



Request for Proposal - 2017 Investment Consulting Services

I. Introduction:

The Alaska Community Foundation (ACF) is a nonprofit, philanthropic institution with a mission to transform gifts from Alaskans into extraordinary contributions for our state's future. As a statewide community foundation, we work with individual donors, families, nonprofits, communities and corporations across Alaska to increase philanthropy and to connect people who care with causes they care about. ACF was established in 1995 and currently manages over \$80 million in assets. Since its inception ACF has awarded more than \$58 million in grants in Alaska.

ACF manages over 360 philanthropic funds that have been invested at ACF by donors from across the state. These endowed and non-endowed funds span a broad range of interests including education, food and shelter, pets, workforce development, suicide prevention, the arts, the environment, community-based needs and support for specific nonprofit organizations. ACF also manages the Pick.Click.Give. program that helps to promote grassroots giving within Alaska.

ACF administers an investment portfolio of approximately \$72 million in assets. As of June 30, 2017 the assets were invested as follows:

Large Cap Equities –	20.0%
International Equities –	12.3%
Emerging Markets -	12.4%
Fixed Income	27.9%
FOF – Hedge Fund	14.4%
Public Natural Resources	7.7%
Private Natural Resources	0.4%
Private Equity	1.2%
Private Debt	2.2%
Private Real Estate	1.5%

The portfolio is currently advised by an outside investment consultant, with a short term cash program and closely held stock managed in-house by Staff. ACF's board and investment committee recently adopted a motion expanding the use of passive management in the following areas: Publicly traded US and International Equity markets and high quality, investment grade fixed income space, with an allocation of between 75% and 100% in these areas. Illiquid investment allocations such as below investment grade income, hedge, real estate, real assets, and private

equity/debt would remain active. ACF will expect the investment advisor to assist in recommendations to accomplish the move toward a more passive investment strategy.

ACF is seeking investment consulting services.

II. Services to be provided:

The services to be provided by the investment consulting firm shall include, but are not limited to the following:

A. General

1. Prepare reports reviewing and updating ACF investment policy, criteria and objectives which include strategies for bonds, stock and cash investments.
2. Prepare recommendations for amendments or modifications to ACF's portfolio structure with justification for the same.
3. Maintain a broad database of investment managers including their philosophies, styles, fee schedules, portfolio characteristics, firm characteristics, performance and client base. The information should be available for a wide range of investment managers including equity, bond, and alternative asset class managers.
4. Assist in the development and maintenance of an Investment Policy Statement, as well as policies, procedures and guidelines for the various investment programs.
5. Attendance at the meetings of the Investment Committee of the ACF Board and other meetings as requested.
6. Research and make recommendations for use of alternative investment strategies as directed.

B. Asset Allocation

Provide continuous review of investment policy, portfolio mix, and investment strategy relative to changes in the capital market and structure of similar size community foundations. Work with ACF to make sure risk tolerance and investment policy are aligned.

C. Manager Search and Selection

Provide analysis of and assist in hiring external managers.

Performance Measurement and Reporting

1. Prepare quarterly evaluation reports on the performance of ACF's portfolio managers including a comparison with the assigned performance benchmarks.
2. Provide ACF with quarterly and annual performance analysis.
3. Provide ACF with monthly performance calculations.

D. Research and Analysis

Prepare comprehensive analysis and advice on specific community foundation issues as requested by the Board or Committee.

E. Investment Training

1. Provide training to the Board, Committee and Staff on investment topics as requested.
2. Participate in annual planning session for Committee and Staff.

III. Minimum Qualifications

The proposer must meet all of the following minimum qualifications to be given further consideration. Failure to satisfy each of the minimum qualifications will result in the immediate rejection of the proposal.

- A. The firm must provide investment consulting services to clients with assets totaling at least \$1 billion.
- B. The primary consultant assigned to the ACF account must have a minimum of five (5) years' experience providing investment consulting services to public and/or private investment plans.
- C. As of June 30, 2017, the firm must have been a Registered Investment Advisor with the Securities and Exchange Commission for at least five (5) years.
- D. The firm must have at least \$1 million in Errors and Omissions insurance coverage.
- E. The firm must be willing to acknowledge their fiduciary obligation to ACF.

IV. Information to be provided by Proposer

The following is a list of the required information to be provided by the proposer. A proposer that does not provide the information requested below may, at the sole discretion of ACF, be rejected. Please provide the information in the same order in which it is requested. **Please limit your proposal to 10 pages, not including the cover letter, staff bios, sample performance evaluation report, or references.**

A. Intent to Respond Notification

The Intent to Respond Notice found in Appendix A must be returned by September 15, 2017. This notice must be made by email only to: CFO@alaskacf.org.

B. Cover Letter

A cover letter, which will be considered an integral part of the proposal package, shall be signed by the individual(s) who is (are) authorized to bind the proposer contractually. This cover letter must indicate the signer is so authorized, and must indicate the title or position the signatory holds in the proposing firm. An unsigned proposal shall be rejected. The letter shall also contain the following:

1. The proposer's name, address, telephone number, email, and primary contact person.
2. A statement to the effect that the proposal is a firm and irrevocable offer good for one year.

3. A statement expressing the proposer's willingness to perform the services as described in this Request for Proposal.
4. A statement as to the availability of staff and other required resources for performing all services as described in this Request for Proposal.
5. The proposer's Federal Employer Identification Number.

C. Statement of Minimum Qualifications

Proposers must complete the Statement of Minimum Qualifications contained in Appendix B substantiating how your firm satisfies each of the minimum qualifications. The statement must contain sufficient information as prescribed to assure ACF of its accuracy. Failure to provide complete information may, in the sole discretion of ACF, result in the rejection of the proposal.

D. Proposal Questionnaire

Proposers must complete and return the Proposal Questionnaire contained in Appendix C. The information requested must be provided in the prescribed format (with respect to the main sections). It is not necessary to respond to each question individually, though this information is considered pertinent and should be covered somewhere in the proposal. Responses which, in the opinion of ACF, materially deviate from the prescribed format may be rejected. All responses to the questionnaire will be subject to verification for accuracy. Proposals containing false or misleading information may, at the discretion of ACF, be rejected.

E. Fee Proposal

Proposers must submit their fee in the format prescribed in Appendix D. Any deviation from the prescribed format which, in the opinion of ACF, is material may result in the rejection of the proposal. The proposed fee shall include all costs and expenses for providing the services to ACF as described in this RFP, and shall be guaranteed for the term of the contract up to two (2) years. Once the Contractor is selected, the fee may be further refined depending on factors which may affect the proposed fee. In no case should the refined fee be higher than the fee contained in the proposal.

V. Submission of Written Questions

Questions proposers may have regarding the information presented in this Request for Proposal must be received via e-mail transmission to the attention of the ACF CFO at the following email: CFO@alaskacf.org no later than September 18, 2017. All questions received by this date will be answered by ACF via e-mail by September 27, 2017 without divulging the source of the query. Copies of all questions and ACF's responses will be sent to all parties who indicate the intent to respond to the Request for Proposal.

VI. Addenda: Errors and Omissions

ACF may modify any part of the Request for Proposal in writing by issuance of addendum. Addenda issued prior to the final filing date for submission of proposals will be sent to all parties who indicate the intent to respond to the Request for Proposal. Addenda issued after the final filing

date will be sent to all proposers as appropriate.

If a proposer discovers any ambiguity, conflict, discrepancy, omission or other error in this Request for Proposal, (s)he shall immediately notify ACF of such error via e-mail and request clarification or modification of the document. Notice shall be given prior to the final filing date for submission of proposals. Modifications by ACF shall be made by addenda. Such clarifications shall be given by written notice to all parties who have been furnished a Request for Proposal. If a proposer fails to notify ACF of a known error prior to the final filing date for submission, or an error that reasonably should have been known, (s)he shall not be entitled to additional compensation or time by reason of the error or its late correction.

The provisions of any written amendment or clarification issued by ACF pursuant to this section shall be deemed incorporated by reference, and made a part of the contract awarded as a result of this Request for Proposal.

VII. Submission of Proposals

Submit your proposal via **e-mail only** to CFO@alaskacf.org by October 6, 2017 at 4:00 pm AKST. **Please limit your proposal to 10 pages, not including the cover letter, staff bios, sample performance evaluation report, or references.**

A. Clearly identify the proposer's name and return address and "Response to Request for Proposal, Investment Consultant, 2017" should be in the subject line of the email and on the cover of the proposal. **FAILURE TO CLEARLY IDENTIFY THE PROPOSAL PACKAGE MAY RESULT IN THE REJECTION OF THE PROPOSAL.**

B. Should your proposal contain information designated as confidential, a statement to that effect must be included in the cover letter. (Please mark any pages designated as confidential in the upper right hand corner.) ACF will use reasonable efforts to exempt such pages or items from public disclosure, but makes no representations or warranties that such efforts will be successful. Please note that the entire proposal cannot be considered confidential.

C. If, prior to the final filing date for submission of proposals, a proposer discovers an error or omission in a proposal already submitted to ACF, the only method of correcting, modifying, or completing the proposal is to withdraw the proposal in its entirety prior to the final filing date and time by notification via e-mail to ACF. A complete, corrected proposal package may be resubmitted, but not after the final filing date and time. **Modification offered in any other manner, oral, written, or facsimile transmission, will not be considered.**

D. The proposals become the property of ACF upon submission. All costs for developing proposals and attending interviews are entirely the responsibility of the proposer and shall not be chargeable to ACF. ACF accepts no responsibility for lost and/or late delivery of proposals.

E. Only one proposal from an individual, firm, partnership, corporation, or combination thereof, will be considered. Reasonable grounds for believing a proposer has submitted multiple proposals under more than one name will be cause for rejection of all proposals in which the proposer is interested.

VIII. Standards for Evaluating Proposals

The purpose of the proposal evaluation process is twofold: (1) to assess the responses for compliance with minimum qualifications, content, and format requirements; and (2) to identify the proposers that have the highest probability of satisfactorily performing the services as described herein. The evaluation process will be conducted in a comprehensive and impartial manner.

ACF may reject any or all proposals and may or may not waive any immaterial deviation or defect in a proposal. ACF's waiver of an immaterial deviation or defect shall in no way modify the Request for Proposal documents or excuse the proposer from full compliance with the Request for Proposal requirements.

Proposals which contain false or misleading statements, or which provide references which do not support an attribute or condition claimed by the proposer shall be rejected.

Any attempt by a proposer to initiate contact (other than through the described proposal process) with any member of the proposal evaluation team, the ACF's Board members, or ACF's staff, other than the designated contacts, may disqualify the proposer from further consideration.

A. Pre-evaluation Review

1. Each proposal package will be date and time stamped when received. Proposals received after the final filing date, will not be considered.
2. Each proposal package will be inspected to ascertain that it is properly labeled. Proposals not passing this inspection may be rejected.
3. All proposals will be reviewed to determine if they satisfy the minimum qualifications specified in Section III, and contain all the required submittals specified in Section IV. Appendix E contains the checklist which will be used for each proposal during this review. Those not satisfying the Minimum Qualifications or submitting the Information to be provided by Proposers may be rejected.

B. Written Proposal Evaluation

Proposals that pass the pre-evaluation review will undergo an evaluation process conducted by ACF's Investment Committee or sub-committee.

C. Clarification

Proposers may be requested to provide additional information and/or clarify contents of their proposal package. Other than information requested by ACF, no proposer will be allowed to alter the proposal or add new information after the final filing date.

D. Finalists Selections

After completion of all evaluations up to three (3) finalists will be determined. Reference checks will be conducted for each finalist.

On-site inspections of offices may be conducted for any or all finalist at the option of ACF. The finalists will have an interview with the ACF Investment Committee, or sub-committee.

Based upon the overall scoring together with the finalists' presentations before the ACF Investment Committee or sub-committee the contract will be awarded on or before December 31, 2017. ACF reserves the right to extend this date.

Response to Request for Proposal, Investment Consultant, 2017

APPENDIX A

Intent to Respond Notification

This is to inform the Alaska Community Foundation that the undersigned intends to respond to the Request for Proposal for Investment Consulting Services for The Alaska Community Foundation, 2017.

Business Name: _____

Street Address: _____

Mailing Address if Different: _____

City: _____ State: _____ Mailing Zip: _____

Telephone: _____ Fax: _____ E-Mail: _____

Contact Name: _____

Please return by email to CFO@alaskacf.org no later than 4:00 PM AKST September 15, 2017 at:

Kevin Gray, CFO
Alaska Community Foundation
400 L Street, Suite 100
Anchorage, AK 99501

Phone: 907-334-6700
Email: CFO@alaskacf.org

Response to Request for Proposal, Investment Consultant, 2017

APPENDIX B

Statement of Minimum Qualifications

Proposer Firm Name

The Proposer must substantiate that the firm satisfies the minimum qualifications, to ACF's satisfaction to be given further consideration. This certification and the associated proposal must contain sufficient information as prescribed to assure ACF of its accuracy. Failure to provide complete information, based on the sole judgment of ACF, may result in immediate rejection of the Proposal.

The firm provides investment consulting services to clients with assets totaling at least \$1 billion.

Yes: _____ No: _____

Does the Proposer firm have at least five years of experience providing investment consulting services to the public and/or private investment plans (as of June 30, 2017)?

Yes: _____ No: _____

Should the Proposer be selected, the primary consultant assigned to the ACF account will, as of June 30, 2017, have a minimum of five (5) years experience providing investment consulting services to the public and/or private investment plans.

Yes: _____ No: _____

The firm has at least \$1 million in Errors and Omissions Insurance Coverage in place as of June 30, 2017.

Yes: _____ No: _____

The firm understands that it has a fiduciary duty to ACF.

Yes: _____ No: _____

Signature

Title

Response to Request for Proposal, Investment Consultant, 2017

APPENDIX C

Proposal Questionnaire

I. Tell us about your organization, background and expertise.

- A. Briefly describe your organization and your overall philosophy as a consultant/advisor for non-profit charitable organizations.
- B. Describe the entire range of investment consulting services your firm provides to clients, indicating which services are the firm's particular areas of expertise.
- C. Describe your firm's experience in serving organizations similar to ACF (endowments/community foundations, \$50+ million asset size).
- D. Provide specific biographical information on the individuals who will serve our account. What is their experience in serving organizations like ACF? What role will they play? With whom will we work most directly?
- E. Provide the turnover rate of professional staff over the last five years. Over that time, have there been any significant changes, such as acquisitions or reorganizations? Do you anticipate any near-term changes?
- F. Has your firm, its affiliates or any officer or principal of the organization been involved in litigation relating to fiduciary responsibility, consulting or other investment related activities, or been the focus of a non-routine Securities and Exchange Commission inquiry, or submitted a claim to its errors and omissions, fiduciary liability and/or fidelity bond insurance carrier(s)? If yes, provide a brief summary and indicate the current status of the proceedings.
- G. What is the client-to-consultant ratio?
- H. Describe in detail the sources of revenue received from investment organizations outside of your firm. Please detail all sources of revenue that you would receive in regard to this proposal and any contract that may arise from it. Include revenue of all sorts, such as from performance reports that you may provide and from institutes or conference that you may sponsor.

- I. Consistent with your response to questions I. above, please complete the following table (data should be for calendar 2016):

Revenue Sources	% of Total
Direct client retainer & project fees	
Soft dollar arrangements	
Services to managers & custodians	
Investment management fees	
Institutes or seminars	
Other	
Total	100%

II. Describe your approach to asset allocation and investment policy development.

- A. How will you work with ACF to construct an asset allocation strategy? What services do you provide with respect to reviewing and making recommendations to investment and spending policies, guidelines and objectives?
- B. How do you see the role of the Investment Committee in the process of determining the investment policy and objectives?
- C. Comment on your process for analyzing a client's portfolio mix and recommending modifications.
- D. Give a reasonably detailed explanation of the process your firm uses to develop asset allocation strategy, including what steps the client performs in that process.

III. Describe your ability to assist with manager selection and monitoring.

- A. Describe your manager search process, including how you initially screen managers and which factors are most important in making a final selection.
- B. What resources does your firm dedicate to investment manager research? Does your approach include on-site visits with investment managers?
- C. Describe how your firm monitors investment managers, discussing the firm's experience and capability in assessing a manager's total performance.
- D. Describe the criteria you use to determine if a manager should be terminated.

IV. How would you provide us with performance measurement and reporting?

- A. Describe how benchmarks are chosen or developed.
- B. Provide us with a representative performance evaluation report. The Investment Committee meets quarterly. How soon after quarter-end will reports be available?
- C. How often would you propose to meet with the Committee and/or staff?
- D. What other communications will you provide beyond meetings and quarterly reports?

V. Provide your suggestions on moving to a more passive investment strategy.

As explained in the introduction, ACF's board and investment committee recently adopted a motion expanding the use of passive management in the following areas: Publicly traded US and International Equity markets and high quality, investment grade fixed income space, with an allocation of between 75% and 100% in these areas. Illiquid investment allocations such as below investment grade income, hedge, real estate, real assets, and private equity/debt would remain active. ACF's assets are invested as follows (as of June 30, 2017):

Large Cap Equities –	20.0%
International Equities –	12.3%
Emerging Markets -	12.4%
Fixed Income	27.9%
FOF – Hedge Fund	14.4%
Public Natural Resources	7.7%
Private Natural Resources	0.4%
Private Equity	1.2%
Private Debt	2.2%
Private Real Estate	1.5%

As part of the RFP process, ACF would like RFP Respondents to propose specific passive investment vehicles they would use in the publicly traded US and International Equity markets and high quality, investment grade fixed income space to accomplish an allocation to passive investments of between 75% to 100% in these areas. RFP Respondents are encouraged to read ACF's investment policy (copy attached) to ensure their specific proposals meet the requirements/objectives of the investment policy.

RFP Respondents should state the rationale for their choices, and any explanation of alternatives to consider.

VI. Provide any other information relevant to our consideration of your proposal.

- A. List all endowments and/or foundations in your current client portfolio. List three (3) current references of endowments or foundations that you have provided services to for at

least three years. We are particularly interested in organizations of comparable size to ACF, and in other community foundations. It is our intention to contact these references; please do not include any for which this would not be acceptable.

- B. Provide a short description of your experience working with Alaskan entities.
- C. Is there anything we may have missed in our questions that you consider important in our decision to choose an investment consultant? If so, please discuss.

Response to Request for Proposal, Investment Consultant, 2017

APPENDIX D

Fee Proposal

Proposer Firm Name

Proposers must submit their annual compensation schedule for this proposal. The proposed fee shall include all costs for providing investment services to the Alaska Community Foundation as described in this RFP. Please list and identify any and all fees charged, such as asset manager fees, consulting fees, trading fees, separate account or administrative expenses and sub-advisor investment management fees.

Fixed Fee: Would all or a portion of the fee be on a fixed fee structure? Describe:

Asset Based Fees: Total fees charged in basis points.

Please provide the break points for asset-based fees:

Market Value of Portfolio	Manager's Fee in Basis Points	Fund Providers' Fees in Basis Points
First \$ _____ Million	_____	_____
Next \$ _____ Million	_____	_____
Next \$ _____ Million	_____	_____
Next \$ _____ Million	_____	_____

If selected, the fee described herein may be further refined depending on factors which may affect the proposed fee. Final fees are guaranteed for the term of the contract up to two (2) years and will not exceed the rates quoted in this appendix.

Signature

Title

Response to Request for Proposal, Investment Consultant, 2017

APPENDIX E

Application Checklist

Proposer Firm Name

Intent to Respond Notification

Proposal Package:

Each proposal package will be inspected to ascertain that it is properly labeled. Proposals not passing this inspection may not be accepted.

Cover Letter

- I. The proposer's name, address, telephone number, email, and primary contact.
- II. A statement to the effect that the proposal is a firm and irrevocable offer good for one year.
- III. A statement expressing the proposer's willingness to perform the services as described in this Request for Proposal.
- IV. A statement as to the availability of staff and other required resources for performing all services as described in this Request for Proposal.
- V. The proposer's Federal Employer Identification Number.

Statement of Minimum Qualifications

Proposal Questionnaire/Response

Fee Proposal