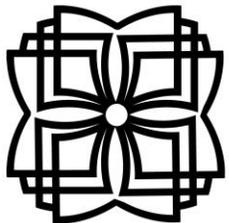


Request for Proposal



Rochester Public Library Request for Proposal Investment Management Services

Date Issued: October 5, 2018



**Rochester
Public Library**

**Investment Management
and
Custodial Services
for**

**Rochester Public Library
(City of Rochester)**

TABLE OF CONTENTS

General Information

- Project Title
- Proposal Due Date
- Schedule
- Questions

Services

- Overview
- Scope of Services

Rochester Public Library

- Organizational Overview
- Governance Overview
- City of Rochester

Submission & Selection Process

- Required Submission Materials
- Questionnaire
- Selection Criteria
- Selection Process

Attachment

Appendix A, Rochester Public Library Investment Policy

Appendix B, City of Rochester Standard Terms and Conditions

GENERAL INFORMATION

Project Title

Rochester Public Library
Investment Management and Custodial Services
City of Rochester, New York

The full Request for Proposals (RFP) is available on the following web sites:

<http://www.cityofrochester.gov/bidandrfp>

<https://roccitylibrary.org/>

Proposal Due Date

Proposals are to be submitted no later than **2:00pm, Friday, November 2, 2018** to:

Brie Harrison, Library Finance Officer (brie.harrison@libraryweb.org)
Rochester Public Library
115 South Avenue
Rochester, New York 14604

Schedule

It is anticipated that services will commence in April 2018; based on this projection, schedule as follows:

- | | |
|---------------------------------------|----------------------|
| • Issuance of RFP | October 5, 2018 |
| • Deadline for submitting questions | October 19, 2018 |
| • Deadline for Proposals | November 2, 2018 |
| • Finalist notification | by November 16, 2018 |
| • Finalist Interviews | early December 2018 |
| • Recommendation to Board of Trustees | January 23, 2019 |
| • Commencement of Services | April 1, 2019 |

Questions

Please submit any questions regarding this opportunity by 4:00pm Friday, October 19, 2018 to Brie Harrison, Finance Officer (brie.harrison@libraryweb.org). Answers to questions will be compiled and made available publicly at <http://www.cityofrochester.gov/bidandrfp/> and <https://roccitylibrary.org/> on or before Wednesday, October 24.

SERVICES

Overview

The Rochester Public Library (RPL) is requesting proposals for comprehensive asset management of its investment portfolio, including advising the RPL Finance Committee about, but not limited to, investment philosophy, capital market trends, investment performance reports, policy reviews and

updates, asset allocation strategies, and any other consulting and fund management assistance as requested.

The RPL additionally seeks through the RFP custodial services with a bank, trust company, or broker/dealer to handle the receipt and delivery of securities to and from brokers, preparation of any required financial reporting, and performance of all necessary services related to investments, such as depositing dividends and exercising stock rights. If the Proposal does not include an integrated custodian, note that the investment manager is the sole contractual entity and shall appoint a custodian.

The agreement between the RPL and selected investment manager is intended for a five-year term, with an additional five-year renewal period.

The RPL has been a recipient of restricted and unrestricted gifts, estate settlements and other asset pledges from the 1920's through the 1990's. All non-cash gifts are liquidated and established as endowments, with restrictions and percentages of total endowment investment value maintained by the RPL. For the purposes of investment management, the RPL considers all endowments a single entity with a singular investment strategy. After 1997, a separate 501c3 charitable entity, today named the Friends and Foundation of the Rochester Public Library was established to manage new gifts on behalf of the RPL. As a result, the RPL maintains all endowments gifted prior to Foundation incorporation, with the majority of new gifts held by the Foundation. As a result, the RPL endowments are unlikely to increase substantially for the duration of the agreement term.

As of June 30, 2018, investment assets totaled \$2,797,107 and were allocated as follows:

Asset Class	Actual	Actual %
Domestic Fixed Income	\$1,281,666	45.8%
Domestic Equities	\$1,232,064	44.1%
International Equities	\$198,576	7.1%
Cash	\$84,801	3%

Scope of Services

The RPL administration and Board of seeks services which include but are not limited to the following:

- Investments – handle all activities associated with management of portfolio, from buying and selling of securities to portfolio monitoring, transaction settlement, performance measurement, regulatory and RPL reporting.
- Portfolio Analysis and Benchmarking – reviewing asset allocations and structures and making recommendations for appropriate changes.
- Reporting – provide quarterly performance reports, including but not limited to performance data and analysis of fund; individual asset classes; style and risk analysis; peer universe comparisons, and holdings analysis relative to benchmarks.

- Manager Research and Analysis (if applicable) – manage the selection, retention, and dismissal of investment managers, performing due diligence and summary reporting.
- Research – perform necessary due diligence on investment markets to ensure optimal performance, including monitoring, rebalancing and reporting.
- Investment Policy – reviewing investment-related policies and making appropriate recommendations for changes.

ROCHESTER PUBLIC LIBRARY

Organizational Overview

The RPL has a sustained presence and broad footprint in the Rochester community since its founding in 1911. Annually the RPL sees approximately 500,000 visitors at its Central Library and nearly one million visits at 10 branch locations within the City of Rochester. The RPL is governed by an 11-member Board of Trustees, appointed by Rochester City Council.

The RPL's Mission is *to engage the community in life-long learning for all through equal access to information, technology, gathering spaces and expert staff*. The RPL considers public libraries to be community anchors that address economic, education, and health disparities in the communities they serve. Services and additional information are detailed on the RPL's website www.roccitylibrary.org.

The RPL is on a July 1st to June 30th fiscal year, as a municipal department of the City of Rochester. The City of Rochester maintains RPL operation, capital and endowment fund reporting, with RPL endowment assets reported in the Consolidated Annual Financial Report as of June 30. The RPL establishes annual endowment distributions and calculates the value of each endowment fund based on a rolling twelve (12) quarter average, with the final quarter ending March 31. Withdrawals are made once annually in July.

Governance Overview

Investment policy and approval of endowment distribution as consistent with the RPL Investment Policy (Appendix A) is the purview of the RPL Finance Committee, currently a four-member committee of Trustees with RPL Board President as additional ex-officio member. Currently the RPL Finance Committee meets in early June for approval of annual distribution and review of endowment performance with the investment manager.

City of Rochester

The RPL administers professional services agreements based upon the authorization of the RPL Board of Trustees. The RPL maintains similar agreement terms and conditions as the City of Rochester; respondents shall review City standards terms and conditions (Appendix B).

The City of Rochester desires to encourage minority and women owned business enterprises (MWBE) to participate in opportunities to enter into Agreements with the City and RPL, and to encourage minorities and women in the workforce. Pursuant to Ordinance No. 2018-54, the City has established minority workforce goals of 20% M and 6.9% W for professional services Agreements. The RPL has

endorsed these goals. Proposal respondents shall be awarded MWBE bonus weighting in selection criteria as follows:

- The RPL will give preference to firms who are New York State certified MWBE's with bona fide offices and operations in the Empire State Development Finger Lakes Region. Firms who meet this requirement shall receive an additional weighting of 10% in the evaluation scoring.
- Respondents shall provide sufficient documentation with their proposal to support the additional preference weighting as an MWBE Consultant. If selected, the firm shall submit an MWBE Utilization Plan on the City's form for approval by the City's MWBE Officer. The RPL shall provide said form to the selected firm, if applicable, for incorporation into the Agreement.
- The RPL will give preference to respondents who meet or exceed the City's workforce goals, which are: 20% M and 6.9% W. Respondents who demonstrate that their workforce meets or exceeds these goals shall receive an additional weighting of 10%. The selected firm, if applicable, shall submit a Workforce Staffing Plan on the City's form for approval by the City's MWBE Officer and incorporated into the Agreement. Forms are located at <http://www.cityofrochester.gov/mwbe/>

SUBMISSION & SELECTION PROCESS

Required Submission Materials

Please provide the following in digital format only:

- a. Brief description of your firm, including history and ownership structure.
- b. Identify and provide resumes for the partner, manager and/or staff who would be assigned to the RPL account.
- c. Answers and any associated attachments to the Questionnaire (below)
- d. Fees: Outline your fee structure; indicate all services you propose to provide and their associated fees. Separate from consulting, custody, transaction fees as appropriate, including sub-management or indirect management fees as applicable. The response should assume a five-year contract and include any travel or other out-of-pocket expenses.
- e. Respondents must certify in their proposal that, if selected, they will provide MWBE, certification and/or workforce utilization reports on the City's forms as applicable.

Questionnaire

Responses to the following questions should repeat the question and be answered in order. Limit responses to no more than one-half page if possible. If you have pre-printed material that answers the questions, it may be submitted if noted which questions pre-printed material addresses.

Firm

- Provide your percentage of revenues derived from investment consulting/endowment management to non-profit organizations.
- List the names, experience, academic credentials, and background of your endowment management personnel.

- Please provide your firm's (i.e., your clients') record of endowment performance. Please indicate whether results are net or gross of investment management fees.
- What are your firm's key strengths, competitive advantages, and weaknesses?
- Indicate whether your firm is registered with the SEC or state agency and if so, provide a copy of relevant registry.
- Has your firm, its principals or affiliates ever (a) been the focus of a non-routine SEC inquiry or investigation or a similar inquiry or investigation from a federal, state or self-regulatory organization, or (b) been a party to any litigation concerning fiduciary responsibility or other investment related matters? If yes to any of the above, please provide details.
- What is the client turnover (gains and losses) of your firm in the past three years? If necessary, provide rationale for significant changes in relationships (i.e. institutional investors)
- Provide three current client contacts for which similar investment management services are being performed, preferably educational institutions similar in size to the RPL.
- Will your firm accept fiduciary responsibility relative to the services in this RFP?
- Describe the firm's knowledge and experience in specific asset class(s) or strategy including private equity, real estate and alternative investments.

Services

- List all of the firm's standard services provided in a typical investment management relationship, including the firm's endowment management philosophy and what approach would be utilized for the RPL in fulfilling this RFP.
- Describe the firm's process for analyzing a client's existing Investment Policy. Describe the firm's method for recommending modifications and monitoring the Policy and strategy.
- Describe the firm's asset/liability modeling capability, and portfolio structure analysis. Describe the manner in which the firm would assist the RPL in recommending changes and monitoring asset mix.
- Describe the firm's process for evaluating a client's investment performance and how this is communicated to the client.
- (If applicable) describe the types of qualitative and quantitative factors you use in evaluating a portfolio manager.
- (If applicable) how many investment managers do you currently track? Describe the steps in your due diligence/search for manager selection.
- Provide samples of investment performance reports.
- Do you offer training of Committee members as it relates to their fiduciary responsibilities?
- Describe how you will provide custodial services.

Monitoring and Performance

- Provide a description of how appropriate benchmarks are chosen or developed and how performance is compared to similar portfolios.
- What type of information is included in periodic monitoring reports, and with what frequency? Provide a sample account report that would be similar to what would be distributed for the RPL.
- How soon are reports available after the end of a reporting period (assumed quarterly), and are they available online with secure access?

- How are total portfolio returns calculated?
- Provide a composite track record for a portfolio that typically would be utilized by an endowment with annual 5% withdrawals from a mostly static corpus.
- Describe the process your firm uses to verify the accuracy of the data presented.

Selection Criteria

All firms submitting responses must meet the following minimum criteria:

- Be a registered investment advisor under the Investment Company Act of 1940;
- Agree to act as a “fiduciary” with respect to the RPL;
- Have been in business for a minimum of ten (10) years, if the firm was not been in business for at least ten (10) years, the senior principals of the firm must have at least ten (10) years’ experience with institutional clients at an investment consulting firm;
- Have provided similar investment consulting services to other educational institutions of similar asset size as the RPL;
- Employ a professional team or department dedicated to investments, and/or investment manager research and analysis;
- Have individual(s) assigned to the RPL with a minimum of five (5) years professional experience in the investment management field; and
- Disclose all conflicts of interest, all sources of revenue and all affiliations especially, but not limited to, investment managers that may be contracted by the firm.

The criteria for selection will include, but are not limited to the following:

- Proposed initial fees and ongoing fees;
- Stability and experience of management/consulting firm;
- Stability and experience of personnel assigned to RPL;
- Responses to provided questions as evaluated by the selection committee; and
- Additional considerations of MWBE eligibility as applicable.

Selection Process

A selection committee of RPL and City representatives will evaluate each proposal to determine if it was submitted in accordance with the requirements set forth in this RFP, including whether the proposing firm meets the minimum criteria. All non-qualifying respondents not subject to the waiver/cure of minor information will be rejected at this time and the responding firm so notified.

The selection committee will use the selection criteria to recommend a limited number of firms to make a presentation and interview in Rochester, New York. The RPL Finance Committee may join in interviews with finalist firms to clarify issues, scope of services and fees. The selection committee will make a recommendation to the RPL Board of Trustees.

The RPL makes no representations or warranties, expressed or implied, as to the accuracy or completeness of the information in the RFP and nothing contained herein is or shall be relied upon as a promise or representation, whether as to the past or the future. The RPL reserves the right to amend

or withdraw this RFP at the RPL's sole discretion, and in such case, the RPL shall have no liability for any costs incurred by any respondent.

The selection of a firm is within the RPL's sole discretion and no reasons for rejection or acceptance of a proposal are required to be given. Although fees are an important consideration, the decision will be based on qualifications and compliance with the requirements of this RFP and not solely on cost. The RPL reserves the right to reject any or all proposals or to accept a proposal that does not conform to the terms set forth herein. The RPL further reserves the right to waive or modify minor irregularities in the proposals and negotiate with firms to serve the RPL's best interest.