



Northern Kentucky University Foundation, Inc.
Lucas Administrative Center 822
Nunn Drive
Highland Heights, Kentucky 41099
(859) 572-5126
nku.edu/foundation

August 12, 2020

To Whom It May Concern:

The Northern Kentucky University Foundation is seeking to retain a qualified firm to provide comprehensive investment consulting services for endowment pool assets of approximately \$100 million. Enclosed, please find our request for proposals.

The selected firm will report to the Investment Committee, a standing committee of the Board of Directors of the Foundation and will work closely with both this committee and Foundation's staff. The firm will offer advice to the Investment Committee that is solely in the best interests of the NKU Foundation and its beneficiaries. Per Kentucky Revised Statute and its bylaws, the NKU Foundation is an unaffiliated corporation of Northern Kentucky University.

Qualified firms are invited to submit proposals by emailing PDF documents to Emily Prabell, Business Manager at prabelle@nku.edu by September 4, 2020. In the subject line please state RFP INVESTMENT CONSULTANT. Any questions may be submitted by email to Mrs. Prabell by August 21.

Respectfully,

A handwritten signature in blue ink, appearing to read "Eric Gentry".

Eric Gentry
Executive Director
NKU Foundation

A handwritten signature in blue ink, appearing to read "Barbara M. Johnson".

Barbara M. Johnson, CFP™
Chair
RFP Sub-Committee

A handwritten signature in blue ink, appearing to read "Tim Schigel".

Tim Schigel
Chair
Investment Committee



Request for Proposal

Investment Management Consulting Services

2020

Table of Contents

- I. Northern Kentucky University Foundation Investment Committee**

- II. Engagement - Scope of Services**

- III. Investment Qualifications & Authority**

- IV. RFP Process/Contacts**

- V. Questionnaire**

Northern Kentucky University Foundation - Request for Proposal (RFP)

Investment Management Consulting Services

The Northern Kentucky University Foundation (NKU) Investment Committee is seeking to retain a qualified firm to provide investment consulting services to assist in managing assets within the foundation investment portfolio.

I. Northern Kentucky University Foundation Investment Committee

The Northern Kentucky University (NKU) Foundation, a 501 (c) 3 organization, evolved from the Northern Kentucky State College Research and Development Foundation, subsequently the Northern Kentucky State College Foundation and was incorporated in 1970. Our mission is to secure, invest, steward and distribute private resources in support of Northern Kentucky University, to advocate for the University's best interests, and to build lasting relationships with alumni and friends.

The purpose of the Foundation's endowment is to support the educational mission of NKU by releasing a sustainable flow of funds to the overall budget. Developed over time through generous gifts of NKU supporters, the endowment provides a source of funds for current and future use. The endowment is the property of the Foundation and held for NKU's exclusive use, benefit and purpose.

The investment objective of the endowment is to preserve and enhance the real (inflation-adjusted) purchasing power of the fund assets, consistent with the agreed-upon level of risk that a prudent person would take under various economic conditions. The Foundation uses risk-adjusted total return as a metric, which is defined as the sum of capital appreciation (or loss) and current income achieved in the form of dividends and interest. This objective shall be accomplished utilizing equities, fixed income, alternative investments, private equity and cash equivalents in a mix which is conducive to participation in rising markets while allowing for protection in falling markets.

Investment of the endowment is the responsibility of the Foundation through its Investment Committee. The Committee works with the investment consultant to recommend investment objectives and guidelines, select investment managers and monitor the implementation and performance of the Foundation's investment program. The Committee is supported by the Foundation's Executive Director and staff who support the administrative functions and daily operations of the Foundation.

II. Engagement – Scope of Services

The investment consultant will assist with the following tasks:

- **Investment Policy Statement (IPS)** – regularly review the current IPS as well as make recommendations as appropriate.
- **Portfolio Asset Allocation** – review the current asset allocation and make recommendations on potential changes that achieve the goals outlined within the IPS.
- **Investment Manager Selection & Monitoring** – provide due diligence on the current managers within the portfolio. This also includes providing timely, proactive recommendations in all areas related to the portfolio, including rebalancing, asset allocation, manager due diligence, investment styles and other pertinent information as it becomes available to the investment consultant.
- **Performance Reporting** – provide quarterly investment portfolio reports to the investment committee for review of managers and overall performance.
- **Market Research** – this includes asset allocation studies, investment research and education.
- **Spending Policy** – this includes assisting the Investment Committee on establishing a spending allocation/policy to balance the current needs of NKU along with the long-term capital appreciation of the underlying investment assets while maintaining the real purchasing power of the portfolio.

III. Investment Qualifications & Authority

The Foundation seeks a consultant that will act in a fiduciary capacity according to the Prudent Investor Rule. The minimum qualifications are listed below:

- Operated with a proven commitment to investment management and consulting services. Registered as an investment advisor under the Investment Advisors Act of 1940.
- The consulting firm must have at least 10 years of experience managing endowment or foundation assets.
- Company must have the highest level of integrity and service-oriented execution.
- Strict adherence to client confidentiality and professionalism.
- Independent and objective advice, with an agreement to disclose all conflicts of interest, including all sources of revenue and affiliations.
- Firm must have similar clients: endowment and university foundation experience with at least 1 client with assets in excess of \$100 million.
- The individual consultant assigned to the account relationship must have a minimum of 10 years professional experience in the investment consulting field, along with university endowment clients, and a clean compliance record.

IV. RFP Process/Contacts

Please respond to all questions below in sequence in an electronic, PDF copy to Emily Prabell, Business Manager, at prabelle@nku.edu on or before September 4, 2020. Questions may be submitted to Mrs. Prabell through email by August 21, 2020. Finalists will be selected by October 9, 2020, with finalist interviews taking place on October 19 and 20, 2020. A final decision will be communicated by November 25, 2020. The selected firm will begin its engagement on January 1, 2021.

V. Questionnaire

A. Firm Overview

- a. Describe the evolution and history of the firm.
- b. Describe the firm's business/service model. Indicate which services are the firm's specialties or areas of expertise. If you provide services other than investment management, provide the percentage of revenue derived from investment management.
- c. Explain the ownership structure of your firm.
- d. Describe future growth plans and indicate if there have been any recent or anticipated changes in ownership or key management.
- e. Provide the Assets Under Management and detail assets managed by client type.
- f. Provide a representative client list. Please indicate which client relationships began within the last 2 years.
- g. What distinguishes your firm in the investment management industry? What unique value-added services could you provide?
- h. Describe your historical client turnover.
- i. Describe your average, mean, largest, smallest client size.

B. Investment Policy Statement

- a. Describe your approach to investment policy construction, including investment objectives and risk control policies. Describe your process for maintaining a continuous review of investment policies.
- b. How would our portfolio be monitored? What risk parameters are critical in evaluating the investment portfolio?
- c. Please provide feedback on our current asset allocation as compared to your current investment philosophy.

C. Asset Allocation

- a. Describe your investment philosophy and approach. Please include in your description views on:
 1. Active versus passive management
 2. Manager concentration, number of managers and history of manager turnover
 3. Asset allocation framework and rebalancing philosophy
- b. Has your investment philosophy changed over the past several years? Are any changes being contemplated?
- c. Please describe if your firm prefers to maintain full discretion over client assets or shared discretion with the Investment Committee and Foundation staff. Do you offer customized portfolios or commingled solutions?
- d. How does your firm approach risk management?
- e. What differentiates you from your competitors?

NKU Foundation's Current Asset Allocation Ranges		
Asset Category	Range Minimum	Range Maximum
Global Equity	30%	80%
Global Fixed Income	5%	35%
Real Assets	5%	25%
Diversifying Strategies	0%	15%
Cash	0%	10%

D. Manager Search & Selection

- a. Provide a general description of your research department/team.
- b. Describe your Investment Committee, who sits on committee, frequency of meetings.
- c. Describe your manager search and selection process:
 1. How do you research current managers in our portfolio?
 2. Where do the new managers to research come from? Client request? Your research? Explain.
 3. What criteria do you utilize to screen the managers?
 4. Describe due diligence process for new and existing managers.
 5. Describe ongoing manager due diligence.
 6. Describe the communication process to the client on the managers recommended. What type of information is provided?
- d. How do you categorize managers between asset classes and styles/strategies?
- e. Please explain your firm's ability to source and gain access to top tier managers. Specifically, in private capital space such as venture managers.
- f. For alternative managers, please explain your research and selection process.
- g. Do you offer proprietary fund solutions or an open architecture?
- h. Describe how your firm would approach any necessary transitions from current managers/allocations.

E. Client & Performance Reporting

- a. What is the frequency of client reporting (e.g. monthly, quarterly)?
- b. Do you have the ability to customize reports for your clients?
- c. Can your firm provide custom benchmarks on an annual basis, including investment style benchmarks and peer universe rankings (e.g. NACUBO or rankings compared to other colleges/universities)?
- d. How is the performance calculated for the individual managers? Do you report an overall consolidated return for the entire investment portfolio?
- e. Describe the level of transparency provided to the client regarding the underlying managers.
- f. Describe any lock-up periods that may impact liquidity.
- g. Provide samples of reports with how you analyze risk associated with individual managers and overall portfolio.

F. Operations, Compliance, & Service Team

- a. Provide biographies of key decision makers within your firm (# of years with firm, years of overall industry experience, certifications, related experience).
- b. Turnover rate of employees within your firm. Reasons for departure.
- c. How are your employees compensated and evaluated on their performance? Do you provide incentive compensation? If so, what is this incentive tagged to?
- d. Provide Form ADV and any recent or current findings.
- e. Describe the succession plan for key decision makers.
- f. Briefly describe your compliance policies.
- g. What is your ethics policy regarding Conflict of Interest and methods of disclosure?
- h. Disclose all potential conflicts of interest issues your firm would have in servicing the client, including relationships with custodians, investment bankers, brokerage firms, Foundation board members or staff, etc.?
- i. How is the service team chosen for each client? Can we interview various teams to decide best fit? How many people would be on the service team?

G. Fees

- a. Describe your fee proposal, including what services are included in this fee and any that are not included but available for additional charge.
- b. Will your firm certify that no finders' fee, commission or any other type of compensation will be paid to your firm or an individual employed by your firm as a result of engagement with an investment manager? (No fee sharing)
- c. How do you measure your success as a consultant? How do you ensure that your compensation as a consultant is aligned with the client's objectives?