



## ***Investment Management Request for Proposal***

### **Investment Management:**

The Audit and Finance Committee (the “Committee”) of the Southwestern Community College Foundation Board of Directors is requesting proposals from qualified individuals and/or organizations for investment management services. The Foundation fiscal year is July 1 through June 30 and the total value of the specific investment assets of the Foundation as of June 30, 2015 is approximately \$4.2 million dollars.

### **Organization and Background Information:**

Founded in 1964, Southwestern Community College takes pride in a history characterized by community involvement and collaboration resulting in excellent educational opportunities for the people of Jackson, Macon and Swain counties and the Qualla Boundary (the tribal lands of the Eastern Band of Cherokee Indians). Significantly, these educational opportunities have brought economic, personal and cultural benefits to the region and its people.

Since its opening in 1964, the College has evolved from an industrial education center to a technical institute to a technical college and finally to a fully-accredited community college. During that evolution, Southwestern has awarded more than 12,000 degrees, diplomas and certificates.

Today, SCC offers more than 74 curriculum programs in Arts and Sciences, Career Technologies, College Transfer and Health Sciences. In addition, the college provides a variety of Continuing Education courses at various locations throughout its service area. The number of students these programs serve total approximately 9,000 annually.

The expansion of programs over the years has occurred simultaneously with the growth in physical facilities. The Jackson County campus has grown from one to eight buildings that house classrooms, administrative offices, an auditorium, and a library. SCC also has facilities in the service area that include: a Macon County Campus; the Public Safety Training Complex, Business and Industry Training Center in Macon County; the SCC Table Gaming School on the Qualla Boundary; and the Swain County Center at Almond which also houses the SCC Small Business Center. Partnering with the Eastern Band of Cherokee Indians and Western Carolina University, Southwestern developed the Oconaluftee Institute of Cultural Arts on the Qualla Boundary.

The Southwestern Community College Foundation was established in 1973 to support the mission of the College and is governed by a Board of Directors. Through the cultivation,

solicitation and stewardship of gifts via private donors, businesses, industry and foundations, the SCC Foundation provides support for the students, programs and initiatives of the College.

### **Scope of Services:**

SCC Foundation investment management services are expected to:

- Develop and maintain an investment strategy within the guidelines of the SCC Foundation Endowment Investment Policy that will maximize earnings while balancing the constraints of cash flow needs and the protection of donor restricted funds.
- Administer the Portfolio by analyzing asset allocations and structures, making recommendations for adjustments, facilitating sales, purchases, exchanges, and other transactions that conform to the Foundation Endowment Investment Policy (Attached) and specific endowment restrictions.
- Work collaboratively with the SCC Foundation Audit and Finance Committee in the review and analysis of the Foundation Endowment Investment Policy as it relates to portfolio performance, making recommendations for improvement or adjustments.
- Issue monthly statements to Foundation staff, to be available electronically within 10 days following month-end.
- Provide Foundation staff with electronic access to portfolio account information.
- Provide quarterly individual scholarship endowment account as well as total portfolio performance reports to the Committee and Foundation staff.
- Provide Board member annual *introduction to endowment management* training for new Board and/or Committee members and other appropriate, related training.
- Report in person on an annual basis (more frequently if requested) to the Committee and to the Board.
- The principal investment goal is to support the long-term spending objectives of the various funds while maintaining or increasing the inflation-adjusted principal value of the Portfolio.

### **Response to Proposal:**

Please submit a formal proposal prepared in the order found below. The respondent is required to provide adequate information in response to each point below in order to receive consideration. All proposals will be considered the property of the Committee and the Board.

#### **1. Organization and Professional Staff:**

- a) Provide the name of your firm, the address and the contact information including telephone number and e-mail address of the primary contact. If different, please provide the name and information for the primary advisor.
- b) Provide a summary about your firm. Include the location of your organization's headquarters, depth of professional and support staff, the year formed, ownership structure, revenues generated from management services, and subsidiary or

affiliate relationships. Please give a brief description of the functional departments of your organization, including research and database.

- c) Identify the team members who will be assigned to work with the SCC Foundation. Describe their position and responsibilities in your firm and provide biographical information about them.

**2. List of Investment Management Services**

- a) Please provide a full list of services provided by your firm.
- b) Provide information regarding the insurance provision provided the accounts held by your firm as custodian.
- c) Provide representative listings of your not-for-profit clients, particularly higher education clients.

**3. Investment Philosophy and Policy Guidelines**

- a) Describe the process you will use to recommend investment policies, objectives, and guidelines for our funds. How do you involve the Committee in this process?
- b) Comment on your process for analyzing a client's portfolio structure and for recommending modifications.
- c) What process would you use to recommend an asset allocation strategy for our funds?
- d) Describe the firm's process for evaluating a client's investment performance and how this is communicated to the client.
- e) Describe your approach to risk management.

**4. Litigation and Conflicts of Interest:**

- a) State whether your firm, its parent or affiliate, is a registered investment advisor with the SEC under the Investment Advisors Act of 1940.
- b) Has your firm or any of its subsidiaries or affiliates been involved in any litigation or censure by the SEC, Department of Labor, or any other regulatory authority within the last 10 years? If so, explain in detail the nature of the litigation and the outcome/resolution.

**5. Asset Management and Investment Philosophy:**

- a) Please provide your firm's record of endowment performance, indicating whether results are net or gross of investment management fees.
- b) What are your firm's key strengths, competitive advantages, and weaknesses?
- c) What are your firm's investment philosophy and strategies? Have they changed in any major way over the past five years? If yes, explain.
- d) What is the client turnover (gains and losses) of your firm in the past three years, with reasons for terminations of relationships?

- e) Describe the types of qualitative and quantitative factors used in evaluating a portfolio manager.
- f) Please provide contact information for three current investment service clients, preferably with educational institutions/foundations similar in size to SCC and the SCC Foundation, which we may utilize for references.

**Performance Measurement/ Evaluation and Reporting:**

- a) Provide recommendations on the best way to measure and benchmark the investment performance of the Portfolio.
- b) State your ability to customize reports for your clients.
- c) State the frequency your team provides reports.

**Fees:**

Please submit a specific fee structure for providing the requested services. Indicate all services you propose to provide and their associated fees. The quote should assume a three year contract and include all associated costs including travel. Please include a sample contract.

**Selection Process:**

The Committee requests that each applicant submit six (6) copies of the completed proposal or provide an electronic copy via email in a Word or PDF file. Finalists will be invited to interview with the Committee for a formal presentation of bids and discussion of management approaches. The Committee will then make a recommendation to the Foundation Board for selection of the investment management firm after which notification of the selected firm will take place. See the Tentative Time Line below.

The Committee reserves the right to determine the proposal that it considers best and to select a firm to provide investment management services or to reject all proposals and then either solicit new proposals or determine that it is not in the best interest of the SCC Foundation to make a change from its current manager.

<b>Tentative Time Line</b>	
Issuance of RFP	October 2, 2015
Questions Deadline	October 30, 2015
Responses to Written Questions	November 16, 2015
<b>RFP Response Deadline</b>	<b>December 4, 2015 4:30 P.M. EST</b>
Initial Evaluation of Qualifying Responses	December 2015

Interviews with Committee	January 2016
Finalist Names Presented to Foundation Board	January 2016
Selection and Contract Commencement	February 15, 2016

Proposals must be **received by 4:30 P.M. on December 4, 2015.** Please mail proposals to:

The SCC Foundation  
447 College Drive  
Sylva, NC 28779

Or send an electronic copy to [l\\_parlett@southwesterncc.edu](mailto:l_parlett@southwesterncc.edu).

# **Southwestern Community College Foundation, Inc.**

## **INVESTMENT POLICY**

### **INTRODUCTION**

All financial assets of the Southwestern Community College Foundation, Inc. (the Foundation) are held by the Board of Directors (the Board) as fiduciary. The Board will at all times exercise the standard of care established by the Uniform Prudent Management of Institutional Funds Act, N.C.G.S. § 36E-1, *et al* and any amendments or successor legislation. The following investment objectives and directions are to be understood and implemented in light of that overall sense of stewardship.

### **PURPOSE OF POLICY**

The purpose of the investment policy is to translate the investment goals and objectives of the Foundation into a cohesive, long-term investment framework that is consistent with the overall mission of the Foundation.

Therefore the purpose of this statement is to establish the investment policy for the management of the funds of the Foundation. This statement of investment policies is set forth in order to:

1. Establish and document the investment objectives, philosophy, policies, guidelines and goals for the investment funds of the Foundation.
2. Provide the Board, the Audit and Finance Committee of the Board and any investment manager(s), with a written document and understanding of said investment objectives, philosophy, policies and goals of the funds held by the Foundation.
3. Clearly communicate to the Board and investment manager(s) their role, and the duties and responsibilities.
4. Establish the basis for evaluation of the investment performance of the Foundation's portfolio and of any investment manager servicing the portfolio.

This statement is meant to be sufficiently specific to be meaningful, but also flexible enough to attain the objectives to be outlined, allowing for changing economic conditions and securities markets.

### **CONTEXT OF POLICY**

In developing the Investment Policy, the Board recognizes the following:

- fluctuating rates of return are a characteristic of the investment markets, and
- performance cycles cannot be accurately predicted as to their beginning, end or magnitude.

Therefore, the asset allocation decisions set forth in this policy are based on a careful examination of:

- The mission and goals of the Foundation.
- Historical review of various asset categories and investment plans

## INVESTMENT GOALS AND OBJECTIVES

The primary investment objective of the Foundation is to produce a favorable investment return as compared against inflation. The Foundation seeks long term principal growth while preserving capital by means of minimizing the risk of substantial loss in asset value through investment in a diversified portfolio of quality investment securities.

The Board recommends that the primary investment goals be:

- preservation of principal
- total returns sufficient to meet projected distribution requirements
- growth of the fund corpus

## PERFORMANCE GOALS

The Foundation expects to achieve competitive results on its investment portfolio. The following performance goals have been established to provide a basis upon which to judge the effectiveness of the investment objective and those responsible for implementing investment decisions on a day-to-day basis. Investment managers will be judged over a cycle of three to five years.

- Exceed the annualized rate of inflation, by an amount in the range of 5 - 6%
- Meet or exceed investment results for various asset classes as measured by the following base line indices:
  - Standard & Poor 500 and 400 Mid Cap
  - Dow Jones Industrial Average
  - Barclays Aggregate Bond Index
  - Barclays Government/Corporate & Intermediate
  - FTSE NAREIT All Equity REIT Index
  - Lipper Money Market Index
  - 90 day U.S. Treasury Bills
  - Other indices, mutually agreed on by the Board and the investment manager(s), which provide a better match for the manager's investment style or strategy (i.e. MSCI EAFE).

## INVESTMENT GUIDELINES

### Asset Allocation:

The asset allocation of the portfolio will be maintained within the allowable ranges indicated below:

<i>Asset Class</i>	<i>Min Wt</i>	<i>Max Wt</i>
<b>Total Equities</b>	<b>25%</b>	<b>75%</b>
<b>Fixed Income</b>	<b>20%</b>	<b>45%</b>
<b>Real Assets</b>	<b>0%</b>	<b>20%</b>
<b>Cash &amp; Equivalents</b>	<b>0%</b>	<b>20%</b>

The Board recognizes that a rigid asset allocation would be both impractical and to some extent, undesirable under various market conditions. Therefore, the allocation of the Foundation's total assets may vary from time to time without being considered an exception to this investment policy.

**Permitted Investments:**

1. **Cash Equivalents:** all cash and equivalent investments shall be made with utmost concern for quality. Therefore, investments will be limited to U.S. Treasury bills, commercial paper rated P-1, and insured certificates of deposit. Other securities that reflect similar quality as those described above including, but not limited to, money market mutual funds which meet such parameters, are permissible also.
2. **Fixed Income:** fixed income securities shall include securities issued by the U.S. government and its agencies and securities issued by U.S. corporations. The average quality of the Foundation's fixed income portfolio must be at least "A" rated. Fixed income mutual funds, which meet such parameters, are permissible.
3. **Equities:** equities shall include common stocks, preferred stocks and bonds convertible into common stock. Investments in equities shall be limited to securities of corporations listed on the U.S. exchanges, the NASDAQ market or American Depository Receipts. Adequate diversification shall be maintained within the purchased equity portfolio so that no single security comprises more than 10% of the total value of the equity portfolio. Donated stocks may be exempted from these criteria, at the discretion of the Board of Directors. Mutual funds, which meet the investment parameters, are permissible.
4. **Real Assets:** real assets are comprised of real estate and commodity exposure. Public Real Estate allocations are allowable in the form of Real Estate Index Funds, Real Estate ETF's, Real Estate Investment Trusts (REIT) or real estate mutual funds only. Direct and Private Real Estate investments are not allowed under this policy. Commodities would include exposure to areas of the financial markets such as precious and base metals, energy, and grains. Commodity allocations are allowable in the form of diversified Index Funds, ETF's, and mutual funds only. Direct commodities investments or investment in proxies of direct commodities investments are not allowed under this policy.

**Prohibited Investments:**

The following categories of securities and other investment activity are not permitted for investment without the prior written approval of the Board.

- Unregistered or restricted stock
- Foreign securities not traded on U.S. or NASDAQ exchange
- Commodities, precious metals or tangibles (funds are permitted as described in Permitted Investments item 4. Real Assets)
- Private placements
- Initial public offerings (must have two year trading history)
- Uncovered options
- Futures trading
- Short selling
- Margin trading



## MANAGER PERFORMANCE REVIEW

### Reporting and Review:

The Audit and Finance Committee of the Board of Directors shall meet quarterly to review the returns of the Foundation versus its performance objectives on both absolute and relative return basis. It is the responsibility of the investment manager to supply the Audit and Finance Committee with quarterly statements which detail the specific assets of the account. The Audit and Finance Committee is responsible for regularly reporting on investments to the full Board.

In addition, investment manager(s) should meet with the Audit and Finance Committee at least annually; and will be supplemented by other meetings as necessary for proper review.

### Performance Measures:

Manager performance will be evaluated according to the long term asset allocation goals and guidelines specified in this policy.

## POLICY REVIEW AND MODIFICATION

The Audit and Finance Committee will review periodically the investment objectives and restrictions for the Foundation. The Audit and Finance Committee will also use its periodic investment performance evaluations as occasions to also consider whether and elements of the existing policy are either insufficient or inappropriate. In particular, the Audit and Finance Committee will review the following.

- The Foundation's ongoing ability to tolerate downturns in asset value (function of financial and cash flow considerations)
- Any changes in the Foundation's liquidity requirements
- Any changes in the Foundation's income requirements
- Any changes in the Foundation's rate of return objectives
- Changes in the Foundations priorities
- Areas found to be important but not covered by policy

The Board reserves to itself the right to revise this Policy.

## POLICY ADOPTION

This Investment Policy was recommended by the Board of Directors of the Foundation and approved at the Foundation meeting on 7/15/2014.

Board Chair:

  
Luke Hyde

Secretary:

  
Susie McCoy