

Cortland College Foundation, Inc.
Request for Information
Investment Consulting Services October 5, 2015

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Cortland College Foundation, Inc.
Request for Information
General Investment Consulting Services

INTRODUCTION

Overview. The Cortland College Foundation Inc. (the “Foundation”) is requesting information from investment management firms (“Management Firm” or “Firm”) regarding the provision of general investment advice and asset management services. The Foundation seeks to identify potential full-service investment Management Firms to assist with (1) the Foundation’s investment objectives, portfolio constraints and risk tolerance; (2) developing and recommending an appropriate investment strategy based on estimates of long-term risk and return characteristics of different asset classes and appropriate risk management approaches; and (3) developing and recommending an appropriate asset allocation.

Background. The Foundation is a 501(c)(3) non-profit corporation. The purpose of the Foundation is to raise private funds to support the mission of State University of New York College at Cortland (the “College”). Additionally, the Foundation is charged with investing and managing the permanent endowment to support a wide range of educational activities in perpetuity.

Through this Request for Information (“RFI”), the Foundation will identify Management Firms to receive a Request for Proposal (“RFP”) for the purpose of selecting a Firm to manage a significant portion of the Foundation’s assets.

The guiding philosophy of the Foundation is to manage existing assets and contributions in a manner that will provide long-term portfolio growth while producing current income to support the programs of the Foundation and the College. It is the Foundation’s intention to preserve a

predictable income stream while increasing the value of the endowment, with a level of credit risk and market risk acceptable by the Foundation.

Investments. As of Sept. 30, 2015, the Foundation had approximately \$25 million in assets invested in a diversified portfolio across various asset classes. The Foundation has determined that a hybrid model of investing, using both active and passive strategies for investment, is potentially the most prudent model for managing its assets. The actual asset allocations, as of Sept 30, 2015, were as follows:

Cash and Cash Equivalents: 1%

Equity: 66%

Fixed Income Securities: 33%

Note: In developing the overall asset allocation strategy, it should be noted that the Foundation holds a separate account, for support of a specific scholarship, independent from the greater endowment. This account's value is approximately \$10 million, and consists of several stock positions.

SERVICES

The Foundation is seeking information from Management Firms regarding general investment management services and the various investment classes that might be used by the Foundation in accordance with its fiduciary responsibilities and applicable federal and state laws. The information provided should address methods and options for formulating and modifying the investment policy, domestic and international performance measurement approaches, attribution analysis and strategic asset allocation advice.

Specific services required (the "Services Required") by the RFP from the Foundation's investment management firm will include:

1. Review the Foundation's Investment Policy Statement and recommend potential revisions. This will involve:
 - a. Consulting with client for the purpose of identifying and reconciling client's investment objectives, portfolio constraints and risk tolerance.
 - b. Developing and recommending an appropriate investment strategy based on estimates of long-term risk and return characteristics of different asset classes and appropriate risk management approaches.
 - c. Developing and recommending an appropriate asset allocation to produce a diversified investment portfolio.
2. Manage a separate account for the Foundations assets invested to support the Foundations Charitable Gift Annuity Program. The account's current value is \$1.6 million.
3. Prepare and present to the Foundation a quarterly performance report package. This will involve consulting with Foundation staff to assist in the development of the

Foundation meeting agendas and attending a minimum of four (quarterly) meetings where the management firm will provide:

- a. A comprehensive economic and market review and analysis.
 - b. A review and analysis of overall portfolio performance, including individual asset class and investment manager performance and performance attribution.
 - c. Recommendations to tactically and/or strategically rebalance the portfolio. Advise client on the selection and retention of investment managers. This will involve conducting investment manager searches, helping to negotiate terms of the engagement, providing written guidelines to managers consistent with individual mandates and the Foundation Investment Policy, conducting ongoing due diligence and monitoring of investment manager performance.
4. Provide education to Foundation Members and staff on pertinent issues. This will involve attending one (1) Foundation Education event annually of approximately three (3) hours in length.
 5. Provide recommendations on and assist in coordinating other investment related programs of the Foundation.
 6. Provide ongoing information and alerts on important issues or impending risks that may affect the fund.
 7. Other non-routine matters that may arise from time to time.

MINIMUM QUALIFICATIONS

Prospective Management Firms must meet the minimum qualifications to the Board's satisfaction to be given further consideration. Minimum qualifications are listed in Attachment 1 – Management Firm Certification.

RFI QUESTIONNAIRE

A. Organization Background

1. Please provide a brief history of the Management Firm including current scope of the Firm - services provided, assets under advisory/management (AUM), number of investment professionals, and organizational structure of the Firm.
2. What is the number of clients by type of organization and by type of services provided and typical portfolio size? How many of these accounts are in the twenty-five to fifty million dollar range and what percentage of total portfolios managed do they constitute? How many of these accounts are in the fifty to one hundred million dollar range, and what percentage of total portfolios managed do they constitute?
3. Does the Firm act as a Fiduciary under the Investment Advisors Act of 1940?

B. Investment Process and Performance

1. Please describe the Firm's investment philosophy. How has it evolved during the last five years?
2. Specifically what are the Firm's views on use of active vs. passive management, and in what sectors/markets are each used?
3. Please describe the process by which portfolios are designed and constructed. How does the client's investment objective relate to this process?
4. Do you have a typical or "model" asset allocation? If so, what is it currently?
5. Describe the Firm's philosophy around use of alternative asset class investments for funds of our size, and how does the Firm approach asset selection of alternatives?
6. What risks are managed, how are they monitored, and how are new risks identified and incorporated into the process?
7. What specific strategies are utilized to benefit overall performance in a down, and or volatile market? Please show evidence of initiatives that you have undertaken in these circumstances.
8. Do you utilize internally-managed, open or closed-end funds for some or all asset classes in constructing portfolios, or do you function more as a manager-of-managers, etc.?
9. Does the Firm utilize open architecture in selecting managers? Describe the Firm's criteria for selecting managers.
10. Do you have a group of individuals dedicated to external investment manager research, selection and monitoring? What is the Firm's process for evaluating external managers?
11. Please provide information on how clients have performed vs. the 2014 NACUBO-Commonfund Study of Endowments or in other universes on a 1, 3, and 5 year basis. Please relate this comparison with other endowments of our size.
12. Please provide performance data including a summary of the Firm's/ team's previous record, if you deem appropriate.

C. Governance and Process

1. In what ways does the Firm interact with client investment committees? What do you see as the optimal role and responsibilities of an investment committee?

D. Fees

1. Please provide a breakdown of the fee structure that you would propose for this relationship. Please include all fees that would apply. See Terms and Conditions for Submission, number 8.

TERMS AND CONDITIONS FOR SUBMISSIONS

1. All responses must be electronically delivered by November 2, 2015 at 5:00PM (Eastern) to Linda Battin at linda.battin@cortland.edu. Questions and final proposals should be submitted at <http://cortland.edu/is-rfi>.
2. The Foundation reserves the right without prejudice to reject any or all submissions. There are no expressed or implied obligations on the part of the Foundation to reimburse Management Firms for any expenses incurred in preparing responses to this RFI.
3. This RFI is not a contract, not meant to serve as a contract, and does not constitute a promise to enter into a contract.
4. All documents and other materials submitted in response to this RFI will become the property of the Foundation. Responses to this RFI will be held in confidence and will not be revealed or discussed with other Management Firms.
5. The Management Firm agrees to comply with all terms, conditions and requirements described in the RFI. Any failure by the Firm to so comply shall be grounds for rejection of their submission, as determined by the Foundation in its sole discretion.
6. An individual who is authorized to contractually bind the Management Firm must sign Attachment 1 – Management Firm Certification. The signature must indicate the title or position the individual holds at the Firm.
7. A Management Firm must provide answers to the questions posed in this RFI. In its response to each question, the Firm must restate the question followed by their answers. Responses should be thorough and should answer the specific question asked.
8. When responding to question D 1, relative to fees, your answer should be included in a separate attached document.
9. Excluding Attachments, Management Firm response to this RFI shall not exceed ten pages.

EVALUATION PROCESS

All responses submitted will be evaluated in accordance with the provisions stated in this RFI. Clarifications may be requested from Management Firms during the evaluation process for the purpose of clarifying ambiguities in the information provided.

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

PROJECTED SCHEDULE OF EVENTS

Issue RFI.....	October 5, 2015
Deadline for submitting questions.....	October 19, 2015
Response to Questions Available.....	October 26, 2015
RFI Response Deadline.....	November 2, 2015

The Foundation will use its best efforts to adhere to the time schedule specified above. However, the Foundation reserves the right to amend the time schedule as it deems necessary.

**ATTACHMENT 1 –MANAGEMENT FIRM CERTIFICATION
Cortland College Foundation, Inc.
Investment Consulting Services Request for Information**

Firm Name

The Management Firm must substantiate that the Firm satisfies the following minimum criteria, to the Foundation’s satisfaction. This certification and the associated documentation must contain sufficient information, as prescribed, to assure the Foundation of its accuracy.

The Management Firm must:

- 1) Be registered as an Investment Advisor with the Securities and Exchange Commission under the federal Investment Advisors Act of 1940.
- 2) Have all corporate and individual authorizations, permits, licenses and certifications required by federal and state laws and regulations to perform the services specified in this Request For Information (“RFI”) at the time Firm submits a response to the RFI.
- 3) As of September 30, 2015, and for at least the three (3) most recent continuous years, have a verifiable operating history with clients with similar size and objectives to the Cortland College Foundation, Inc.
- 4) If hired, agree to acknowledge in writing that it has a fiduciary obligation as an Investment Advisor to the Foundation while providing the consulting services described in this RFI.

The authorized representative of the Management Firm that signs below certifies:

- 1) To the best of our knowledge, all information and representations provided are true, complete and accurate.
- 2) The Firm warrants and represents that our Firm did not confer with any other persons or organizations submitting information regarding the search in progress.
- 3) The Firm has read the complete materials and agrees to the terms and requirements upon which this RFI is conditioned.
- 4) The signature affixed hereon and dated certifies compliance with all the requirements of this RFI.

Yes: _____ No: _____

Management Firm - Authorized Signature

Printed Name

Title

Date