specific policy is provided in the section on “Re-balancing”.

Asset Class Guidelines:

Asset Class	Strategic Allocation	Lower Limit	Upper Limit	Range
Total Equities	50%	35%	65%	30%
• US Large Cap Equities	20%	16%	24%	20%
• US Small/Mid Cap Equities	10%	7%	13%	30%
• International non-US Equities	20%	14%	26%	30%
Fixed Income Securities	35%	30%	40%	14.2%
Tangible / Alternative	15%	11.25%	18.75%	25%
Total	100%			

Lower / Upper asset class limits: The trailing 10-year standard deviation for the measurable asset classes are: US Large Cap (Russell 1000) 16.31%, US Small Cap (Russell 2500) 19.98%, International Equity (MSCI ACWI ex US 19.36%, Fixed Income (Citi World Government Bond Index) 7.56%.

CAPITAL MARKETS – Asset Allocation Analysis

The methodology for testing the strategic asset allocation in Addendum A is strictly an historical back-test using the historical returns and volatility of returns of the index portfolios represented in the analysis.

SPENDING POLICY

Spending Policy will be determined annually depending on the need for special projects, coverage of unexpected liabilities or other special situations determined by the Board of Trustees. The objective of the long-term account is to apply a maximum spending rate of up to 4% of the previous year aggregate market value of the long-term account. The long-term fund is not permanently endowed capital and therefore the Board of Trustees does have the discretion to move any portion of these funds back to the short-term fund or the operating account.

ASSET ALLOCATION: REBALANCE POLICY

The Treasurer and Investment Consultant will review the investment portfolio on a quarterly basis to evaluate the fund and its balance to the strategic asset allocation of this Policy Statement. When the fund illustrates asset class balances outside the minimum or maximum policy allocation, the portfolio will require re-balancing activity to restructure back within its strategic asset allocation limits. The Investment Consultant shall report on the detailed asset allocation of all managers, including the tactical managers in order to evaluate our risk exposures regarding asset class diversification. All re-balancing activity will be executed by the Investment Consultant with approval from the Investment Committee. An "Asset Allocation Rebalance Spreadsheet" will be used to illustrate and account for each rebalance activity. Prior to execution, rebalance activity should be "marked to market" and not determined by the last quarterly analysis. Contributions into the Long-term Account or distributions out of the Long-term account will be managed to bring the fund closer to the strategic allocation, but will not require a full rebalance activity.

SELECTION OF INVESTMENT MANAGERS**(Separate Account Management, Commingled Investment Funds and Investment Vehicles)**

The IMCA Board of Directors has delegated the selection of Investment Manager(s) to the Finance and Audit Committee through the Investment Committee. The Investment Committee shall utilize the due diligence and advisor services of the Investment Consultant. Investment Manager Selection must be based on prudent due diligence procedures. Decisions to employ, retain and/or terminate investment managers and/or investment vehicles will be the responsibility of the Investment Committee with the assistance and recommendations of the Investment Consultant. The Investment Consultant will act as a non-discretionary advisor and require the approval of the Investment Committee in all matters regarding changes to the investment manager(s) and or investment vehicles of the Fund.

Investment managers must be a registered investment advisor under the Investment Advisors Act of 1940, or a bank or insurance company. The Investment Consultant will be required to conduct and document for the Finance and Audit Committee through the Investment Committee investment manager and or investment vehicle search and evaluation for each asset class adopted in the Asset Allocation Analysis. The search process will provide quantitative historical performance information using reliable manager composite data to evaluate the risk-adjusted returns of the manager(s) or investment vehicles performance track records. The intent of these evaluations will be to find manager(s) or investment vehicles that are capable of achieving excess returns relative to appropriate capital market benchmarks, but with a primary focus on risk management, downside protection and therefore risk-adjusted returns on investment. Investment managers and / or investment vehicles selected may have periods where these performance characteristics are not achieved. We will look to the advice of our Investment Consultant and the collective decisions of our Investment Committee to maintain or terminate these managers or investment vehicles. In addition, the Consultant will be required to perform and report a qualitative analysis of the investment manager(s) or investment vehicles personnel, investment process and stability of the investment organization. In addition to active management, passive investment management and the utilization of index portfolios may also be invested in the management of the long-term investment account.

Commingled Funds

The Finance, Audit and Investment Committee may also invest in commingled investment funds. The Committee recognizes that the investment practices of such funds will be in accordance with the funds' prospectus and disclosure documents. However, in general, these investment practices must be in concert with the overall guidelines of this investment policy statement. The Investment Consultant shall be responsible to monitor the investment practices of such funds and investment vehicles to determine whether or not they are consistent with this Policy.

Selection Criteria for Commingled Funds

Mutual funds and commingled funds shall be chosen using the following criteria:

- All mutual funds shall be registered Investment Companies as defined under the Investment Company Act of 1940. The Investment Companies need not be classified as "diversified" Investment Companies as defined in the Investment Company Act of 1940.
- All commingled portfolio's exempt from registration under the Investment Company Act of 1940 and/or The Securities Act of 1933 will be funds of a trust maintained by a bank.
- Fund selection will evaluate past performance with a focus on consistence and risk adjusted returns analysis. A variety of statistical tools will be utilized in analysis of fund performance. These analytical tools will include but not be limited to; Alpha, Beta, Capture Ratios, Information Ratio, Excess Returns to appropriate benchmarks and other measures.
- How well the commingled fund's investment style or investment methodology complements other funds in the portfolio,
- Level of experience, financial resources, and staffing levels of the service provider,
- Level of investment management expenses and/or total expenses charged by the commingled fund.

IMCA Board Member - Conflicts of Interest Policy

The investment assets of the Long-term Account shall not be invested in any investment vehicles or products that are affiliated with the parent company or affiliated companies of any members of the IMCA Board of Directors and/or the Finance, Audit and Investment Committee.

INVESTMENT GUIDELINES

Allowable Assets

Cash Equivalents

- Treasury Bills
- Money Market Funds
- Commercial Paper
- Banker's Acceptances
- Repurchase Agreements
- Certificates of Deposit

Fixed Income Securities

- U.S. Government and Agency Securities
- Corporate Notes and Bonds
- Mortgage Backed Bonds
- Preferred Stock
- Fixed Income Securities of Foreign Governments and Corporations
- Planned Amortization Class Collateralized Mortgage Obligations (PAC CMOs) or other "early tranche" CMOs
- Asset-Backed Securities
- Treasury Inflation Protected Securities (TIPS)

Short Selling and Margin Transactions

- Are approved transactions for the portfolio.

Equity Securities

- Common Stocks
- Convertible Notes and Bonds
- Convertible Preferred Stocks
- American Depository Receipts (ADRs) of Non-U.S. Companies
- Stocks of Non-U.S. Companies (Ordinary Shares)
- REIT – Real Estate Investment Trusts that are publicly traded.

Institutional Mutual or Pooled Funds

- Mutual Funds invested in securities as allowed in this statement.
- Commingled funds maintained by a bank.

Other Assets

- GIC's – Guaranteed Insurance Contracts

Currency Contracts

- Approved for hedging positions in the portfolio as well as for investment to protect against US dollar appreciation.

Commodities, Futures, Options.

- Are approved securities and activities for the portfolio.

Prohibited Assets for Investment Managers

Prohibited investments for traditional investment managers include the following:

1. Private Placements
2. Limited Partnerships
3. Venture-Capital Investments
4. Direct Real Estate Properties (non-securitized and illiquid)

INVESTMENT PERFORMANCE REVIEW AND EVALUATION

Performance reports generated by the Investment Consultant shall be compiled quarterly and communicated to the Investment Committee for review. Performance monitoring will focus on the evaluation of the following:

- Net Absolute returns to Policy Goals - (CPI, Net Expenses)
- Relative Returns – time weighted to capital market benchmarks (Normal Policy)
- Risk-adjusted returns – Investment managers will be evaluated by a variety of risk measures such as; Beta, Alpha, Standard Deviation, Tracking Error, Sharpe Ratio, Information Ratio and others. Investment managers must be within acceptable risk standards as measured by these tools in relationship to the manager's investment methodology and the capital markets. The Investment Committee will determine what is considered acceptable at the time of evaluation.
- Manager/Investment Vehicle Peer Universe Returns – compared to top quintile investment managers of similar asset class and invest style.

The investment performance of total portfolios, as well as asset class components, will be measured against commonly accepted performance benchmarks. Consideration shall be given to the extent to which the investment results are consistent with the investment objectives, goals, and guidelines as set forth in this statement. The Investment Committee intends to evaluate the portfolio(s) over at least a five-year period, but reserves the right to terminate any investment manager/vehicle for any reason including the following:

- Investment performance, which is significantly less than anticipated given the discipline employed, and the risk parameters established, or unacceptable justification of poor results.
- Significant qualitative changes to the investment management organization such as; change of ownership or investment professionals, investment methodology or investment style changes in the investment management of the funds assets, dramatic change in level of assets managed by the firm and any breach of fiduciary or ethical duties to IMCA.

Investment managers and investment vehicles shall be reviewed regularly regarding performance, personnel, strategy, research capabilities, organizational and business matters, and other qualitative factors that may impact their ability to achieve the desired investment results. The Finance and Audit Committee through the Investment Committee may execute the termination and employment of Investment Managers and Investment Vehicles without the approval of the Board of Directors. These changes in investment management must be within the guidelines of the asset allocation outlined in this Policy Statement.

MANAGEMENT COST, FEES AND PROFESSIONAL COMPENSATION

One of the fiduciary responsibilities of Finance, Audit and Investment Committee is to understand and account for all cost in the management of Fund assets. Management cost must be reasonable, to the direct benefit of the fund and without any conflicts of interest. The Investment Consultant will assist the Finance, Audit and Investment Committee in the determination, understanding, negotiation and accountability of all fund investment cost. The following cost of asset management must be evaluative and considered:

- Investment Managers fees for both active and passive management,
- Commingled Pooled Fund internal expenses,
- Audit, Administrative and Sub-accounting fees,
- Custodial and Consulting fees.

An important fiduciary responsibility is understanding where the allocation of management cost best affects the ability of the fund to obtain superior risk adjusted performance and increase the probability of achieving the investment goals and objectives. This evaluation should not be considered a cost minimization model, but a prudent allocation of resources to obtain objectives.

The Consultant will provide a schedule listed as **Addendum A – Asset Management and Consulting Fee Structure**. At any time changes are made to the Asset Allocation Model or changes to the manager(s), investment vehicles employed, a new Addendum will be provided.

INVESTMENT POLICY REVIEW

To assure continued relevance of the guidelines, objectives, financial status and capital market expectations as established in this statement of investment policy, the Investment Committee plans to review investment policy at least annually. Policy amendments must be approved by the Finance and Audit Committee through the Investment Committee and then submitted for final approval for the Board of Directors.

This statement of investment policy is adopted as of December 2011 by the Board of Directors of the Investment Management Consultants Association (IMCA).

For and on behalf of the IMCA,

_____, President

_____, Treasurer