



REQUEST FOR PROPOSAL INVESTMENT SERVICES

GENERAL INFORMATION

Girl Scouts of North East Ohio (GSNEO) invites investment firms who possess the capability and expertise to provide investment services for GSNEO to submit proposals for the provision of those services per the requirements set forth in this document. The purpose of the Request for Proposal (RFP) is to identify the organization that can offer the highest quality of service.

GSNEO was organized as a nonprofit 501(c)(3) corporation that is registered in the State of Ohio and is chartered by Girl Scouts of The USA with the mission to build girls of courage, confidence, and character who will make the world a better place. This council serves more than 27,000 girls and 13,000 adults in 18 northeast Ohio counties and is headquartered in Macedonia, OH. Council and troop-based programs are led by over 5,500 background-checked and trained volunteers supported by approximately 84 full-time staff members located in 4 service centers, 3 year-around camps, and 3 field offices. Total revenue and public support is approximately \$11M and total assets are approximately \$29M. Ongoing investments total approximately \$6M, and an additional \$5M in short-term investments has been set aside to complete GSNEO's Master Plan camp renovation project.

INVESTMENT STRATEGY

The investment policy that is included with this RFP outlines the strategy approved by the GSNEO Board of Directors for its portfolio management. If, after review of the GSNEO Investment Policy, your organization would propose a different strategy, please include this in your proposal.

EVENT SPONSORSHIP AND CORPORATE SUPPORT

GSNEO holds at least two annual fundraising events and works to secure event sponsorship and other support for each of these events. In addition, GSNEO seeks corporate volunteer and financial support for its programs.

TIMELINE (Subject to Change)

- | | |
|---|-----------------|
| • Web RFP distributed | April 7, 2017 |
| • Proposals due | May 10, 2017 |
| • Possible interviews of top firms | June 1, 2017 |
| • Recommendation by Finance Committee | July 6, 2017 |
| • Approval by Board Executive Committee | July 20, 2017 |
| • Notification to Investment Managers | August 1, 2017 |
| • Effective change | October 1, 2017 |



RESPONSE DATE

- An electronic proposal ***must*** be sent to jgraves@gsneo.org followed up by paper copies.
- Six (6) copies of your proposal ***must*** be received by GSNEO no later than May 10, 2017.
- Proposals must be clearly marked "INVESTMENT SERVICES PROPOSAL" and mailed separately from any other RFP to GSNEO
- Mail or deliver responses to:
John Graves, CFO
Girl Scouts of North East Ohio, Inc.
1 Girl Scout Way
Macedonia, OH 44056

Amendments to proposals will be considered only if they are received by the above deadline. A corporate official, legally authorized to bind the firm, ***must*** sign the proposal.

QUESTIONS

Questions regarding the bid process or specific aspects of the RFP should be mailed, e-mailed, or sent by facsimile transmission to:

John Graves, CFO
Girl Scouts of North East Ohio, Inc.
1 Girl Scout Way
Macedonia, OH 44056
jgraves@gsneo.org Phone: 330-983-0401



Request for Proposal

The following information should be included in your response to provide investment services.

1. **Company Information**
 - Year organized.
 - Number of clients and average portfolio size.
 - Number of full-time staff.
 - Assets under management: Not-for-profit, Total institutions
 - Number of offices.
 - Location of corporate headquarters.
 - Related organizations, including subsidiaries or affiliates.
 - Discussion of any present litigation or regulatory actions against your firm.

2. **Qualifications of Your firm and Its Ability to Provide Investment Services**
 - Brief biographies of personnel to be assigned to the account and where they are located.
 - Number of years of experience in not-for-profit investment management.
 - Discussion of investment philosophy.
 - Discussion of your customer service philosophy.
 - Discussion of your understanding of the Girl Scout movement and your involvement and familiarity with the programs of the Girl Scouts of North East Ohio.

3. **Relevant Experience**
 - Describe your firm's philosophy towards managing assets of non-profit organizations.
 - Include three specific references that we may contact, preferably clients similar to our organization in type of business and size of portfolio.

4. **Reporting, Portfolio Evaluation and Review of Accounts**
 - How soon would quarter-end reports become available?
 - Form of your reports. Please provide sample.
 - Frequency of portfolio evaluation.
 - Frequency of account review by your firm and willingness to meet with GSNEO to make recommendations and discuss performance.
 - Describe how your reports will communicate compliance with our investment policy and how they will compare your investment results with the benchmarks in our investment policy.

5. **Investment Performance**
 - Describe your recommended portfolio based upon our investment policy.



- For the investments in your recommended portfolio, provide a current analysis of the one, three, five and ten year returns compared to indices in our investment policy.
 - Describe how you select and assess the performance of portfolio managers.
6. Insurance
- Provide a list of applicable insurance coverage maintained with relevant coverage limits.
 - Provide the name of your primary insurance carrier.
7. Research and Investment
- Provide research methods and resources (external and internal).
 - Discussion of investment decision making process (committee, portfolio manager, external investment managers, etc.)
8. Fees
- Indicate all fees involved for each of the services you are proposing to provide; including custodial fees, asset management fees, transaction fees, mutual fund expense ratios, how the fees are computed, and any other compensation you receive that are associated with your recommended portfolio allocation including other compensation received from mutual fund providers.
 - Discuss the frequency in which such fees will be evaluated and the maximum amount of any increase to be expected.

The Girl Scouts of North East Ohio
Investment Policy for Restricted Long-Term Investments

Girl Scouts of North East Ohio is committed to an investment policy that is both enduring and flexible. This investment policy establishes the investment objectives of the Girl Scouts and serves as a guideline for funds to be managed by investment managers.

I. INVESTMENT POLICY

- a) The responsibility of the Board of Directors is to establish broad guidelines for its endowment funds and other restricted long-term investments, employ investment managers, determine asset allocation, and monitor performance of the investment managers on a regular basis. These responsibilities will be assigned to the Finance/Investment Committee. The investment managers are responsible for optimizing the return on the assets within the guidelines that have been established.
- b) The endowment fund and other restricted long-term investments are intended to be permanent funds with the disciplined investment objectives and consistent management strategies to accommodate any relevant, reasonable, or probable events.
- c) The purpose of this investment policy statement is to establish a clear understanding of the investment objectives and consistent management strategies to accommodate any relevant, reasonable or probable events.

II. OBJECTIVES

The Girl Scouts of North East Ohio seeks to maximize the long-term total return of financial assets consistent with the current and future funding needs of the council. As a result, the maintenance and growth of these funds are the primary objectives. The council understands that to achieve these returns, it needs to accept moderate risk, recognizing that a reasonable degree of volatility in market value is necessary to achieve long-term capital appreciation and maintain real spending growth.

III. SPENDING POLICY

- a) The amount available for spending by the Girl Scouts from restricted long-term investments will be based on a 5 % of the fund's assets annually on a three year (12 quarter) moving average basis, calculated quarterly, lagged one year unless otherwise specified by the donor at the time the gift was made.
- b) The spending rate may be adjusted with approval of the Board of Directors.

IV. ASSET ALLOCATION RANGE

- a) In recognition of the expected returns from financial assets and their volatility, funds will be invested in the following ranges with the policy allocation noted:

| | Range | Target |
|------------------|----------|--------|
| Equities | 50 – 80% | 65% |
| Fixed Income | 10 - 30% | 22% |
| Alternatives | 0 – 20% | 10% |
| Cash Equivalents | 0 – 10% | 3% |

- b) Any deviations beyond this mix of securities must have prior approval by the Finance/Investment Committee. Investments in alternatives, including commodities, real estate, and hedge funds must have the prior written approval of the Finance/Investment Committee. Alternatives should be in liquid vehicles, with no more than 5% of assets placed with any one manager.

V. EQUITY GUIDELINES

- a) Objective - Achieve long-term returns that exceed those of the overall equity market.

In evaluating long-term (full market cycle) performance, overall equity returns will be compared to the S & P 500.

- b) The Endowment's equity assets will be managed in accordance with the following:
- i) Minimum criteria for direct investment in a stock:
 - (1) Market Value \$ 500 million
 - (2) Shares outstanding 25 million
 - (3) Annual Sales \$ 500 million
 - ii) The equity investment in any single company should not exceed 5 percent of the Endowment's Equity assets. Investments in mutual funds would not be subject to this limit.
 - iii) Investment in Mid/Small Cap and International equities may be made through the use of mutual funds or separately managed accounts (SMAs), or exchange-traded funds. Mutual funds selected will be diversified and generally conform to the above- mentioned company and industry guidelines.

VI. FIXED INCOME GUIDELINES

Objective - Achieve returns that exceed those of the investment grade bond market.

- a) Fixed Income returns will be compared to the Barclay's Aggregate Bond Index and the results of other actively managed fixed income pools.

- b) The fixed income assets will be managed in accordance with the following:
- i) Minimum criteria for direct investment in a corporate bond:

| | |
|--------------------|--|
| Par Value of issue | \$ 100 million outstanding |
| Quality of issue | BBB by Standard & Poor's or Baa by Moody's |

- ii) The market value of the aggregate holdings of an individual corporate debtor should not exceed 10 % of the debt related assets.
- iii) The average duration of the bond portfolio should be within the range of 3 - 15 years. The investment manager will have full discretion to determine the average duration and maturity within this range.
- iv) 90% of fixed Income type securities must be investment grade securities.
- v) Fixed income alternatives are not subject to the maturity or quality constraints specified for individual holdings. This allows for the use of floating rate funds when appropriate.

VII. CASH EQUIVALENT GUIDELINES

Objective - Cash equivalents will be invested in an appropriate money market fund.

VIII. PROHIBITED INVESTMENTS

- a) Without the prior approval of the Board of Directors, investments in the following are prohibited:
 - i) Guaranteed Insurance Contracts
 - ii) Direct investment in commodities, non-marketable securities, or speculative real estate.
 - iii) Direct investments in precious Metals, Coins, or Gems.
 - iv) Private Placements or "restricted stock" (except those gifted to the endowment fund. Private placements and "restricted stock" received as gifts by the endowment fund must be sold in a timely manner.)
 - v) Individual issues of commercial paper

In addition, there shall be no short-selling, securities lending, financial futures, options, or other derivative or specialized investments except where part of the standard process of an approved alternatives or fund manager.

- IX. INVESTMENT REVIEW
- a) Objective - Achieve financial returns which preserve the real asset value and are competitive relative to those offered by the financial markets.

- b) Review - The Finance/Investment Committee of Girl Scouts will compare the investment performance of the Endowment to the following benchmarks:
The blended performance of 70 % S & P 500 and 30 % Barclay's Aggregate Bond Index Aggregate benchmark over a calendar year.

- ii) The Consumer Price Index plus 2.5 % measured over a three to five year period.
- c) In addition, the Finance/Investment Committee will compare the various asset classes to the following benchmarks:
 - i) The annual total return of domestic equities will be compared to the Russell 1000 Growth and international equities will be compared to the Morgan Stanley All Country World ex USA Index over a three to five-year time period.
 - ii) The annual total return of fixed income securities will be compared to the Barclay's Aggregate Bond Index over a three to five-year time period.
 - iii) Real Estate investments will be compared to the NAREIT index, Convertible Assets will be compared to Merrill Lynch Investment Grade Convertible Securities Index.
 - iv) The annual total return of cash equivalents will be compared to the Merrill Lynch 91-day T- Bill Index.
- d) Portfolios will be reviewed by the Finance/Investment Committee annually, but results will be evaluated over three-to-five year periods. The Committee will regularly review the managers to confirm that factors underlying performance expectations remain in place. The investment managers will provide statements of activity.

X. PERIODIC BOARD REVIEW OF THE ENDOWMENT

- a) The Finance/Investment Committee of Girl Scout will report to the Board annually, assessing the impact of each of the following on the preservation of the real value of the investments:
 - i) The Spending and Investment Policies
 - ii) Investment managers effectiveness in implementing the Investment Policy
 - iii) The general health of the financial markets and the economy
- b) At this review, the Finance/Investment Committee will recommend any changes to either the investment or spending policies that may be necessary to preserve value.

XI. INVESTMENT DISCRETION

- a) Investment management firms appointed by the Girl Scouts of North East Ohio are granted full discretion in managing funds as long as their actions are in accordance with this statement of policy and investment guidelines. Investment management firms are expected to comply with all applicable laws and regulations.

- b) If any major management or personnel changes occur within the investment managers/firms, the Finance/Investment Committee shall be notified immediately.