

Request for Proposal – Investment Advisory Services

I. Red Rocks Community College Foundation Information

Red Rocks Community College Foundation is a 501(c)(3) non-profit organization that supports Red Rocks Community College through strategic fundraising and development to advance the goals and mission of the College. Since its inception in 1993, the Red Rocks Community College Foundation (RRCC Foundation) has raised over \$12 million dollars to support the College and its students.

Red Rocks Community College (RRCC) is a fully accredited, public, two-year college established in 1969. Located ten miles due west of Denver, Colorado, RRCC has an annual enrollment of 15,000 students in 150 programs on its two campuses, its main campus in Lakewood and its Arvada campus located approximately 10 miles to the north. Known for its commitment to open access, learner-centered instruction, academic excellence, and community connections it serves the nearly 600,000 residents of four counties – Jefferson, Park, Clear Creek and Gilpin.

II. Request for Proposal

A. General Information

The RRCC Foundation seeks an experienced individual, team or firm to provide advisory counsel and investment management services for a portfolio currently valued in the range of \$3.8 million.

This Request for Proposal (RFP) is part of a competitive procurement process that helps to serve the organization's best interests. It also provides firms with a fair opportunity for their services to be considered. The process of competitive negotiation being used in this case should not be confused with the different process of competitive sealed bidding.

For ease of reference, an entity receiving this RFP is referred to as a "Firm". The Firm selected to provide services for the RRCC Foundation is referred to as the "Selectee". This RFP provides instructions for submitting proposals, procedures and criteria by which a Firm may be selected, and the contractual terms by which the RRCC Foundation proposes to govern the relationship with the Selectee.

The following items are included in the package or available on the website to assist in better understanding the RRCC Foundation and its investment needs:

- Red Rocks Community College Foundation Investment Policy dated April 2015
- Red Rocks Community College Foundation webpage: www.rrcc.edu/foundation.

B. Minimum Qualifications

To be eligible for consideration, a Firm must meet the following minimum qualifications:

- 10 years in business
- Portfolio manager registered as investment advisor with the SEC with 10 years professional experience
- Portfolio of at least \$100 million in current assets under management

C. Submission Requirements

To be considered, a digital copy of the proposal must be submitted to the RRCC Foundation by 4:00pm, April 15, 2016. Only .pdf versions will be accepted. Please include all documents in a single file.

The RRCC Foundation will not be responsible for any costs incurred by any Firm responding to the RFP. All responses will be kept confidential.

All data / material developed or acquired by the Firm as a result of work under the RFP shall be the property of the RRCC Foundation. No material or reports prepared by the Firm shall be released to the public by the Firm without the prior written consent of RRCC's Executive Director or designee.

Applications should be submitted via email to:

Kristin.aslan@rrcc.edu

Questions regarding this RFP may be addressed to:

Kristin Aslan
Director of Operations
Red Rocks Community College Foundation

Email: Kristin.aslan@rrcc.edu

Phone: (303) 914-6363

Timeline: Finalists will be notified on or around May 11, 2016 and final selection will be completed by June 1, 2016 with management to begin July 1, 2016

D. Reserved Rights of the RRCC Foundation

The RRCC Foundation has the right to:

- Reject any or all the proposals
- Cancel the entire RFP process

- Remedy the technical errors in the RFP
- Negotiate with any, all, or none of the respondents to the RFP
- Solicit the best and final offers from all or some of the prospective Firms
- Accept the written proposals as an “offer” without negotiations and issue a notice to proceed
- Contract with any respondent based solely on the qualifications and capabilities of the Firm and its consultants
- Choose not to have formal presentations
- Solicit follow up information as deemed necessary

E. Proposal Evaluation Criteria

The RRCC Foundation is not bound to accept the lowest fee proposal or the highest projected performance. The following list of criteria will be used to evaluate all submitted proposals. The order in which the selection criteria are listed is not necessarily indicative of their relative importance:

1. Composition of the Firm including the key personnel committed to this project, their experience and track record of performance, and the Firm’s capacity to provide high quality services
2. The Firm’s availability to work with RRCC Foundation’s Finance Committee on an ongoing basis
3. The Firm’s reporting and communications practices
4. The Firm’s involvement with and commitment to the metro Denver community
5. Administration and personnel:
 - length of time the organization has been in business
 - qualifications of key personnel
 - assignment of support staff
6. Firm’s fee proposal including terms
7. Firm’s relevant experience, qualifications and success in providing services of the type described to organizations / institutions similar to the RRCC Foundation
8. Quality of the Proposal. Specifically, proposals should be straightforward, concise and should describe the Firm’s offerings and capabilities in a format that is reasonably consistent, comprehensible and appropriate to the purpose
9. The Firm’s references from organizations / institutions comparable to the RRCC Foundation

III. Contents of Proposal

The proposal submitted by a Firm will consist of narratives and, if necessary, graphs, tables and any other information needed to illustrate the proposal and experience of the Firm. The following items should be addressed in the proposal and must reference the item number:

1.0. Company information

- 1.1 Year organized
- 1.2 Number of clients
- 1.3 Type of clientele (defined by industry and size of portfolio)
- 1.4 Number of staff (i.e., investment-related staff only)
- 1.5 Assets under management
- 1.6 Number of offices
- 1.7 Location of corporate headquarters
- 1.8 Related organizations
- 1.9 Discussion of past or present litigation or regulatory actions involving firm
- 1.10 Name of custodian

2.0 Historical performance

- 2.1 Return of total accounts of the investment advisor for the last 3mos, one, three, five and ten years
- 2.2 Return of comparable composite accounts of the investment advisor for the last 3mos, one, three, five and ten years
- 2.3 Correlation with the S&P 500, Barclays Bond Index, and other indexes
- 2.4 Maximum drawdown in any one month in the last ten years

3.0 The qualifications of your firm and its ability to provide investment management services

- 3.1 Qualifications of principals and professional staff (Please specify those individuals who will be directly responsible for this account)
- 3.2 Number of years of experience in investment management
- 3.3 Discussion of investment philosophy
- 3.4 Discussion of your customer service philosophy

4.0 Relevant experience with similar non-profit organizations

- 4.1 Include a list of your non-profit clients
- 4.2 Include three references that we may contact. Recommended are clients most similar to the RRCC Foundation in type and size of business and similar services requested

5.0 Reporting, portfolio evaluation and review of accounts

- 5.1 Frequency of reporting to clients (e.g.: monthly, quarterly)
- 5.2 Form of your reports (please provide sample)
- 5.3 Frequency of portfolio evaluation
- 5.4 Compliance with AIMR reporting standards
- 5.5 Frequency of account review by your firm and willingness to meet

with management to make recommendations and discuss performance

5.6 Copy of the advisor's most recent ADV

6.0 Recommended asset allocation for RRCC

6.1 Recommended asset allocation

6.2 Include an analysis of the efficient frontier for the recommended asset allocation and a discussion of the risk/reward spectrum for your recommendation(s)

6.3 For the investments included in your recommended portfolio, please provide a current (as of December 31, 2015), one, three, five and ten year annual returns compared to relevant indexes (both before and after fees)

7.0 Insurance

7.1 Provide a listing of applicable insurance coverage maintained with Relevant coverage limits, if any

7.2 Provide the name of your primary insurance carrier and their related AM Best rating

8.0 Research and investment decisions

8.1 Provide research methods and resources (external and internal)

8.2 Discussion of investment decision making process (committee, portfolio manager, external investment managers, etc.)

9.0 Fees

9.1 Indicate all fees involved for each of the services you are proposing to provide

9.2 Include a breakout of the initial and ongoing consulting fees and the custodial and management fees as a percentage of the dollar value of the assets

9.3 Discuss the frequency in which such fees will be evaluated and the maximum amount of any increase to be expected

10.0 Other Services

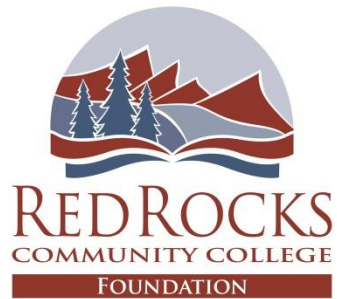
10.1 Please address any alternative or additional services that you are capable of providing that may be of benefit to the RRCC Foundation

10.2 Discuss your experience in rendering such services

10.3 Describe your ability to make recommendations to the RRCC Investment Committee on its Investment Policy in light of current conditions

11.0 Other Considerations

11.1 The RRCC Foundation will select one advisor as the result of the RFP process. That advisor may or may not have a direct role in the investment of RRCC Foundation funds. The advisor may direct funds to be invested with multiple managers including with firms and in investment opportunities other than those directly involving the advisor. The advisor will have overall responsibility for managing the RRCC Foundation portfolio and will consult with the RRCC Foundation's Finance Committee as required



RRCC Foundation

Investment/Finance

Policies and Procedures

(Reviewed/Updated April 2015)

General Operations

The general financial operations of the Foundation will be managed electronically using a Donor II sub-system titled Account Mate. The Treasurer of the Foundation, through support from the college staff, will provide periodic financial reports at every full board meeting. The annual financial report will be presented to the board at the first meeting of the new fiscal year. An annual audit of this report and other accounting procedures will be performed by an independent accounting firm, within three months of the fiscal year closing. A report of this audit will be delivered to the Board within six months.

The financial reporting system will account for the funds in three different categories: unrestricted, restricted and endowments. Unrestricted gifts are received without any intended spending guidelines. These funds are normally used for the administrative operation of the Foundation, and possibly special grants, scholarships or other gifts issued by the Foundation. Restricted gifts are received with a specific use associated with the gift. These funds are usually used for scholarships, theater expenses, equipment purchases, or any other activity specified by the donor. Endowments are gifts received where the primary intent of the donor is that only the earnings are spent for a specified purpose.

Gift Agreements

Certain gift agreements will be signed by the donor, the College President, and the Executive Director of the Foundation. This agreement will clarify the intent of the donor, identify spending policy and administrative fee allocations, and assist the Foundation in managing the gift appropriately. The nature of the gift will determine if the funds should receive a separate financial reporting account number or be pooled with other gifts for the same purpose.

Fiscal Year

From inception until December 31, 2001, the fiscal year of the Foundation was on a calendar basis. Beginning in January 2002, the Foundation changed its fiscal year to a July 1- June 30 basis.

Cash Funds Maintenance

All cash funds will be maintained in a federally insured checking or fixed income accounts. The practice will be to maintain a minimal amount in the checking account and an adequate amount for six months of operation in a savings account, with ease of money transfer capability. Some cash funds not needed immediately, but in the near future, will be distributed to local area banks for certificates of deposits to indicate support and appreciation for the banks support of the Foundation. Current year or multi-year obligations or encumbrances, such as scholarship or Teaching Chair awards, will be placed in liquid or semi-liquid accounts with access determined by the date the funds are needed. If the funding source is an endowment, earnings will be pulled from the investment pool and placed in a vehicle described above.

An independent third party fiduciary custodian will be used as a clearinghouse for stock or bond gifts, which shall be converted to cash within a short-time frame.

Long-Term Investments

In accordance with the Uniform Prudent Investment of Institutional Funds Act (UPMIFA), the objective of the RRCC Foundation investment pool is to first preserve the principal of the gift(s) and second to increase its value through careful, conscientious and thoughtful investing. The long-term investment aim shall be to achieve a rate of return, as defined by the Finance Committee, assuming a level of risk consistent with prudent investment practices for such funds. The investment intentions are to protect the spending limit and power of the gift after inflation and after management, trading and custodian fees.

The funds of the Red Rocks Community College Foundation shall be invested to provide safety through diversification in a portfolio of common stocks (equities), bonds, cash equivalents and other investments, which may reflect varying rates of return. The overall rate of return objective for the portfolio is a reasonable 'real' rate of return consistent with the risk levels established by the Finance Committee of the Red Rocks Community College Foundation Board of Directors.

The investments shall be diversified within asset classes (e.g., equities shall be diversified by economic sector, industry, quality and size). Portfolio diversification provides protection against a single security or class of securities having a disproportionate impact on aggregate performance.

The investment professional(s) selected will report directly to the Finance Committee on a periodic basis, but not less than quarterly. The Finance Committee will report the investment results to the Board of Directors of Red Rocks Community College Foundation.

The long-term target asset allocation for the investment portfolio is recommended by the Finance Committee for approval of the board of the Red Rocks Community College Foundation, to facilitate the achievement of the fund's long-term investment objective within the risk parameters. Due to the fact that the allocation of funds between asset classes may be the single most important determinant of the investment performance, the assets shall be divided into asset classes as the Finance Committee directs. The actual asset allocation, which will fluctuate with market conditions, will receive the regular scrutiny of the Finance Committee of the Red Rocks Community College Foundation Board, which bears the responsibility for overseeing allocation adjustments in order to maintain target ranges and for any permanent changes to policy.

The overall investment objective for the combined total of all RRCC Foundation funds shall be determined by the Investment/Finance Committee and will be reviewed and adjusted as market and economic conditions evolve. The rate of return objective will be achieved through investing in various investment classes with the appropriated levels of diversification and risk/reward profiles as determined by the Investment/Finance Committee and the investment manager/advisor. Investment classes will include but will not be limited to domestic and foreign equities, domestic and foreign bonds and income investments, real estate, and alternative investments. The investment results in each asset class will be continually evaluated against

various market comparative data to ensure that investments are appropriate and are producing the best possible risk adjusted returns. Market comparative data will include but will not be limited to equity and bond index data (S&P 500, American Funds, MidCap, Large Cap, Russell 2000, etc.) The Investment/Finance Committee will review and establish comparative benchmarks on an ongoing basis.

Internal Reporting

Internally, the investment pool will include true endowments and quasi endowments. All investments are reported under the endowment section of the financial reporting system.

Endowments/ Endowment Spending Limits/Endowment Administrative Fees

A new endowment fund may be established with a minimum commitment of \$10,000.

While endowment funds are pooled for investment purposes, a separate accounting is maintained of each fund's proportionate earnings and principal balance. Thus the purpose and identity of each endowment fund are preserved in accordance with the donor's intentions.

Endowed funds are created by gifts from donors with a restriction that only the income earned can be spent, or by Foundation Board designations. Under Colorado law, only earnings from endowment funds may be made available for current use. These funds are managed to grow, after expenditures, by an amount at least equivalent to the rate of inflation over a reasonable time period. The Foundation Board shall, on a periodic basis, establish spending limits so as to achieve the desired growth.

Newly established endowments must be invested a minimum of 12 months before any awards may be granted, in order for the fund to have sufficient time to accumulate earnings for distribution. For all endowments, in the event the fund balance in any given year is equal to the original endowment amount, no awards will be granted until such time as the fund recovers and earnings are available for distribution.

Effective January 1, 2002, the RRCC Foundation will annually distribute earnings in endowments according to the following procedure/policy:

Endowment earnings will be calculated utilizing a five-year rolling average of investment return. Once the calculation has determined the amount available, a five percent administrative fee will be assessed against the earnings derived from the five-year rolling average calculation. The remaining amount will be divided in half with 50 percent of the earnings available for distribution and the remaining 50 percent to be re-invested into the fund. Each individual endowment will receive the appropriate percentage for disbursement and re-investment according to its proportionate amount of the entire endowment pool. In the event an individual endowment is without accumulated earnings, it will receive only its portion of the earnings and will not have any disbursements made from it.

For endowments that have not been established for five years, fee and disbursement/re-investment calculations will be prorated.

Disbursements will not be made unless the disbursement amount calculated, using one or the other above formulas, is greater than \$1,000, or unless specifically approved by the donor. Fees will be taken annually, whether or not disbursements are made from the fund.

All guidelines proposed for new endowment funds are subject to review and approval by the Foundation Board of Directors.

Donor exceptions to the proposed spending guidelines will be handled on a case-by-case basis.

Endowment Challenge

The Endowment Challenge is funds received prior to March 31, 1996, for the sole purpose of providing the required matching funds to receive a Federal match of \$500,000. The federal regulation on this fund is, basically, that the Foundation may use 50% of the annual earnings for any unrestricted purpose. The Foundation received two major gifts for this program. These donors are consulted periodically as to how they would like to see their earnings spent. The Board is not restricted to this consultation, but it is advisable. After the close of the fiscal year, fifty percent of the earnings should be transferred to another account titled "Board Designated Restricted Earnings". This account will be managed by the Board, per the intended uses of the endowment challenge earnings, and for the specific purpose of building a reserve of funds to be used at a future date.

Gift proceeds will be invested in secured funds to protect the disbursement commitment. Distributions can be made only on realized gain.

Endowed Teaching Chair

Gifts received after January 2002 will be awarded when the actual cash value of \$15,000 needed for the award is available either through the donor's gifts (principal plus award amount), or from earnings on the donor's gifts. Until the ETC investment program can afford otherwise, the College has the option of matching ETC gifts by \$2,500.

Cost of Administration of Gift – Temporarily Restricted

It is recognized that there is an explicit administrative cost factor associated with all gifts. All temporary restricted gifts will have a 4% administrative fee assessed to them at the time the cash portion is received. Donor exceptions to the 4% assessment will be handled on a case-by-case basis.