

**REQUEST FOR PROPOSAL**  
**INSTITUTIONAL INVESTMENT CONSULTING SERVICES**  
**CARLOW UNIVERSITY, PITTSBURGH PA**

**CARLOW UNIVERSITY MISSION**

Carlow University, rooted in its Catholic identity and embodying the heritage and values of the Sisters of Mercy, offers transformational educational opportunities for a diverse community of learners and empowers them to excel in their chosen work as compassionate, responsible leaders in the creation of a just and merciful world.

**CARLOW UNIVERSITY VISION**

Carlow University will be a preeminent, innovative, Catholic university, renowned for providing transformational learning experiences in which students realize their full potential and become career-ready ethical leaders committed to a just and merciful world.

**RFP BACKGROUND AND OVERVIEW**

Carlow University and members of the Investment and Benefits Subcommittee of the Board of Trustees of Carlow University are charged with the review of proposals and the selection of the winning firm to provide institutional investment consulting services for the Carlow University endowment, with an April 30<sup>TH</sup> 2019 market value of \$31,873,439. Carlow University's current Investment Consulting Services partner is A. J. Gallagher.

**INQUIRES, SUBMISSION GUIDELINES AND GENERAL RULES**

Written requests for clarification or content of the RFP may be made to Carlow University via email, no later than 5:00 p.m. EST, Monday July 8, 2019. Written answers to all written questions will be made by David J. Meadows, Carlow University's Vice President for Finance and Administrative Services and Chief Financial Officer and will come from the CFO's email [djmeadows@carlow.edu](mailto:djmeadows@carlow.edu). Written answers will be forwarded to all firms provided this RFP by email no later than Monday July 22, 2019. In no case will verbal communication override written responses or requirements of this RFP.

All materials submitted in response to this RFP become the property of the University.

The firm will furnish all labor, materials and equipment necessary to provide investment consulting services to the University. The cost of developing a proposal is the Firm's responsibility and is not chargeable to the University.

The contract awarded through this RFP is expected to be effective for a three (3) year period from date of the awarding of the contract, with an option for additional one (1) year renewals.

Firms that would like to participate in the RFP, but cannot meet one or more of the specifications in this RFP should still submit a proposal. The proposal should identify which items(s) cannot be met and provide an explanation.

The University encourages submission of proposals by email in PDF format. Each proposal must be submitted by 5:00 p.m. EST. Electronically submitted proposals must be submitted to the University's Contact Person via email: [djmeadows@carlow.edu](mailto:djmeadows@carlow.edu) (Include the words "Submission of Institutional Investment Consulting Services" in subject line of email). If submitting by email, an original signed copy of the proposal must also be submitted by the due date.

## **REQUIRED SCOPE OF WORK**

The institutional investment consultant firm shall be capable of furnishing to the University the following described services:

Take discretion over the assets, selects the investment managers, determines asset allocations, provides performance measurement reports for the portfolio on a quarterly and as needed basis in accordance with investment policy objectives and guidelines as set forth therein.

Allocate the university's endowment assets in such manner as to maximize potential return within the risk and asset class parameters stated in the attached current investment policy.

Recommend changes whenever needed to achieve the objectives established in the investment policy.

Provide sound, comprehensive performance and benchmark analytical reports to the Investment and Benefits Subcommittee and the Carlow University Chief Financial Officer on a monthly, quarterly and ad-hoc basis. The respondent firm must include a sample quarterly endowment performance report as part of the RFP submittal.

Develop, implement and monitor the university's Investment Policy.

Interact regularly with the current custodian (BNY Mellon) who provides transaction information and other pertinent information necessary for the preparation of the quarterly and ad hoc performance reports. The respondent firm must also detail if they have any prohibition into electronic interaction with the current custodian.

## **SUMMARY COVER LETTER**

A cover letter shall briefly summarize the responding firm's ability and capacity to perform the services outlined in the RFP. Additional supporting documentation must demonstrate and contain the following and the proposal must include a table of contents with page references for all sections and specific informational requests within each section.

### **SECTION 1 - FIRM BACKGROUND**

Provide a summary of your firm. Include the location of your organization's headquarters, the year formed, ownership structure, number of employees, and subsidiary or affiliate relationships as well as the firm's Federal Employer Identification Number.

The name, title or position, email address, and telephone number of the individual signing the cover letter on behalf of the investment consultant.

The name, title or position, email address, and telephone number of the primary investment consultant contact, if different from individual signing the cover letter.

Describe in detail the percentage of the firm owned by current active employees, retired employees, parent company, affiliates or other entities. Please provide the names of individuals possessing ownership, including their title or position within the firm.

An acknowledgement by the investment consultant that the proposal is a firm and irrevocable offer good for 120 days from the date of the proposal submission deadline.

### **SECTION 2 - DESCRIPTION OF FIRM QUALIFICATIONS**

#### **Organization**

Describe the line(s) of business of your firm, your parent organization, and any affiliated companies. The university requires a Certificate of Insurance from the selected firm.

Qualified candidates must be registered investment advisors under the Investment Advisors Act of 1940. Include both Parts of U.S. Securities and Exchange Commission (SEC) Form ADV Part II.

Are there any circumstances specifically related to your investment management activities under which your firm, its officers, or employees receive direct or indirect compensation from investment managers or other investment-related firms? If so, describe in detail.

Within the last five years, has your organization or an officer or principal been involved in any business litigation or other legal proceedings directly relating to your investment consulting activities? If so, provide an explanation and indicate the current status or disposition.

Does any part of your broader organization provide brokerage services, soft dollar services, directed brokerage or commission recapture programs (collectively, “brokerage related services”)? If so,

- a) Identify what percentage of your fiscal year’s revenues was received in soft dollars.
- b) What percentage of your last fiscal year’s revenues was attributable to compensation for brokerage-related services?
- c) Identify all investment managers that traded through or are involved in your brokerage-related services.

Does your broader organization offer or sell any services or products to investment managers? If so, identify these in detail and name managers that purchased significant amounts of any such services or products (with hard or soft dollars) over the prior two fiscal years.

Does your broader organization solicit or accept fees for placing or helping investment managers? If so, describe the circumstances.

Does your broader organization receive any products or services from any investment managers? If so, identify each such service and whether compensation is paid and, if paid, the amount of compensation paid.

Does your firm or your broader organization have any clients or associations that could present a conflict of interest, and possibly compromise the objectivity of its advice?

Please describe the levels of coverage for errors and omissions and other fiduciary or professional liability insurance carried by your firm.

Provide the names and background of the team that would have direct responsibility for this account. Which of them would have discretionary decision making authority for our account? How and why were the team members selected? How many other clients of what size and complexity does this same team support? What is the average number of accounts handled per investment consultant?

In your firm’s structure, will the fees Carlow University pays to your firm for its investment consulting activities be transparent to us from a billing standpoint? Please explain how.

Based on the university’s current investments, please describe the process your firm would use to transition current investments to your proposed structure.

Is the portfolio an open architecture or are we limited to a finite list of investment options? Do you customize for each client?

Are there fee discounts for legacy investment managers, or will the client need to move all assets to your platform to achieve the anticipated savings?

Describe the overall culture of your firm and what you consider the advantages of this culture with respect to partnering with Carlow University as our investment consultant.

Please indicate your firm’s role with respect to fiduciary status. Please be clear as to your firm’s fiduciary status with respect to each primary function (i.e. asset allocation, investment manager selection, oversight and replacement, trustee services, etc.).

Describe which services would be provided by you in-house vs. by a third party and describe any such third party arrangements. How do you monitor and measure the quality of both in-house and third party services?

Describe what you consider to be the role of the consulting firm with the custodian.

## **Employees and Staff**

Provide an organizational chart, specific to the investment consulting group which would be handling the University's accounts, including all individuals, functions, positions and titles. What is their average tenure? Years of industry experience? Degrees and credentials?

- Provide biographies of the key individuals within each functional area. Please note that it is a requirement of the university that the lead investment consultant be a CFA with at least 5 years experience in this designation.
- Provide a copy of your investment consultant firm's written code of conduct.

How many not for profit client relationships does your firm have as well as how many not for profit clients will our primary investment consultant have.

Explain how the assigned consultant(s) would function, including the lead person, back-up quality control procedures and support services.

## **SECTION 3 - ADDITIONAL EVALUATION INFORMATION REQUESTS**

Outline your approach to the development of an investment policy. Describe how you work with the Board of Trustees to articulate and codify their risk tolerance in the policy document.

Discuss the theory and methodology of the asset allocation process you employ. How does your firm develop asset class assumptions?

Detail your process for recommending an overall portfolio structure. Give particular attention to its relationship with investment policy and asset allocation.

Give an overview of your firm's approach and criteria for recommending a manager be placed on watch or probation or ultimately removed and replaced.

Do your reports provide executive summary section which makes specific recommendations and calls to the client's attention any issues which need to be investigated or discussed? Do your performance reports monitor investment manager compliance with the investment policy? Explain.

What is your firm's practice or history for providing annual internship opportunities for a Carlow University student? Please elaborate on this opportunity including process, outcomes, timeframes, and other key elements.

Provide contact information for three private higher education institutions whose endowments fall between the \$50M and \$100M range for reference purposes. Include the appropriate reference contact name, telephone number, title and email. You are also required to submit a sample client list.

Comment on the impact of the transition to a new firm indicating the approach to be taken, time involved, handling of "startup" costs, and unanticipated events, etc. Indicate your requirements for access to working papers and cooperation with predecessors.

## **SECTION 4 - PERFORMANCE EVALUATION AND RESEARCH**

Provide a proposed portfolio and custom benchmark comparing the portfolio to the custom benchmark over the past ten years.

Include a sample performance evaluation report in the appendix of your response.

Describe how benchmarks for the portfolio are chosen or developed and how performance is compared to similar portfolios. What is the origin of your comparisons; what data does your firm purchase, and how soon (business days) can you provide reports after the close of the month or quarter? Explain how you work with the custodian to receive this data electronically.

Describe how your firm's internal research function is performed.

## **SECTION 5 – RFP DUE DATES**

<b>Tasks</b>	<b>Date</b>
Release of RFP	Tuesday June 18, 2019
Deadline for Firm Written Questions and Request for Clarification	Monday July 8, 2019
Carlow University Deadline to Respond to all Written Questions via email	Monday July 22, 2019
RFP Responses Due by 5pm	Friday August 16, 2019
Notification of Finalists	Friday September 13, 2019
Finalists On-Campus Interviews	Week of September 30 <sup>th</sup> and October 7 <sup>th</sup>
Firm Selection and Notification	October 2019