

HCC Foundation RFP for Investment Management Service

October 19, 2018

The Houston Community College Foundation (HCCF) has more than **\$11,000,000** in endowed assets and is requesting proposals for custody and investment management services from qualified financial service organizations. Proposals must be submitted to our office **by 5:00 pm on November 15, 2018** in the format provided in the Request for Proposals (RFP).

Our timeline is as follows:

October 19	RFP posted online at www.hccsfoundation.org
November 15	Proposals submitted to Houston Community College Foundation
November 30	Finance and Investment Committee determines 3-5 providers to invite for presentations
January	Presentations from providers to Finance and Investment Committee
	Finance and Investment Committee recommendation made (Committee Meeting)
	HCC Foundation selects service provider(s) (Board Meeting)
TBD	Notification to advisors
TBD	Contract Effective Date

One original proposal with signatures, and ten (10) printed additional copies, and one (1) electronic copy saved as a PDF file on a USB flash drive for review by our Finance and Investment Committee, must be submitted.

Please send RFP proposals to:

Houston Community College Foundation
3100 Main Street, Suite 12B12
Houston, TX 77002
Attention: Sylvia Romero



REQUEST FOR PROPOSAL

Investment Advisory and Custodial Management

Contact:

**Karen L. Schmidt, CFRE
Executive Director, HCC Foundation
713-718-8596
karen.schmidt2@hccs.edu**

HCC Foundation is a Texas non-profit corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. HCC Foundation is accepting proposals to provide investment advisory and custodial services for their Foundation. The value of the Foundation's endowed assets is approximately \$11 million, and the Board will consider having its investments managed by one or two firms.

A copy of the Investment Policy is provided for your review. Please review and answer the attached questions, and submit your proposal **by 5:00 p.m. on November 15, 2018**. One (1) original proposal with signatures, and ten (10) printed additional copies, and one (1) copy on a USB drive for review by our Finance and Investment Committee, must be submitted. Proposals may be mailed to Houston Community College Foundation; 3100 Main Street, Suite 12B12; Houston, Texas 77002; Attention: Sylvia Romero.

HCC Foundation Executive Director, will be the primary contact for any questions or information needed in preparation of your proposal. Executive Director Contact information is set forth on the cover page.

Please respond to each question posed, keeping the questions in the order presented.

A. About Your Firm/Team

1. Legal Firm (Team) Name.
2. Describe the ownership and structure of your firm (team).
3. List your firm's lines of business (including affiliated companies):
4. Briefly describe your firm's history:
 - a. How many years has your firm provided investment management services?
 - b. How many years has your firm provided discretionary portfolio management?
5. What is the total number of employees in your firm?
 - a. Of those, how many employees are directly involved in the investment process?
 - b. Do you use subcontractors? (Y/N)
6. Investment Management as a percent of total firm business:
 - a. What percentage of revenue from investment management and advisory services?
 - b. What is your firm's total assets under management?
 - Amount of individual assets (percentage of total).
 - Amount of endowment and foundation assets (percentage of total).
 - c. What is the total number of clients under your advisement?
 - Number of individual clients.
 - Number of endowment and foundation clients
 - d. How many endowment and foundation clients have you added over the past 12 months?
 - e. How many endowment and foundation clients have you lost over the past 12 months?
 - What drove the decision to leave?
7. Please list and describe the investment management services your firm offers.
8. What are your firm's key strengths, competitive advantages and weaknesses?
9. How does your firm define and measure success of your investment management relationships?

10. Please list the federal, state and other regulatory agencies with which your firm is licensed or registered and the type of license held that would be pertinent to this RFP.
11. Have any individuals from your firm even been disciplined or found guilty by any government regulator for unethical or improper conduct or been sued by a client who was not happy with the work performed by the firm?
12. Has your firm been found guilty of any federal or state security law of regulation and/or paid a fine to a state regulator, SEC, FINRA or other government agency for a violation of a security statute?
13. Is your firm bonded/insured? If so, to what amount?
14. Describe your firm's experience with providing services to foundation and endowments.
15. Please provide three client references, preferably clients similar to our organization in terms of size and needs.
16. Do you provide training and education for the Board and staff of the Foundation? If so, what type of activities do you offer (please provide specific examples).
17. In what other way(s) is your organization prepared to support the mission of the Foundation (please describe any additional services the Foundation could benefit from that are not included in the scope of the RFP)?

B. Service Team

1. Describe the service model applicable for our account (staff, responsibilities, interactions with our account, frequency of in-person meetings, frequency of conference calls, team dynamics).

2. Primary contact for relationship:

Name:

Title:

City, State and Zip:

Phone:

Email:

- a. Overall experience with portfolio management.
- b. Education, honors, designations and other credentials.
- c. Regular activities to stay current on market and regulatory developments.
- d. Area of expertise.
- e. Years with the firm.
- f. Role at firm.
- g. Number of accounts managed.
- h. Average size of accounts managed.

3. Will the primary contact be the only person with whom we will be working?

If no, provide the following:

Contact Name:

Title:

City, State and Zip:

Phone:

Email:

- a. Overall experience with portfolio management.
- b. Education, honors, designations and other credentials.
- c. Regular activities to stay current on market and regulatory developments.
- d. Area of expertise.
- e. Years with the firm.
- f. Role at the firm.
- g. Number of accounts managed.
- h. Average size of accounts they manage.

C. Investment Services

1. Describe your firm's investment philosophy.
2. Describe your firm's investment process.
3. Do you offer investment policy statement support? If so, to what extent?
4. What tools does your firm use to evaluate and monitor your investments?

5. Describe your investment research resources and capabilities.
 - a. Is your investment research proprietary or from a third party?
 - b. How are our investment benchmarks determined?
6. How often do you hold performance review meetings with clients? What reports do they receive?
7. What actions do you take when investments are not performing?
8. What is your termination process?
9. How do you manage risk? Beyond portfolio diversification (in accordance with our Investment Policy), what are some of the strategies or techniques you use to manage market risk?
10. What techniques or strategies do you use to achieve negative co-variance amount investments or asset classes?
11. What do you consider to be the unique challenges faced by endowment funds regarding risk management?
12. Did you or your firm manage endowment funds during 2008 and 2009? If so, how did your risk management techniques work in minimizing losses and/or minimizing the negative effects of liquidations needed during that period, and the several years thereafter? Based on your experience from that period, what, if anything, would you change or do differently with your Endowment portfolios given the current market and economic environment?
13. How would you meet our requirement to “maintain the principal in perpetuity” for the portion of our permanently restricted net assets?

D. Fiduciary Status, Back Office and Compliance

1. Do you intend to act as a fiduciary?
2. Describe any potential conflicts of interest that may arise if your firm is selected as the winning bidder.
3. Does your firm have a written policy for addressing conflicts of interest? (If yes, please attach.)
4. Do you trade with discretion?

5. Who is your custodian? What additional fees are associated with this service?
6. Do you route trades through a third party?
7. Will the HCC Foundation receive monthly statements? If so, please provide a sample statement.
8. What other relevant issues should we be aware of/focused on?

E. Fees

1. How is your firm compensated for services?
2. What percentage of your firm's revenue is derived from?
 - a. Commission relationships?
 - b. Advisory relationships?
3. Does your firm receive any form of compensation or benefits from companies or individuals whose products or services you may refer or recommend?
4. Does your firm receive any soft dollar benefit for products, services or research used in the investment process?
5. Please describe all fees for services for our account under this proposal.
6. Are you willing to guarantee our fees for a specific period of time?
7. Does your firm provide a written agreement of a letter of engagement detailing services provided to our account?

F. Technology Security & Business Continuity

1. Are there any specific technological applications needed to interface with your firm?
2. Please describe your firm's data security measures.
3. Please describe your firm's disaster recovery plan.

G. Sample Portfolio

1. The Foundation requests that the proposer utilize the current IPS, to develop a sample investment portfolio for the Foundation. Proposers are requested to research and recommend investments that will prudently manage risk in accordance with investment objectives. The sample portfolio should include any currently recommended tactical allocation. Proposers selected for the interview stage should be prepared to discuss their recommendation with the Finance Committee including all associated fees and costs.

I attest that the information contained in this proposal is true and accurate to the best of my knowledge.

Signature _____

Date _____