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Investment Advisory Services

Request for Proposal

2017

NJC Foundation Mission Statement

“Established in 1977, the Northeastern Junior College Foundation endows the future of NJC, its students, and faculty through solicitation, management, and recognition of donations, while promoting NJC throughout the state, region, and nation.”

Request for Proposal – Investment Advisory Services

I. Northeastern Junior College Foundation Information

Northeastern Junior College Foundation is a 501(c)3 non-profit organization that supports Northeastern Junior College through strategic fundraising and development to advance the goals and mission of the College. The Mission of our Foundation, *“Established in 1977, the Northeastern Junior College Foundation endows the future of NJC, its students and faculty through solicitation, management and recognition of donations, while promoting NJC throughout the state, region and nation.”* which allows the Foundation to continue with the opportunity to provide support to NJC and its students. Since its inception in 1977, the Northeastern Junior College Foundation (NJC Foundation) has raised over \$12 million dollars to support the College and its students.

Northeastern Junior College (NJC) is an open enrollment, public, two-year institution founded in 1941 and accredited by the North Central Association of Colleges and Schools. It is located in Sterling, Colorado, which is situated in the northeastern corner of the state. NJC was supported locally until 1997, at which time it joined the state system. It is now one of the 13 community colleges in the Colorado Community College System. It offers over 50 Associate degrees and over 25 certificate programs as well as our GED program. NJC specializes in meeting the needs of approximately 50,000 residents in the rural five county service area covering over 8,000 square miles. About 65% of NJC students are from the service area.

II. Request for Proposal

A. General Information

The NJC 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 \$5 to \$6 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 NJC 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 NJC Foundation proposes to govern the relationship with the Selectee.

Included in the package is the Northeastern Junior College Foundation Investment Policy (dated March 2017) to assist in better understanding the NJC Foundation and its investment needs.

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 NJC Foundation by the close of business on **August 21th 2017**. Only .pdf versions will be accepted. Please include all documents in a single file.

All questions related to the RFP must be received via email no later than July 31st, 2017 to the NJC Foundation: foundation@njc.edu. Answers will be posted to www.njcfoundation.org no later than August 7th, 2017.

The NJC 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 NJC Foundation. No material or reports prepared by the Firm shall be released to the public by the Firm without the prior written consent of NJC's Executive Director or designee.

Applications need to be submitted by August 21, 2017 via email to: foundation@njc.edu

Timeline:

Finalists will be notified on or around September 11th, 2017 and final selection is expected by November 13th, 2017 with management to begin around January 2nd, 2018. All dates listed above are tentative.

D. Reserved Rights of the NJC Foundation

The NJC 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 NJC 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 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 NJC Foundation’s Investment Committee on an ongoing basis
3. The Firm’s reporting and communications practices
4. The Firm’s involvement with and commitment to the Northeastern Colorado 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 NJC 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 NJC 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 three months, one, three, five and ten years
- 2.2 Return of comparable composite accounts of the investment advisor for the last three months, 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 NJC 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 NJC

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, 2016), 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 NJC Foundation

10.2 Discuss your experience in rendering such services

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

11.0 Other Considerations

11.1 The NJC 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 NJC 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 NJC Foundation portfolio and will consult with the NJC Foundation's Investment Committee as required.



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Endowment Investment

&

Spending Policy

(Revised March 2017)

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**Northeastern Junior College
Foundation**

Endowment Investment & Spending Policy

I. Introduction

The Foundation for Northeastern Junior College follows the guidelines and practices outlined by the Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA replaced the Uniform Management of Institutional Funds Act (“UMIFA”). The purposes of UPMIFA are to modernize rules, to articulate prudence standards, and to provide guidance and authority for the management and investment of charitable funds and for endowment spending. This new act provides greater direction with respect to making prudent determinations and requires charities to focus on donor intent and the purpose of endowment funds when managing institutional funds.

II. General Investment Policy

In recognition of its fiduciary responsibility, Foundation for Northeastern Junior College (hereinafter “the Foundation”) has adopted the following investment management guidelines. The investment program is defined in this policy by:

- Stating the Board of Directors’ roles and responsibilities as well as entities directed or monitored by the Board of Directors. The Committee’s attitudes, expectations, objectives and guidelines for the Investment Portfolio are detailed below.
- Ensuring the investment goals and objectives for the Foundation Portfolio are satisfied.
- Setting forth an investment structure for managing the Investment Portfolio. This structure includes the use of various asset classes, investment management styles and asset allocation that are expected to provide prudent diversification and to maximize total investment return within prudent levels of risk over the long-term.
- Providing guidelines for the Investment Portfolio that control the level of overall risk and liquidity in the portfolio, so Foundation assets are managed in accordance with stated objectives.
- Encouraging effective communication between the Investment Committee and the Investment Manager.
- Establishing formal criteria to monitor, evaluate, and compare the performance results achieved by the Investment Manager on a regular basis.
- Conforming to the prudent investor standard as enacted by the State of Colorado C.R.S. Sections 15-1.1-101 et seq. This standard requires the exercise of reasonable care, skill and caution, and is to be applied to investments, not in isolation, but in the context of the governing document and as part of an overall investment strategy, which should incorporate risk and return objectives reasonably suitable to the Investment Portfolio.

- Stating general attitudes, guidelines and philosophy that will guide the investment managers toward the performance desired. It is intended that these investment policies be sufficiently specific to be meaningful, but adequately flexible to be practical.

A. Investment Objectives

The investment objectives are based upon an investment horizon of greater than five years, so that interim fluctuations should be viewed with appropriate perspective. Similarly, the strategic asset allocation for the Investment Portfolio is based on this long-term perspective. However, it is recognized that short-term investment objectives may at times be useful in obtaining long-term goals.

The investment objectives for the management of the Investment Portfolio are as follows:

- to endeavor to manage contributions in a manner that will provide the benefit intended by the donor;
- the primary objective is growth of both principal and income on a long-term basis sufficient to preserve and increase the purchasing power of the assets and protect the assets against inflation;
- a secondary objective is to produce current income to support the programs of the Foundation and donor objectives;

Total return shall be the method for measuring the performance of the Investment Portfolio. Total return refers to the combination of income (interest and dividends) and appreciation/depreciation, both realized and unrealized, in the Investment Portfolio's value for a certain period of time.

B. Risk

The Board of Directors recognizes that risk (i.e., the uncertainty of future events), volatility (i.e., the potential of variability of asset values) and the possibility of loss of purchasing power (due to inflation) are present to some degree in all types of investment vehicles. While high levels of investment risk are to be avoided, the assumption of some risk is warranted and encouraged so that the investment managers have the opportunity to achieve satisfactory long-term results consistent with the objectives and character of the fund. Therefore, the investment management policy includes the following three components:

- Preservation of Capital – Investment Manager shall make reasonable efforts to preserve capital, overall, even though losses may occur in individual securities.
- Risk Aversion – Although reasonable risk is necessary to produce long-term investment results meeting the Foundation's objectives, the Investment Managers is to make reasonable efforts to control risk. They will be evaluated regularly to ensure that risk assumed is commensurate with the investment style and objectives.
- Adherence to Investment Discipline – the Investment Manager is expected to adhere to the investment management strategies for which they were retained and will be evaluated regularly for adherence to investment discipline

III. Management of the Foundation's Portfolio

A. Authority of the Investment and Finance Committee

The Foundation Board of Directors is responsible for the prudent management of the Foundation assets. In carrying out its responsibilities, the Board has delegated responsibility for the oversight of these assets to the Investment and Finance Committee. The Investment and Finance Committee, and its agents, will act in accordance with this Policy and all applicable laws and regulations. The Investment and Finance Committee may recommend revisions of the Policy to the Board for approval.

The Investment and Finance Committee is authorized to retain experts in various fields. These may include, but are not limited to:

1. **Investment Managers.** Investment Managers shall have discretion to purchase, sell, or hold specific securities to meet the Foundation's investment objectives consistent with the Foundation's policies. Investment Managers must be a bank, insurance company, investment management company, or investment advisor as defined by the Registered Investment Advisors Act of 1940. Investment Managers must have no outstanding legal judgments or past judgments which may reflect negatively upon the firm.

The following criteria will be considered in the selection of alternative investment managers:

- The manager's strategy must fit the Investment Portfolio's risk and return objectives
 - The manager's strategy must be appropriate in the current market environment; sufficient investment opportunities must be available for the investment manager to fulfill its objectives
 - The investment manager's prior investment experience should be representative of the strategy proposed.
2. **Custodian.** The custodian will maintain possession of securities owned by the Foundation; collect dividend and interest payments; redeem maturing securities; and effect receipt and delivery following purchases and sales. The custodian shall account for all assets owned, purchased, or sold, as well as movement of assets into and out of the Foundation accounts quarterly.
 3. **Attorneys, auditors and other professionals** may be retained by the Investment and Finance Committee to assist in meeting its responsibilities.

B. Responsibility of the Investment and Finance Committee

The Investment and Finance Committee shall:

- Project the Foundation financial needs, and periodically communicate such needs to the Investment Consultant (if applicable).
- Determine the Foundation's risk tolerance and investment horizon, and communicate these to the Investment Consultant (if applicable).
- Establish investment objectives, policies, and guidelines, which will guide investment of the Foundation's portfolio assets.

- Monitor and evaluate Foundation Portfolio performance and performance of the Investment Manager to assure adherence to policy guidelines.
- Ensure that the members of the Committee have fully disclosed any actual or potential conflicts of interest that may impact their guidance on investment-related matters. Any member of the Committee with a conflict relating to an investment decision will abstain from voting on that matter and shall be excused from the meeting during the discussions surrounding such investment decisions. All Committee members shall be subject to the Foundation's policy regarding conflicts of interest.
- Report to the Board of Directors any material changes to the Foundation Portfolio. Additionally, the Investment and Finance Committee will report on the status of the Foundation Portfolio at least annually to the Board of Directors.

C. Standard of Prudence

Foundation staff acting in accordance with this policy or any other written procedures pertaining to the administration and management of the portfolio and who exercise the proper due diligence shall be relieved of personal responsibility for an individual security's loss provided that any material deviations from the Foundation's objectives are reported immediately to the Committee and appropriate action is taken to manage the situation.

D. Responsibility of Investment Manager

1. The Investment Manager shall have full discretion to make all investment decisions for Foundation Portfolio assets under its jurisdiction, within the Foundation's investment objectives, policies, and guidelines. Specific responsibilities of the Investment Manager include:
 - Ensure that the portfolio is within the stated asset allocation as set by the Investment Policy Statement, on a quarterly basis.
 - Discretionary investment management including decisions to buy, sell, or hold individual securities, and to alter asset allocations within Foundation guidelines.
 - Providing detailed information on the history of the firm, key personnel, fee schedule, annually.
 - Clearly articulating the investment strategy that will be followed and document that the strategy has been successfully adhered to over time.
 - Utilizing the same care, skill, prudence and due diligence under the circumstances then prevailing that experienced investment professionals acting in a like capacity and fully familiar with such matters would use in like activities for like Funds with like aims in accordance and compliance with applicable laws, rules and regulations from local, state, and federal entities as pertains to fiduciary duties and responsibilities.
2. Promptly voting all proxies and related actions in a manner consistent with the long-term interests and objectives of the Foundation set forth herein. Investment manager shall keep detailed records of said voting of proxies and related actions and will comply with all regulatory obligations related thereto.
3. Notifying Investment and Finance Committee regarding any qualitative change to management organization; such as, changes in portfolio management personnel, ownership structure, investment philosophy, etc. within 30 days of such change.

4. Informing Investment and Finance Committee of any major changes to economic outlook, investment strategy, or any other factors, which have the potential to impact implementation of the investment process, or the Foundation’s investment objectives.
5. Providing historical performance numbers calculated on a time-weighted basis, quarterly.

E. Asset Allocation

The general policy shall be to diversify investments among both equity and fixed income securities so as to enhance total return while avoiding undue risk concentration in any single asset class or investment category.

The strategic asset allocation of the Investment Portfolio is as follows: (1)

Asset Allocation	Lower Limit	Upper Limit
Cash	0%	10%
Equity	60%	70%
Fixed Income	20%	30%

1 Asset allocation ranges assume normal market conditions. The investment manager has the discretion and ability to deviate from the stated guidelines when market conditions warrant. The deviation from the approved asset allocation will be communicated to the Investment and Finance Committee.

Cash inflows, outflows, and market conditions will be used to maintain the strategic asset allocation of the Investment Portfolio.

F. Security Guidelines

1. Mutual Funds / Exchange Traded Funds / Closed End Funds
 - Each mutual, exchange traded, and closed end fund is expected to adhere to the terms and conditions set forth in its prospectus.
2. Domestic Equities
 - Equity holdings in any one company should not exceed 5% of the market value equity portfolio.
 - Equity holdings shall be restricted to readily marketable securities of corporations that are actively traded.
3. International Equities
 - The portfolio is expected to be diversified across countries, with the majority of assets invested in countries represented in the benchmark of the Morgan Stanley Capital International, Europe, Australia & Far East index (MSCI EAFE).
 - Equity holdings in any one company should not exceed 5% of the market value equity portfolio.

4. Fixed Income

- Fixed-income securities held in the portfolio shall have a Moody's, Standard & Poor's and/or a Fitch's credit quality rating of no less than investment grade or BBB-/Baa3 at the time of purchase.
- The exposure of the portfolio to any one issuer, other than securities of the U.S. government or U. S. Agencies, shall not exceed 5% of the market value of the fixed income portfolio, to the extent possible, holdings of individual issues shall be large enough for easy liquidation.

5. Cash/Cash Equivalents (included within the Foundation Portfolio):

- Cash equivalent reserves shall consist of cash instruments having a quality rating of A-2, P-2 or higher. Eurodollar Certificates of Deposit, time deposits, repurchase agreements are also acceptable investment vehicles.

G. Performance Objectives

Investment performance will be reviewed at least quarterly by the Investment and Finance Committee and Consultant (if applicable) to determine the continued feasibility of achieving the investment objectives and the appropriateness of the investment policy for achieving those objectives.

It is not expected that the policy will change frequently. In particular, short-term changes in the financial markets should not require adjustments to the policy, unless such changes are significantly large.

Planning Time Horizon:.....10-15 years
 Available for Distribution: Income and Principal
 Investment Objective:Growth with Income
 The portfolio will be held to the following benchmark indices:

Asset Category	Broad Index
Cash	Citigroup 3 Month T-Bill Index
Large Cap Equity	S&P 500 Index
Small Cap Equity	Russell 2000 Index
International Equity	MSCI EAFE US Net Index
Fixed Income	Barclays Intermediate Government/Credit Index
Blended Benchmark	5% Citigroup 3 Month T-Bill Index 36% S&P 500 Index 16 % Russell 2000 Index 13% MSCI EAFE US Net Index 30% Barclays Intermediate Government/Credit Index

IV. Spending / Distributions

After the first year, and every year thereafter, an amount not to exceed four percent (4%) of the average market value of the endowment asset over the past 12 fiscal quarters will be distributed for designated program support, unless otherwise agreed in the endowment agreement. Any earnings

over and above the four percent (4%) distribution will be reinvested in the principal of the endowed fund to provide for the growth of the fund and to sustain its viability according to its purpose.

Additionally, the Foundation for Northeastern Junior College generally assesses an endowment administrative fee equal to one percent (1%) of the market value of the endowment over the past 12 fiscal quarters. This fee is used for overseeing the endowment's share of the invested assets and operations of the Foundation.

The endowment administrative fee applies to all endowments, except (i) for those provided by philanthropic entities with policies that do not allow such administrative fees to be assessed, (ii) if the assessment of the fee would erode the original corpus, or (iii) for existing endowed funds established pursuant to an agreement that does not permit the assessment of such fees.

In the second quarter of the calendar year, based on the average market value over the past 12 fiscal quarters ended March 31, the Board will approve the endowment distributions and fees for the next fiscal year to be released and distributed on July 1 (or the first business day thereafter).

If an endowment is underwater (the market value is less than the original corpus), no distributions will be made unless otherwise directed by the endowment agreement. In the case that taking a full distribution will place the endowment underwater, the board will determine to appropriate amount, if any, for distribution on a case by case basis.

Endowment Administrative Fees are transferred to the Foundation's operating funds annually at the start of the fiscal year.

Additional distributions may be made from time to time upon approval of the Board.

V. Effective Date

This policy was updated and approved March 13, 2017. It supersedes any preceding policy concerning this subject matter.

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