

Request for Proposals: Outsourced Chief Investment Officer (OCIO)



About the Central Valley Community Foundation

Founded in 1966, the Central Valley Community Foundation (CVCF) has been a trusted partner in philanthropy with a mission to cultivate, lead, and invest in solutions that build stronger communities. As the only fully accredited community foundation serving two million people in the six-county central San Joaquin Valley, CVCF attracts investment and deploys resources to solve persistent economic, environmental, and social challenges throughout the region. We manage assets in 250 different funds and provide our donors with a variety of investment vehicles – including but not limited to pools managed by our Outsourced Chief Investment Officer. CVCF is also a key source of support for hundreds of area nonprofits that rely on the work of CVCF and its donors in grantmaking, scholarships, and strategic community leadership.

Our mission is to “Connect capital and communities for a just and thriving Central Valley.

CVCF is governed by a 24-member Board of Directors, comprised of local community leaders, and has 29 staff members. An investment committee sets the investment policy and recommends to the board the selection of the OCIO. This committee meets quarterly on the second Wednesday in February, May, August, and November to review performance, consider type and asset classes for investments.

CONTEXT FOR THIS RFP

1. What prompted this search?

CVCF last issued an RFP for investment management services in 2015. In keeping with generally accepted fiduciary standards of practice, CVCF has issued this RFP to ensure its investment consulting resources are appropriate and meet the needs of CVCF.

2. Who is the incumbent investment consultant?

SEI Investments Management Corporation, a wholly owned subsidiary of SEI Investments Company (SEI), is CVCF's current Outsourced Chief Investment Officer (OCIO).

3. Will the incumbent consultant be invited to submit a proposal?

Yes, the incumbent will be invited to submit a proposal. As a courtesy the incumbent is automatically considered a finalist.

Relationship Model We Seek:

The Foundation would like to collaborate with a fiduciary partner to serve as our investment office. Key responsibilities include:

- **Asset Allocation:** Advise the Committee on asset allocation in context of institutional risk/return objectives. The Committee will retain decision-making responsibility for policy targets and ranges, while the OCIO firm will have the flexibility to operate within those ranges.
- **Manager Selection:** Identify, evaluate, hire, and negotiate with managers, whether active or passive. Monitor and terminate as needed. The OCIO firm will have full discretion, subject to the investment policy statement on issues such as manager concentration.
- **Risk Management:** Inform the Committee regarding risks in the portfolio and their implications. Periodically perform stress tests of the portfolio, highlighting portfolio performance and liquidity management in those scenarios.
- **Reporting:** Report to the Committee on asset allocation, exposures, performance, status of the managers in the portfolio, and other factors.
- **Cash & Liquidity Management:** Coordinate with the CFO to ensure that the Institution has sufficient liquidity to address its operating and financial obligations. Consider and advise on issues related to payout from the portfolio to the operating budget.
- **Execution:** Coordinate with the custodian and staff for execution responsibilities, such as rebalancing, funding capital calls, reinvesting dividends, or other proceeds, providing liquidity as needed to support operations.
- **DEI/ ESG/ Impact:** Work with staff, the Committee, and the Board to consider a DEI/ ESG, or impact investment strategy. Help Foundation leadership understand the options available, including implications for costs, investment performance, and alignment with the Foundation's mission and values. Implement the strategy approved by the Foundation.
- **Support - Investment Compliance:** Support staff through gathering investment information for preparing the tax return and audit. Communicate with outside audit and tax professionals as necessary.
- **Support - Beyond Investments:** Occasionally support the Foundation in areas not directly related to the investment program. This can include advice on financial topics or helping us to engage with diverse stakeholder groups.

Pertinent Details About the CVCF Fund Currently

- Total Assets are invested in four investment pools with approximately \$80,000,000 total.
- Current Make Up:

Asset Pool	12/31/2023 MV
Long Term	\$ 64,673,714
Short Term	\$ 5,870,490
Low Cost	\$ 10,781,907
Social Impact	\$ 2,161,137

- We have a spending policy of 4% currently under review for 2025.
- Current Investment Policy Statement available upon request.

PROCESS

CVCF's Investment Committee and staff will review, and rank proposals received, to develop a list of finalists. Finalist firms will be contacted for interviews. CVCF's goal is to schedule interviews before the end of August 2024. Proposers selected for interviews will have the option of presenting to CVCF in person in Fresno, or via video conference, or some combination of the two. CVCF reserves the right to request additional information about finalists before or after the interview. CVCF's goal is to complete selection of a Proposer, including board approval, and proceed to negotiate and execute a contract that becomes effective January 1, 2025.

Instructions and Timeline

Please submit one (1) electronic copy of the completed RFP and supporting documentation by the June 1, 2024, deadline to Investment Committee Chair Rod Thornton (rod@cvstrategicwealth.com) and Director of Donor Services, Claudia Ruiz-Alvarez (claudia@centralvalleycf.org).

Please direct any inquiries to Rod and Claudia. Any resulting substantive updates or clarifications will be disseminated to all known prospective Proposers. **In order to receive updates, please immediately email Rod and Claudia to inform CVCF of your firm's intent to submit a proposal and provide contact information for the appropriate representative.**

Day / Date	Timeline Subject
April 15	Issue RFP
May 15	Written questions sent to CVCF about the RFP
May 17	Written responses to all questions sent to all firms involved in RFP process
June 1	Deadline for RFP proposal submissions
June 1	Initial review by Investment Committee
July 1	Selections of Finalists
July 1	Interview of Finalists
August 15	Complete Selection Process, Notify respondents
September 1	Work on transition, as applicable and needed
January 1, 2025	New OCIO contract begins

*Note: The above timetable will be adhered to in all actions relative to this procurement. It is the intent of CVCF to adhere to all actions according to the above timetable. However, CVCF reserves the right to alter the timetable should it be in the best interest of the organization. Should CVCF deem it necessary to alter the timetable, all firms who have notified CVCF of their intent to apply will be alerted and provided updated time schedules.

Proposal Content

1. All respondents should provide the following:

- a. Contact Information
- b. Name of Firm
- c. Name of Contact
- d. Address
- e. Email Address
- f. Telephone

2. Firm Overview

- a. When was your firm founded?
- b. Describe the ownership of the firm, including the percentage owned by management and employees.
- c. How many employees does the firm have?
- d. Why is your organization the right firm for us?
- e. What do you believe sets your firm apart from the competition and what unique valuable services would you add?
- f. What is your experience and expertise with community foundation clients?
- g. Describe your resources related to IT security.

3. About your OCIO business

- a. Please provide your definition of OCIO services for the purposes of this proposal.
- b. When did your firm begin to provide OCIO services?
- c. Describe the business unit(s) that would serve the Foundation. If you feel it would be helpful, provide a chart that helps us to understand this business unit in the context of your overall firm.
- d. How many employees are within the group providing OCIO services? Please include a breakdown of investment professionals, client service, etc.
- e. Detail key strengths or competitive advantages that give the firm a competitive advantage edge over other investment firms.
- f. Describe your firm's philosophy on the use of non-traditional investment assets such as hedge funds, real estate, and private equity. How do you deploy any of these strategies to enhance performance?
- g. Describe how portfolios are monitored. What risk parameters are critical in evaluating investment portfolios?
- h. Describe your capabilities and experience around alternative investments. What alternative investments do you use for other community foundations and what would you potentially have us consider?
- i. Describe any optimization or risk control techniques used in the portfolio construction process.
- j. In the case of anticipated or unexpected changes in investment markets, would you initiate contact and make recommendations at times other than quarterly meetings?

4. Manager Research

- a. Describe the process for evaluation and selection of recommended investment managers, including:
 - i. How you relate that process to CVCF's goals, objectives, investment policy and fiduciary responsibility.
 - ii. Your methods for gathering information on managers, including frequency of both in-

- house and site visits, key issues you examine and frequency of updating data.
- iii. And overview of your firm's approach and criteria for placing a manager on a watch list, and the conditions under which a manager would be removed from a watch list.
- b. Does your firm maintain its own database of investment managers? If so, please indicate:
 - i. How many managers do you maintain in your database?
 - ii. What process do you use to classify a manager's style for inclusion in your database?
 - iii. How often are managers in your database reviewed?
 - iv. Under what circumstances would you add or remove a manager from your database?
 - v. Do you receive any fees or other consideration from managers who wish to be maintained in your database (include soft dollar agreements)?
- c. How are managers monitored for consistency of performance, faithfulness to style, and ability to exceed benchmarks?
- d. In what situations would you recommend passive management and why?

5. Investment Approach

- a. Describe your investment philosophy.
- b. Describe your experience and approach in reviewing investment policies and objectives for foundations. Describe the quantitative techniques and models you use to develop investment policies and objectives.
- c. Would your asset allocation utilize an active or passive approach? Please explain why you chose that approach and if it varied depending on asset class.
- d. Describe your organizations' methodology for conducting asset allocation studies. Is it standard model applications or specially adapted to client needs?
- e. Explain how often you recommend reviewing or amending the asset allocation policy and under what circumstances you would consider changing a client's asset allocation.

Conflict of Interest

1. Describe your firm's policy on conflict of interest.
2. Does your firm intend to utilize any subcontractors in delivering the services required? If yes, provide the name and qualifications of any subcontractor and describe the nature of the services.
3. Do you anticipate using proprietary products – for instance for security selection, reporting, or analytics? Are fees for any such products explicitly included in your fee proposal?
4. Are there any other current or potential conflicts of interest we should be aware of?

Reporting

1. How many business days after the end of a reporting period are performance reports available? How long after month end do you require to provide a flash report of performance? How often are reports available and how are they delivered?
2. Please describe the timeliness of distributions from investment accounts to clients. How far in advance of when cash distributions are needed do clients need to authorize a transfer of funds? What is the security protocol required to authorize a transfer?
3. In what ways can your firm receive assets? In addition to cash transfers from CVCF, can you receive stock contributions directly from our donors, and wire transfers from partner nonprofit organizations for which CVCF manages non-custodial funds?
4. As for cash transfers to and from CVCF and your firm, what is that process? Does your firm push and pull from our bank account, or do we need to initiate with the bank?

5. Are your investment management fees automatically deducted from our account? Do you also send a detailed invoice for us to review?
6. Can client account information be accessed/viewed via the internet? Describe your firm's use of technology to meet client needs.
7. Working with its own "clients" ranging from individual donors to nonprofit organization boards, CVCF is not always the only fiduciary with an interest in the performance of its portfolio. How do you provide value to CVCF in communication with local stakeholders who may have varying levels of financial understanding?
8. Describe a circumstance in which a client's objectives or constraints changed significantly over time, and the way you worked with the client to adjust the investment policy and address the change in circumstance.
9. Can you provide a detailed implementation plan, including a timeline for the startup and transition process?

Fees

1. Describe the proposed service arrangements and fees, including OCIO fees, estimated administrative fees, custodial fees, and estimated investment management fees overall. Please illustrate any difference in fees for active management, passive management, and by asset class as applicable.
2. If there are additional fees to be charged for services related to the development or revisions of investment policy or asset allocation or manager searches, describe those in detail.
3. If selected, will the fees you quoted in your response remain unchanged for the full term of the contract?
4. What is your best practice for meeting attendance? How often in person vs. remote? Is there an additional fee for attending beyond the OCIO fee?
Indicate whether these fees are all inclusive in each category or whether additional expenses may be incurred for each service (i.e., travel, etc.).
5. Are there additional breakpoints as we hit certain asset thresholds?
Is the overall portfolio performance calculated net or gross of fees?
6. If hired, will your firm receive any form of compensation related to this account that has not been revealed? If yes, please explain.
7. We utilize a local Financial Advisor to support our Board and staff with our donors and investment committee. How would you work with our local Advisor? Please describe the relationship in detail.

APPENDICES: FURTHER INFORMATION

Please provide the name, title, and contact information for the person in your organization responsible for this proposal.

Please provide references to at least three clients, like CVCF in size and scope of business, that we may contact.