

CEO Listserv Question: Does your foundation’s Investment Portfolio include REITs (Real Estate Investment Trust)?

If so, does this result in UBIT reporting?

Also requested for sample advisor RFPs and advisor recommendations.

FOUNDATION	CONTACT	RESPONSE
San Joaquin	Moses Zapien	Attached RFP (from The Library and Literacy Foundation) - PAGE 2
Santa Barbara	Jackie Carrera	Attached RFP – PAGE 7
Ventura	Vanessa Bechtel	Yes, our investment portfolio includes REITs. Rather than being invested directly in REITs, we are invested in a diversified real asset fund that includes REITs. Because of this there is no UBIT. We have 5% of our total portfolio allocated in Real Assets, of which REITs are 10% of that total. Some of our Private Equity investments do result in UBIT, and Bonnie Gilles, our CFO, would definitely be a great resource if that is ever a concern. 0 Sample RFP attached. – PAGE 15

REQUEST FOR PROPOSAL (RFP)

For Investment Management Services

INTRODUCTION

The Library and Literacy Foundation of San Joaquin is soliciting proposals from investment firms to provide certain investment management services for some of its assets endowed by the City of Stockton. Services include investment policy development and development of an asset allocation strategy. This request for proposal contains background information on the Foundation and specific information that must be included in the proposals submitted. The proposals must be submitted by no later than **5:00 PM (PST) on Friday, February 21st**. These proposals may be submitted in-person, by mail, or electronically to the email listed below, but must be received by the deadline to be considered

By email:
Library and Literacy Foundation of San Joaquin
treasurer.lfsj@gmail.com

By mail:
Library and Literacy Foundation of San Joaquin
6507 Pacific Avenue, PMB 174,
Stockton, CA 95207

BACKGROUND

The Library Literacy Foundation of San Joaquin County was incorporated in August of 1990, as a nonprofit public benefit corporation, under section 501 (c) (3) of the Internal Revenue Code. The specific purpose of the Foundation was “to support and assist the Stockton-San Joaquin County Public Library with its Adult Literacy Campaign”. The library’s adult literacy program began in 1985 with government funds and the amount of government funding was gradually reduced to \$0 in 1990. The Foundation’s early focus was on raising funds to support the adult literacy program.

In 1992, the Foundation held its first fundraising event, The Trivia Bee. Since then, the Trivia Bee has been held annually. A list of winning teams and their members is attached. In addition to the funds raised by the Trivia Bee, the Foundation raises money through grants and direct solicitation. In 2000, the Foundation updated its bylaws and changed its name to The Library and Literacy Foundation of San Joaquin County. The purpose of the Foundation also changed to “Promote literacy and the general welfare of the Stockton-San Joaquin County Public Library system”, to reflect the broader purpose of the foundation.

In January 2001, the City of Stockton donated \$1,000,000 to the Foundation to create an endowment for the benefit of the City of Stockton Library. The principal amount of \$1,000,000 is permanently restricted and cannot be spent, but the earnings from the endowment are available for the enhancement of library services benefiting the residents of the City of Stockton.

Over the years, the Foundation has raised funds for and supported the following programs and library services:

- Adult Literacy
- Training Wheels
- Family Day in the Park
- Big Read
- One Book One San Joaquin
- Reach Out and Read
- Summer Reading Program
- Family Reading Program
- Cultural Crossroads
- Library Books and Materials

This RFP is requesting investment services for approximately \$1.3 million in assets.

SELECTION PROCESS AND TIMING

We will review all proposals based on the criteria outlined in this RFP. Those firms whose proposals are selected for further consideration may be asked to make a personal presentation to us and/or answer questions in advance of our final selection. Please let us know at your earliest convenience, but by no later than February 12th at 5:00pm, if you are going to respond to this request for proposal. (See below for Contact Information.) Proposals are to be received by no later than **5:00 PM (PST) on February 21st**.

Calendar of Events	Task Due Date
Issue RFP	February 5
Intent to bid due	February 12 th , by 5:00 PM (PST)
Questions from bidders due	February 12 th , by 5:00 PM (PST)
Reply to bidders' questions	February 14 th
Proposals due	February 21st, by 5:00 PM (PST)
Notification for Finalist Interviews	February 28 th

*Please note: the Library and Literacy Foundation reserves the right to modify or alter this calendar at any time.

CONTACT INFORMATION

All inquiries should be directed to:

treasurer.llfsj@gmail.com

PROPOSAL REQUIREMENTS

Please **limit your proposal narrative to no more than 10 pages, single-spaced**. Clear and concise content, not length, is of greatest importance.

A. Firm Profile

1. Proposal Contact Information
 - a. Respondent's Name:
 - b. Respondent's Title:
 - c. Respondent's Address:
 - d. Respondent's Phone #:
2. Is your firm based in the City of Stockton?
3. Please provide a brief history of your firm.
4. Within the past three years, have there been any significant developments in your firm such as changes in ownership, restructuring, or personnel reorganization? If anticipated, describe any future significant changes in your firm.
5. Is your firm a registered investment advisor under the Investment Advisors Act of 1940? (If so, please provide latest Form ADV Part II).
6. Within the past five years, has your organization or an officer or principal been involved with any business litigation or other legal proceedings relating to your consulting activities? Current status or disposition?
7. Please describe your client base including types of clients served, the number of nonprofit clients in the City of Stockton for which your organization currently provides services, the length of time of service, and the range of asset values among your clients.
8. Please indicate the number of years your firm has been performing investment consulting services to similar clients. Please provide the entire range of consulting services your organization provides.
9. How does your firm address potential conflicts of interest?
10. What is your firm's commitment to community involvement in the City of Stockton?
11. Please describe the levels of coverage for errors and omissions and other fiduciary or professional liability insurance carried by your firm.

B. Personnel

1. Describe how your firm is structured to provide investment management services.
2. Please provide a description of the team that would be assigned to this relationship, including back up arrangements. Provide brief biographical information on each individual including their positions in the company, education, training, and years and type of experience in investment management.
3. What is the team's customer service philosophy? Are periodic site visits incorporated into your relationship plan?

C. Investment Experience + Process

1. Describe your firm's overall investment philosophy.
2. Describe your process for determining the appropriate asset allocation for clients.
3. Are assets managed internally or managed by outside firms?
4. Describe your process for selecting outside managers (if applicable).
5. Describe any conflicts of interest in selecting managers or funds. Does your firm or any of its affiliates derive any economic benefit from any managers, mutual funds, or other investment entities that you might recommend?
6. What type(s) of investment vehicles are available to manage a portfolio?
7. Do you offer socially responsible investment screens to non-profits and their donors?
8. Briefly describe the approach, the process, and the tools your organization would use in strategic planning, including the assessment of an investment policy statement or key objectives. List the key decisions the client must make in assessing an investment policy and the process you use to help the client reach those decisions.
9. Describe your process for maintaining a continuous review of our investment policies.
10. How do you evaluate risk?
11. Please describe the process by which portfolios are designed and constructed. How would you analyze a client's portfolio structure and recommend modifications?

12. In what ways does your firm interact with client Investment Committees? What do you see as the optimal role and responsibilities of an investment committee?

13. What services, if any does your organization provide for the education and enhancement of Board of Directors and its Finance & Investment Committee members?

D. Portfolio + Performance Reporting

1. How will you assist our organization in the development of an Investment Policy Statement?

2. Describe how benchmarks are chosen or developed. Describe your custom benchmark capabilities.

3. How soon after month end and quarter end are the performance reports available?

4. Describe your firm's portfolio and performance reporting and evaluation services. Can performance reports be customized? Provide samples of your standard reports.

E. Fees/Miscellaneous

1. Please provide a proposed fee structure and investment allocation. Make sure to include investment consulting, manager, training and custody costs. Please outline your fee structure, including fixed and variable fees, and any performance-based fees. What is the term agreement? Does your fee structure vary among clients?

2. Provide 2-3 client references from your list of institutional clients.

3. Provide 2-3 letters of recommendation from individuals or organizations familiar with your services.

4. What do you believe sets your organization's services apart from the competition and what unique value-added services can your organization provide?

Santa Barbara Foundation 2017 RPF:

All responses should include the following information and be organized and tabbed in a manner consistent with these sections to facilitate review.

Firm Profile (Organization, Ownership and Independence)

1. Provide a brief history, from inception, describing your firm including ownership and structure, joint ventures, global research resources, business partners, financial condition, number and location of offices. Indicate which office would service the client. Include an organizational chart and a description of the firm's distribution of ownership interest.
2. Please provide a detailed organizational chart of the firm's research team that includes years of experience, years with firm, responsibilities and coverage (please include all research e.g., manager research, market research, or other research). Where are the research teams located?
3. Within the past three years, have there been any significant developments in your organization, such as changes in ownership, restructuring, or personnel reorganizations? Do you anticipate future significant changes in your organization? If yes, please describe.
4. Please disclose any and all conflicts of interest your organization has in serving as an investment consultant. Disclose whether your firm has any financial or other affiliation with brokerage firms, banks, insurance companies, investment banking firms, money management firms. If so, how does your firm manage against conflict of interest?
5. Please indicate staff turnover (hires and departures) of key employees in the past three years. For departures, please indicate the reasons.
6. What percent of the firm's revenue is derived from investment consulting (discretionary and non-discretionary)? If less than 100%, please disclose all additional sources.
7. Explain how your firm's internal compliance/governance review process is managed to allow for timely distribution of documents to clients. Do your clients have an opportunity to review draft documents prior to finalization of information?

Client and Reference Information

1. What were the firm's total assets under advisement as of September 30, 2016? Please breakdown the percentage of assets under advisement on a discretionary and non-discretionary basis. What is the smallest, average and largest asset base of your institutional clients? Please define what you consider institutional. What is your firm's targeted market in terms of size of endowment? How does SBF asset size of \$173MM fit your client profile?
2. Provide a list of your investment consulting clients by type. Let us know where you see SBF fitting into the overall client profile.

3. Provide the number of new clients added over the last three years and specify whether or not any were community foundation client. Does the proposed team currently work with community foundations? If so, please specify the number.
4. Please describe any significant client turnover in the past three calendar years, including reasons for the turnover.
5. Please provide 4 client references (include community foundations if any) that most closely relate to Santa Barbara Foundation, including the name, contact person, address, and phone number, length of time as a client, and amount of assets managed. We intend to contact these references early in the process.

Consulting Capabilities- (Including Investment Policy Development and Asset Allocation)

1. What is the underlying investment philosophy of your firm with regard to providing consulting services? What differentiates you from other consultants-key strengths, competitive advantages, and weaknesses? What is your edge? Is your firm structure set up to work more in a discretionary or non-discretionary role? Explain.
2. What is your approach/process to understanding a new client's investment objectives, risk orientation, liquidity requirements, spending requirements, educational needs, etc. at the beginning of the relationship.
3. Outline the role your organization would take to develop an investment policy statement for SBF. Suggest any element(s) that you consider best practice that might not be included in a typical investment policy.
4. Describe your organization's methodology for conducting asset allocation studies. Describe the quantitative techniques and models you use to develop a client's asset allocation. How often does your firm typically recommend reviewing or amending the asset allocation policy?
5. Describe in detail the process for recommending an overall portfolio structure and for maintaining a continuous review of investment policy, asset allocation, manager and portfolio structure, performance, rebalancing and the expected timeline for this process.
6. Do you incorporate alternative assets into client portfolios? If yes, briefly describe your process and experience in this area (e.g., hedge funds, fund-of-funds, private equity, venture capital, real estate, etc.). How long have you been advising on these asset classes, and how are you staffed in this area? Do you include both IRR and time-weighted returns for the illiquid investments in the monthly performance reports?
7. Describe how benchmarks are selected or developed. Does your firm provide custom/style benchmarks and universes? Describe the different universes against which performance and other attributes are measured.
8. How do you measure and monitor risk ensuring that risk parameters are in line with portfolio returns and client guidelines?

9. Do you include attribution reports for your clients at the quarterly meetings?
10. Provide information on your capabilities for providing OCIO services (or a modified version of such) and explain when and why this model might be appropriate. Explain whether or not you think that your firm operates best in a type of OCIO model or not.
11. What experience does your firm have with regard to identifying potential market-rate impact investing opportunities?
12. Please elaborate on the services or research you would provide to the committee and staff that you feel are unique to your firm.

Investment Manager Searches

1. Describe the analytic basis for your recommendations of an investment manager structure. Include a discussion describing your organization's philosophy of core versus specialty portfolios, active versus passive management, and mix of investment styles.
2. Describe fully your manager search process and philosophy. Include information such as: how you rank managers, what criteria you use to include or exclude managers from your approved list, do you work with small or emerging managers, etc.
3. How many searches has your organization performed in the last twelve months in different asset classes? For each investment style or asset class recommended, specify the number of outside managers in your universe, the number followed actively and the percentage actually used.
4. Does your firm maintain an in-house database of investment managers? If not, what vendor provides this information to you?
5. Do you normally present your client with a single proposed manager for each recommended investment style, or recommend a small number of pre-qualified managers for selection by the client? What do you think is the best approach?
6. SBF is interested in expanding into some mission-related investments. We could do this either inside or outside our investment portfolio. Describe the type of analysis/review assistance that your firm could provide to SBF in this regard including your firm's experience.
7. Include a sample manager research write up or due diligence report for a traditional manager and for a potential private equity fund or hedge fund.
8. Briefly outline your offerings for advising and servicing the alternatives segment of the portfolio. What alternative asset classes or sub-asset classes are covered by your research efforts? Which are not covered?
9. Please explain your approach to alternatives such as hedge funds, private equity, and private real assets and the role served in the portfolio.

10. Describe how you monitor alternative managers? How detailed a review is conducted annually for each of your approved alternative managers?
11. How do you work with managers to secure beneficial fee rates for your clients and beneficial investment terms?
12. If our investment committee requests you review a new potential manager/firm that is not on your approved list--exactly what type of review will you be able to provide?

Other Research

13. Please outline your process for monitoring and reporting on market trends, adoption of new strategies, and changes in legal or other dynamics of relevance to an institutional investor. Describe the manner in which external resources are used and describe the type and frequency of research that would be provided.

Community Foundation Understanding

14. What do you think are the important attributes that qualify your organization to work with a community foundation? What do you think are the main differences between working with a community foundation and working with a private foundation or high net worth individual?
15. Please explain your experience with, and your perception of, the unique challenges involved in managing a portfolio that includes donor advised funds, donor designated funds, and agency endowment funds.
16. SBF has a limited number of externally managed accounts, apart from our 3 main portfolios. If requested, describe what oversight and advice your firm could provide on these accounts.
17. What ancillary services are you able to provide to foundation staff in managing donor investment expectations? (Presentations to donors, workshops, marketing information).
18. SBF currently has 52 agency endowment funds that are part of our 3 main portfolios. We provide quarterly performance since inception data to each fund. (See item #18 on attachment A). Will your firm be able to provide these reports?

Client Servicing

1. Please review **Attachment A** and let us know if there are areas in which you do not feel comfortable advising? Will you be able to provide all of the services listed on Attachment A? If you have questions-please contact us.
2. Will client relationships be managed by an individual or a team? Who will be the main contact person for our organization? How are decisions made within the selected team, if applicable?

Will SBF be able to contact/access other internal staff with specific questions (for example: performance related questions). Describe other staff resources that will be available to SBF. Please provide background information on each proposed team member and their current client load, if not already addressed elsewhere. Please indicate which consultant(s) would be assigned to the Foundation's account and provide relevant biographies.

3. Describe the contingency plan in place to ensure that any changes in consulting staff would be effected with a minimum of disruption to the services provided to Santa Barbara Foundation.
4. What is the preferred method of regular communication with your clients? How prompt are you in responding to client requests? Describe the way teams/individuals communicate within the firm and with the client. How is the individual's or team's performance measured?
5. Provide a description of client education services (seminars, materials, conference calls, etc.).
6. With what frequency do you provide performance reports and how soon are the reports provided after period end (once the custody report is completed). Please provide a sample monthly performance report and any market analysis reports you provide on a regular basis to clients.
7. What other services do you provide for clients (audit assistance with alternative investments, market analysis reports, custodial assistance, completion of forms for new investments, etc.)?
8. How flexible are the performance reports regarding inclusion of data that might not be routine but requested by client?
9. How comprehensive are the monthly performance reports? Does the overall portfolio return values include all assets on a time-weighted basis (including private equity funds, hedge funds, etc. if incorporated in portfolio)? If not, why?
10. Is there any reason why monthly performance reports could not be posted on our website for public review? If so, please explain.
11. Is there any reason why your firm would not be able to work with a third party custodian that provides custody reports and does all trading?
12. Do you normally provide trading services to your clients? What trading activity if any does your firm participate in?

Fees

1. Please provide a compensation schedule for the consulting services outlined under the Attachment A, including detailed method for calculation. Please indicate whether these fees are all inclusive in each category or whether additional expenses may be incurred for each service (i.e. travel, etc.). Include fee breakdown separately for non-discretionary and OCIO type services if possible.

2. Please provide a cost, if any, to incorporate our prior performance return history since Dec. 2002 into your performance tracking system. Can this be done?

Technology

1. Describe the process and technology used to retrieve data from custodial sources.
2. Describe the process and software used to produce performance reports. Is the performance software developed in-house or purchased from outside services? If software is in-house, how many staff are responsible for overall software development/ maintenance?
3. Describe the analytical tools and methods utilized for portfolio management, and asset allocation decisions if not included elsewhere.
4. Can client account information be accessed or viewed via the Internet?

Compliance

1. Is your firm organized as a Registered Investment Adviser? Is your firm registered as a broker/dealer?
2. Has your firm or its principals ever been:

Party to any investigation by any regulatory agency (SEC, NASD, etc.), other than routine examinations? Sued by any clients, and if yes, describe the circumstances and resolution.
3. Involved in arbitration over client matters?
4. Does your firm act as a fiduciary in its role as an investment consultant?

References and Supporting Documentation

1. Include a standard contract, account agreement and any other contract documents or forms that would be relevant to a new relationship. Include a copy of a typical billing invoice.

Selection Process

The selection process will include consideration of the factors listed below and others:

1. Qualifications and experience of the firm in providing investment consulting services including demonstrated ability to successfully manage accounts with structures similar to those of Santa Barbara Foundation.
2. The quality and depth of experience and qualifications of the staff that will be performing services.
3. The proposed technical approach for the performance of services.

4. The proposed approach for the performance of services and the ability to provide all needed services outlined in Attachment A. The expected level of service provided to our organization and the flexibility of the organization to adapt as needed.
5. Whether or not conflicts of interest are present.
6. The cost of the services.

Oral Presentations

After review of all proposal submissions, an oral presentation to the Investment RFP committee and others, as appropriate, may be requested. We may also ask that a Skype interview be conducted prior to on-site oral presentations. It should be noted that the firms selected to make presentations might be given only short advance notice. Presentations will be limited to 60 minutes, and will be followed by a question and answer session. Notification of presentation scheduling will be made by email. Please provide the name and email address of the person who should be contacted for the presentation scheduling as well as an alternative in the event that person is unavailable.

Additional Information

The Santa Barbara Foundation reserves the right, in its sole and absolute discretion, to reject all proposals, to waive defects in proposals, to undertake discussions and modifications with one or more firms and to proceed with that proposal or modified proposal, if in its judgment will under all circumstances, best serves its needs.

Questions:

We welcome any and all questions and suggest that you review the SBF website to become more familiar with our organization. All questions should be directed to Cheri Savage, Director of Investments, at 805 880-9384, or csavage@sbfoundation.org

RESPONSES

Please email csavage@sbfoundation.org to confirm your interest and intent to participate in this RFP on or before November 23, 2016.

CURRENT TIMELINE (Specific dates for interviews and onsite meetings will be coordinated as soon as possible)

RFP Release	November 17, 2016
Initial response due from firms	November 23, 2016
RFP Responses Due	December 19, 2016
Skype Interviews if needed	First week of February, 2017

On-site Interviews

Mid- February 2017

SBF reserves the right to amend the time schedule as necessary. We will do our best to communicate clearly regarding any changes in the timeline. SBF reserves the right to cancel or postpone the RFP at any time, and to award no contract. SBF shall not be liable for any costs incurred by firms preparing or submitting a response.

Submission of Proposal Responses

Please submit one copy of proposal electronically as PDF. Please itemize reports/samples and label as exhibits or appendix items with self-explanatory and consistent file names. Please use page numbers and headers/footers throughout all documents so as to clearly identify the proposer and the item. Please refer to the section, question number, and quote the question preceding each answer. Please submit 7 hard copies of proposals and mail to:

Cheri Savage
Director of Investments
1111 Chapala St. Suite 200
Santa Barbara, CA 93101

Request for Proposal

A. Organization and Background

1. Briefly describe the firm, the year it was founded, location of its headquarters and other offices, ownership structure, and affiliation with other companies.
2. Are you a registered investment advisor with the SEC under the Investment Advisors Act of 1940? If so, please provide latest Form ADV. If not, what is your fiduciary classification?
3. Please describe the entire range of consulting services the firm provides to clients.
4. Identify your firm's compensation arrangement for staff who will be assigned to this account. Please describe any circumstances under which your firm or any consultant in your firm receives compensation, finder's fees, or any other benefit from investment managers or third parties.
5. Disclose any conflicts of interest the firm has in serving as an investment consultant. Provide copies of your code of ethics.
6. Has any officer or principal of the organization been involved in litigation relating to consulting services, or have they otherwise been involved in a SEC or regulatory investigation or litigation?
7. Does the firm carry professional liability insurance and if so, describe the nature of the coverage and the dollar amount.

B. Investment Consulting Services

1. Describe your firm's investment philosophy.
2. Please list the individuals you propose to assign to this relationship. Provide brief biographical information on each individual including their positions.

C. Portfolio Construction and Asset Allocation

1. Describe the firm's approach in generating new ideas for client portfolios. Are portfolio recommendations consistent across the firm or do they differ by consultant? How are ideas developed?
2. Describe your firm's process for developing an Investment Policy Statement, asset allocation strategy and portfolio construction.
3. Provide the firm's philosophy on risk. How is risk defined and assessed in portfolio construction and how is it monitored?
4. What is your philosophy with respect to actively managed investment strategies versus passive management?
5. What are your thoughts/philosophy about short-term "tactical" asset allocation during volatile periods and/or markets?

D. Manager Search

1. Provide an overview of the manager search process for identifying, evaluating and selecting potential investment managers.
2. Describe your investment manager database. Does the firm receive any direct or indirect compensation from managers to be included in the database? How many managers are included in the database? How frequently is the investment manager information updated and what characteristics are tracked?
3. Does your firm offer proprietary investment products? If so, please briefly describe the products and how your firm decides when it is appropriate to recommend these products to clients.

E. Manager Monitoring and Performance Measurement

1. Describe the firm's ongoing quantitative and qualitative monitoring of investment managers.
2. Describe the circumstances and the process for terminating an investment manager.
3. Describe your firm's philosophy and approach regarding the use of benchmarks? How do you determine the appropriate benchmark?
4. How soon after quarter-end are reports typically available for review?
5. Please provide a sample of a comprehensive client quarterly report.

F. Research

1. Describe the internal structure and organization of the firm's research department.
2. What educational opportunities are available to clients and investment committees?

G. Clients/References

1. Attach a list of three references providing the contact names, addresses and telephone numbers. Indicate the length of time the firm has provided investment services to the client and the extent of those services.

H. Fees

1. What are the proposed fees? What services are included in these fees?
2. Are travel expenses included or are such fees extra?
3. Are there any additional expenses not covered by the fee schedule?
4. How does your firm negotiate fees and minimum account sizes with investment managers?

I. Summary Statement

1. What do you believe sets the firm's services apart from the competition and what unique value added services could the firm provide to the Foundation?