



## **Request for Proposal Outsourced Investment Management Services April 15, 2024**

### **INTRODUCTION**

#### **A. PURPOSE AND SCOPE**

Chapin Hall Center for Children (“Chapin Hall”) is accepting proposals from Investment Management firms to provide outsourced investment management services (Outsourced Chief Investment Officer or OCIO model). We invite your firm to submit a proposal to us by May 17, 2024 for consideration. A description of our organization, the services needed, and other pertinent information is provided in this Request for Proposal.

#### **B. TIME FRAME FOR PROCESS OF FIRM SELECTION, CONTRACT AWARD AND INITIATION**

Dates currently established for the proposal process, selection of firm, contract award and contract initiation are stated below. *Note: Firms are hereby advised that these dates are subject to change as Chapin Hall deems appropriate and necessary for proper fulfillment of the intentions of the proposal process.*

- April 15, 2024: RFP distributed
- April 22, 2024: If interested, send email to: [jpearlman@chapinhall.org](mailto:jpearlman@chapinhall.org). We will send Financial Statements, Single Audit, and the Investment Policy.
- April 26, 2024: Questions due to Chapin Hall at 12pm CDT. Email questions to [jpearlman@chapinhall.org](mailto:jpearlman@chapinhall.org)
- May 3, 2024: Responses to questions will be provided to all.
- May 17, 2024: Proposals due via email to [jpearlman@chapinhall.org](mailto:jpearlman@chapinhall.org) by 5pm CDT. Receipt of proposals will be confirmed to proposer via email.
- June 3, 2024: Firms will be notified if selected for a presentation of their proposal
- June 10 - June 22, 2024: Presentations by selected firms with Chapin Hall’s Selection Committee.
- July 31, 2024: Anticipated notification of award.
- August 23, 2024: Onboarding and account setup complete.
- No earlier than September 3, 2024: Transfer of funds.

#### **C. RESPONSE INSTRUCTIONS**

One PDF copy of your proposal must be received via email to [jpearlman@chapinhall.org](mailto:jpearlman@chapinhall.org) no later than May 17, 2024 at 5pm CDT. Proposals must be clearly marked with the subject line "INVESTMENT MANAGEMENT SERVICES PROPOSAL". Late proposals will not be considered. Amendments to proposals will be considered only if they are received by the above

deadline. A corporate official, legally authorized to bind the organization, must sign the proposal.

#### **D. TERM OF SERVICE AGREEMENT**

Chapin Hall is proposing a 5-year term for investment management services with the option to extend for an additional 5 year period at the same terms. Either party has the option of discontinuation of the agreement with 180-day written notice.

#### **E. RIGHT TO REJECT PROPOSAL**

Chapin Hall also reserves the right to reject any or all proposals.

#### **F. CONFIDENTIALITY**

All information presented in this RFP, including information disclosed by Chapin Hall during the selection process, is to be considered strictly confidential. Information must not be released to external parties without our express written consent.

### **SECTION 1- CHAPIN HALL ORGANIZATION INFORMATION**

#### **Background of Chapin Hall Center for Children**

Chapin Hall is a policy research center that provides public and private decision-makers with rigorous research and achievable solutions to support them in improving the lives of children, families, and communities. The organization was established in 1985 and is a 501(c)(3) entity with a fiscal year-end of June 30<sup>th</sup>. Chapin Hall's revenues for FY 2023 were ~\$25.5 million.

Chapin Hall's investment policy provides the framework within which the funds of the Chapin Hall may be invested.

Chapin Hall's assets are currently being managed by the University of Chicago's Office of Investments in the Total Return Investment Pool (TRIP). TRIP is a portfolio broadly diversified across asset classes, geographies, sectors, liquidity terms, and investment instruments. Current benchmarks are set by the University of Chicago TRIP Investment strategy.

Chapin Hall currently withdraws about \$1.4million to \$1.6million annually to support operations. The annual withdrawal amount is currently based on a formula (5% of the trailing 12 quarter balances). The withdrawal amount is part of the board approved operating budget. The withdrawals currently occur on a quarterly basis.

Chapin Hall will remove all funds from TRIP as part of the planned de-affiliation with the University of Chicago. The de-affiliation will be effective no later than December 31, 2024.

### **SECTION 2- SCOPE OF WORK AND PROPOSAL CONTENT**

Chapin Hall is seeking an OCIO that has the experience and record of accomplishment to assist in this effort, and will maximize Chapin Hall's return on investment within the stated guidelines and constraints articulated in its investment policy.

In preparing proposal, firms must consider the following:

- Initial Investment is expected to be ~\$32,000,000 (based on market value as of December 31, 2023) of which \$5million is donor restricted. Chapin Hall may consider multiple accounts to segregate funds as needed by purpose, restriction, etc.
- Chapin Hall will continue to withdraw funds from the investment portfolio to support operations.

The successful firm must demonstrate in its proposal, and during a scheduled interview, if invited, its ability to fulfill the following expectations in a cost efficient manner:

1. Act as a strategic investment manager for Chapin Hall to maximize the organization's investment portfolio by establishing and maintaining an investment portfolio that is consistent with the organization's investment policy and strategies including:
  - a. Invest funds and other negotiable assets in such a manner to produce maximum total investment return, while keeping risk to an acceptable level.
  - b. Develop an investment portfolio that is diversified both as to fixed income and equity holdings. Diversification should provide reasonable assurance that no single security (investment) or class of securities (investments) shall have a disproportionate or significant impact on the total portfolio.
  - c. Meet or exceed expectations as benchmarked by Chapin Hall's Investment Policy.
2. Protect the organization's assets, generate sufficient income, increase net assets, while limiting risk to acceptable levels and maintaining approved and established asset allocations. Success will be measured by portfolio performance to pre-determined benchmarks on a total investment return basis.
3. Working with Chapin Hall Management, assign a portfolio manager who understands the mission of Chapin Hall, and has a proven track record of successful asset management for non-profit organizations.
4. Via the portfolio manager, provide monthly statements and quarterly graphical and customized reports and relevant analysis based on the benchmarks; act responsively and meet all deadlines and schedules; review, analyze and advise at least annually regarding Chapin Hall's investment policy; attend virtual meetings as necessary, at least once per year.

The successful firm will also:

5. Demonstrate values that align with Chapin Hall's commitment to seeking business with vendors that have diverse ownership, diverse staff and senior management makeup; and organizational and Human Resource policies that support social justice, ant-racism, and individuals and families of all races, ethnicities, religions, gender, sexual orientation, and identity.
6. Present its business philosophy, goals, objectives, and methodology to Chapin Hall in detail, including investment results completed for other clients of similar size and non-profit corporations.

7. Demonstrate ten-year minimum experience with managed endowments and similar investment portfolios.
8. Document previous portfolio management experience of individuals designated to handle Chapin Hall's account.

### **SECTION 3- PROPOSAL RESPONSE**

The following items should be specifically addressed in the proposal submitted and must reference the item number:

1. Company information
  - 1.1. Year organized
  - 1.2. Number of clients
  - 1.3. Type of clientele (defined by industry and size of portfolio)
  - 1.4. Number of staff
  - 1.5. Assets under management
  - 1.6. Number of offices & location of corporate headquarters
  - 1.7. Provide latest financial statement
  - 1.8. Related organizations (i.e., Subsidiaries, Parent, related entities)
  - 1.9. Discussion of any past or present litigation or regulatory actions against your firm
2. The qualifications of your firm and its ability to provide investment management services
  - 2.1. Qualifications of principals and professional staff (Please specify those individuals who will be directly responsible for this account)
  - 2.2. Number of years of experience in investment management
  - 2.3. Discussion of investment philosophy
  - 2.4. Discussion of risk management philosophy and model
  - 2.5. Discussion of your customer service philosophy including service model, hours of availability, etc.
  - 2.6. Discussion of your social responsibility philosophy
3. Relevant experience with other similar non-profit organizations that hold endowment funds
  - 3.1. Include a list of your non-profit clients
  - 3.2. Include three specific references that we may contact (name, title, email, phone, address). Include non-profit clients most similar to Chapin Hall in type and size of business and similar services requested are recommended.
4. Reporting, portfolio evaluation and review of accounts
  - 4.1. Frequency of reporting to clients (e.g., monthly, quarterly)
  - 4.2. Form of your reports and on-line availability (please provide sample)
  - 4.3. Frequency of portfolio evaluation
  - 4.4. Performance monitoring approach
  - 4.5. Month end data available after how many days
  - 4.6. Compliance with AIMR reporting standards

- 4.7. Frequency of account review by your firm and willingness to meet with management to make recommendations and discuss performance.
5. Recommended asset allocation
  - 5.1. Recommended asset allocation and estimated annual rate of return for one, three, five and ten years
  - 5.2. Include an analysis of the efficient frontier for the recommended asset allocation and a discussion of the risk/reward spectrum for your recommendation(s)
  - 5.3. For the investments included in your recommended portfolio, please provide one, three, five and ten year annual returns compared to relevant indices
6. Recommended changes to the investment policy
  - 6.1. Effects on efficient frontiers and specific returns
  - 6.2. Effect on your fees, if any
  - 6.3. Rationale for recommendations
  - 6.4. Pros and Cons of recommended changes
7. Insurance
  - 7.1. Listing of applicable insurance coverage maintained with relevant coverage limits
  - 7.2. Name of your primary insurance carrier and their related AM Best rating
8. Research and investment decisions
  - 8.1. Provide research methods and resources (external and internal)
  - 8.2. Discussion of investment decision making process (committee, portfolio manager, external investment managers, etc.)
9. Fees
  - 9.1. Indicate all fees involved for each of the services you are proposing to provide and a breakdown of such fees.
  - 9.2. Include a breakout of the initial and ongoing fees as a percentage of the dollar value of the assets
  - 9.3. Discuss the frequency in which such fees will be evaluated
10. Other services
  - 10.1. Ability to accept marketable securities as donations and be converted into cash holdings
  - 10.2. Possible short-term and medium term investment opportunities for cash balances

#### **SECTION 4- SELECTION CRITERIA**

Chapin Hall's Selection Committee will review proposals based on the criteria outlined above. Chapin Hall reserves the right to select the firm it feels will best support its investment management needs. Chapin Hall may entertain voluntary, alternate proposals for services not included in RFP.

Chapin Hall will consider the following criteria in its evaluation of proposals:

- Investment Strategy Development: 25%
- Performance monitoring & Reporting: 25%
- Organization structure, Performance & Governance: 25%
- Diversity and social responsibility: 25%