

The Floyd County Legacy Foundation  
Request for Proposal  
Investment Management Services

**Summary**

Floyd County Legacy Foundation (“Foundation”) seeks proposals from firms qualified to provide investment management services. To be considered a qualified respondent, your firm must comply with all the specifications within the RFP and you must also respond to all items in the RFP.

Proposals should be prepared simply and economically, avoiding use of elaborate promotional materials beyond those sufficient to deliver a complete, accurate and reliable presentation.

Proposals submitted shall completely address each of the following evaluation criteria in the order presented.

Proposals shall be submitted as follows:

1. One electronic copy via email as a PDF document addressed to [Steven.P.Langdon@msth.com](mailto:Steven.P.Langdon@msth.com); and
2. One hard copy signed by a representative authorized to bind the firm contractually and addressed as follows:

Steven P. Langdon  
Floyd County Council Attorney  
McNeely Stephenson  
318 Pearl Street, Ste. 200  
New Albany, Indiana 47150

**\*Responses must be received on or before 5:00 p.m. on Friday, October 12, 2018.\***

Where possible, responses shall be limited to single-spaced, single-sided, 8½ x 11 pages (excluding exhibits, samples, or other attachments) in no smaller than 12 point font. Any cost incurred in preparation, transmittal, presentation of any proposal or material submitted in response to the RFP shall be borne solely by the respondent.

The Foundation reserves the right, in its sole discretion, to reject any and all responses and to waive any irregularity or informality in any response. The Foundation shall not be liable for any losses and/or expenses incurred by the respondents throughout this process. Proposals or promotional materials will not be returned.

The Foundation reserves the right to request additional information from any and all respondents to assist in its evaluation process. All representations, including fees, made by the respondent must be in effect for a minimum of 120 days. The Foundation will make its choice based upon all the information submitted and will not necessarily rely solely on the lowest bid.

The following information is provided to assist you in better understanding the Foundation's investment needs.

- Investment Policy pursuant to IC 30-2-12, the Uniform Management of Institutional Funds Act.
- Spending Policy – UPNIFA up to 5%
- Indiana Code § 36-1-14-5, *as added by P.L.183-2018, SEC.1.*  
(<http://iga.in.gov/legislative/laws/2018/ic/titles/036/#36-1-14-5>)

### **Minimum Criteria**

To be considered, investment managers must meet following the minimum criteria:

- Be a financial institution eligible to receive public funds of an Indiana political subdivision under IC 5-13-8-1 to assist the board in its investment program.
- Provide historical quarterly performance numbers calculated on a time-weighted basis, based on a composite of all fully discretionary accounts of similar investment style, and reported net and gross of fees.
- Composite index must be Level I - CFA Institute compliant (AIMR PPS/GIPS)
- Provide performance evaluation reports prepared by an objective third party that illustrate the risk/return profile of the manager relative to other managers of like investment style
- Provide detailed information on the history of the firm, key personnel, key clients (relative to privacy standards), fee schedule, and support personnel. This information can be a copy of a recent request for proposal (RFP) completed by the manager
- Clearly articulate the investment strategy that will be followed and document that the strategy has been successfully adhered to over time
- Selected firms shall have no outstanding legal judgments, liens or past judgments that may reflect negatively on the firm

### **About the Foundation - General Information**

Floyd County Legacy Foundation was created pursuant to HB1256 and by Local Ordinance No. 2018-2 (Floyd County Council) and Local Ordinance No. 2018-08 (Floyd County Commissioners). The funds available for deposit predominately consist of the proceeds from the sale of the Floyd Memorial Hospital formerly located in Floyd County, Indiana.

The Foundation expects to invest the future proceeds received from the sale of the Hospital which are expected to total approximately forty million dollars (\$40,000,000.00) by or before January 1, 2026. The Foundation seeks to grow these assets in a disciplined and prudent manner, in order to meet its Spending Policy objective and to return the greatest amount of good for Floyd County, Indiana).

## **Evaluation Criteria and Estimated Timetable**

**Evaluation Criteria:** The Foundation will select the most suitable firm, in its sole judgment, based upon its assessment of various qualitative factors and proposed pricing. The Foundation reserves the right to reject any and all proposals for any reason.

Evaluation Criteria will include assessment of the following factors:

- Experience and expertise of the firm
- Responses to the specific questions provided herein
- Experience in working with foundations and with government agencies
- Qualifications of personnel to be assigned to the Foundation's account
- Results of the discussion with the firm's personnel and consideration of the firm's references
- Competitive fee proposal

### **Estimated Timeline for Process:**

Distribute RFP	September 14, 2018
Final due date for responses	October 12, 2018
Notification of selected finalists	November 9, 2018
Interviews of finalists at Foundation offices	Week of November 12, 2018
Board of Trustees meet and approve consider	Week of November 19, 2018
Approval Notification of selected firm	Week of November 26, 2018
Contract finalized	Week of December 17, 2018
Contract begins	By or before January 1, 2019

## PROPOSAL QUESTIONNAIRE

### **Company Information**

1. Provide a brief description of your firm's history, organization of the firm, ownership structure and percentage owned by current employees. Describe any recent or anticipated changes in the ownership of the firm over the past two or next two years. How many years has your firm been providing investment management services to foundations?
2. Is your firm a registered investment advisor with the SEC under the Investment Advisors Act of 1940? Please include your most recent Form ADV Part 1 and 2 and annual report. Please list any SEC or other regulatory actions against the firm or its employees, or any litigation involving the firm, in the last 5 years.
3. What is the makeup of your clients – institutional, individual, nonprofit, etc.? What are your total assets under management and the percentage of that total attributable to each category of client you list?
4. How many foundation clients do you have and what is the average account size? In the last three years, how many institutional clients have been added? How many have been lost?
5. Provide a list of applicable insurance coverage, particularly fiduciary insurance and errors and omissions insurance, maintained by your firm along with the coverage amounts. If you provide custodial services, are client assets covered by SIPC and/or other insurance? If so, how much?
6. Will you assume a fiduciary role in your services for our account? If not, why not?
7. Do you receive fees, commissions, or other compensation from managers or funds that will be included in our portfolio?
8. Does your firm intend to use any subcontractors in delivering services associated with your proposal? If yes, provide the name and qualifications of the subcontractor (s) and describe the nature of the services each will provide and what percentage of fee is allocated to those services.
9. Please provide the actual investment performance and standard deviation of current and similar client for the past 1, 3, 5 year periods, including a description of the asset allocation or strategy. Note that all information is expected in accordance with CFA/AIMR standards.

### **Expertise**

1. Describe the range of services provided by your firm, including specialized services for foundations.
2. How many accounts do you manage with balances over \$10 million?

3. What is the size of your largest account?
4. What resources do you draw upon for managing client assets - internal processes, outside services, databases and analytical tools?
5. How many full time staff are employed at your firm? Who are the key personnel who specialize in serving foundations such as ours? Please provide an organizational chart and the biographies of key individuals who would be directly responsible for our account, including the year they joined your firm, current responsibilities, and number of accounts each of them serve. Please discuss what each of their roles will be in handling our account. Who will be our primary contact?
6. Do you have a local office that would service our account?
7. Provide the turnover rate of professional staff over the last five years for the division or area that would serve our account.
8. Describe the firm's succession plan; including back up detail for the lead contacts who would be assigned to our account and key investment area leadership.

### **Conflict of Interest**

1. Explain in detail any potential for conflict of interest that may be created by your firm providing investment management services to us. Please review the attached list of members of the Floyd County Commissioners, the Floyd County Council, and the Foundation's Board of Trustees to determine if there are relationships with any of these individuals.
2. Do you have any financial relationships with outside brokers/dealers or commission recapture firms?
3. Does your firm receive revenue from investment managers in the form of dues, finder's fees, "soft dollars" or charges for conferences? If yes, please provide details.
4. Please include as an exhibit a copy of your firm's conflict of interest policy.

### **Investment Philosophy**

1. Discuss your investment philosophy for foundations.
2. Describe the scope of investment services you will provide for our account.
3. Describe the process that you use for review and assessment of existing investment policies, guidelines and asset allocation. Will you review our investment policy? What recommendations would you make for creating an investment policy pursuant to IC 30-2-12, the Uniform Management of Institutional Funds Act?

4. Describe how you would assist the Foundation in determining an appropriate return objective for its portfolio.
5. In general, do you recommend active or passive investing? Why? If you advise active management, how successful have you been in performing (or, in identifying managers who consistently perform) in the top quartile?
6. For our account, would you recommend active or passive investing, or a combination of both? Why?
7. What role will asset allocation play in your recommendations for our account? Describe in detail the theory and methodology of the asset allocation models the firm employs. What recommendations would you make for our current asset allocation? If you are recommending changes, please discuss in detail the reasons. Do you stress test your recommended asset allocation?
8. Identify your long term strategic recommendations?
9. How do you define risk? What measures of risk do you utilize in determining an appropriate asset allocation for our account?
10. What is your approach to portfolio rebalancing?
11. Do you recommend alternative investments (non-traditional investment assets such as hedge funds, real estate, private equity and commodities) for foundations? Discuss your philosophy and analytical approach to alternatives.

### **Investment Process**

1. Discuss your method, process, internal and external resources for determining the appropriate asset allocation for our account.
2. Discuss how the asset allocation will be implemented through manager and/or fund selection for constructing a portfolio. Provide detail on your ongoing manager and/or fund due diligence process including your method, process, internal and external resources. How do you evaluate and select investment managers and/or funds for our portfolio?
3. What criteria do you use in determining when to replace a manager and/or fund? How will this be communicated to us? How frequently will we be updated?
4. Do you have the capability to manage some or all of the recommended asset allocation classes in house (proprietary)? If you will be recommending in house (proprietary) investment management, please describe your investment process, provide biographies of key personnel (if different from above) and why in house (proprietary) management may be preferred for those asset classes.
5. How often and in what detail will you review our portfolio?

## **References**

1. Please provide three client references whom we may contact.

## **Customer Service**

1. Discuss your customer service philosophy and how it is implemented.
2. Do you provide initial and ongoing investment policy reviews and recommendations?
3. Provide samples of account reports that we will receive, including asset allocation, performance valuation, etc. What is the frequency of these reports? Are they available on-line? Please provide a sample copy of a performance report the investment committee could expect, including a description of the type of data in your database or universe.
4. Are performance reports in compliance with GIPS (AIMR) reporting standards?
5. How frequently will you meet with us in person? If providing in house (proprietary) investment management, will the portfolio manager(s) be available to meet with us in person to review our account?
6. Provide samples of regular client communications that we will receive such as market updates, newsletters, etc.

## **Fees**

1. Provide details of the proposed fee schedule for our account, including expenses for the services listed below. Please state the proposed fees on a hard dollar as well as soft dollar basis and explain your soft dollar policy. State if each manager complies with CFA Institute's soft-dollar standards. State whether your fees include attendance at investment committee meetings and the maximum number of meetings anticipated in your proposal.
  - Investment Management Services: Reviewing the foundation's current investment policy/asset allocation/benchmarks; initial selection of institutional funds or other investment vehicles; replacement of investment vehicles.
  - Performance Monitoring Services: Review the portfolio performance on an on-going basis.
2. Do you have a minimum fee?
3. What is your billing frequency?
4. Describe any other compensation your firm may receive as a result of our business relationship, including incentive, trailer or contingent payments from third parties.