

REQUEST FOR PROPOSAL FOR INVESTMENT CONSULTANT

November 13, 2023

Issued by:

HARTFORD PUBLIC LIBRARY

500 Main Street

Hartford, CT 06103

Bridget E. Quinn,

President & CEO

The Hartford Public Library (HPL) is requesting proposals for investment consultants to assist in the management of its investment portfolio through comprehensive asset management including regularly advising the HPL 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.

HPL currently has three endowment portfolios with a total approximate value of \$31M in restricted and unrestricted investments. For purposes of the proposal, assume the funds are liquid and can be transferred immediately.

1. Background

HPL is one of the oldest public libraries in the country. Founded as the Hartford Library Company in 1774, the Hartford Public Library of today serves the residents of Hartford, the greater Hartford region and the State of Connecticut from 8 locations with robust programs, services, facilities and collections that promote a literate and engaged community. HPL is incorporated as a 501(c)3 Non-Profit organization; HPL receives approximately 72% of its annual operating revenue from the City of Hartford; income from the endowment, private giving, corporate support, earned income, and grants provide the balance of resources for day to day operations. HPL is embarking on an ambitious fundraising and development initiative and is seeking an experienced non-profit financial manager(s) to assist with the responsible stewardship of these endowments, and to assist the staff and the Finance and Investment Committee ensure long-term growth while effectively managing risk, and the ability to spend up to 4% from the income of the endowment annually.

2. Proposal Requirements:

1) Company Information

- Full name of the organization, address, telephone number(s), website, licensing information. Include description of the structure of the firm, ownership details, year founding in present form, parent company (if applicable) and any affiliated companies. If a change is anticipated in any of these areas, please make note of it
- Number of years the firm has been providing investment services similar to what is being sought by HPL
- Describe your client base, including number, type (number of not-for-profit, etc.), length of time of services and range/average portfolio size
- Disclose any potential conflicts of interests your organization may have in serving HPL's investment needs
- Total assets under management
- Discussion of any past or present litigation or regulatory actions against your firm
- Detail the levels of insurance coverage, including errors and omission insurance and any other fiduciary professional liability insurance your firm has in force
- Provide a detailed breakdown of your company's workforce diversity profile
- Provide a list or overview of your company's charitable giving and philanthropic activities with particular emphasis on Connecticut and the greater-Hartford region.

2) Qualifications

- Provide information about the staff who would be primarily supporting HPL:
 - i) Who will be responsible for the day-to-day relationship?
 - ii) Where is this team located?
 - iii) Qualifications of principals and professional staff (please specify those individuals who would be directly responsible for this account) including number of years of experience in investment management

3) Experience with not-for-profit organizations

- Describe your experience working with not-for-profit organizations
- What is your typical target client size
- Include a representative client list of not-for-profit clients
- Include three specific references that we may contact
- What makes your firm the best fit for HPL

4) Client Service, reporting, portfolio evaluation and review of accounts

- Discuss your report formats and philosophy (include a sample of your reports)
- Recommended frequency of investment reviews to discuss recommendations and performance

5) Sample of representative asset allocation

- Description of general approach to determining appropriate asset allocations
- Examples of representative products

- Firm's experience with Socially Responsible Investing
- 6) Investment Performance: Provide a sample 1, 3, 5 and 10 year performance track record for a representative/model portfolio.
 - 7) Alternative Investments: What is your firm's philosophy regarding alternative investments?
 - 8) Fees
 - Indicate all fees involved for each of the services you are proposing to provide
 - Identify and include specifics about any embedded or other third party product fees
 - 9) Other services
 - Please address any additional value added services that you are capable of providing that may be of benefit to us, and your experience in rendering such services

3. Evaluation Criteria

- 1) Organization – assets under management, fit for HPL, experience with non-profit organizations
- 2) Experience and credentials of consulting manager and team that will be working with HPL
- 3) Investment methodology
- 4) Corporate social responsibility
- 5) Performance reporting
- 6) Competitiveness and clarity of management and advisory fees
- 7) Quality and feedback of references / current or former clients

4. Evaluation Process

- 1) An evaluation committee will review all submitted RFP's. Remote and/or on site interviews will be conducted with a short list of finalists. Information gathered during interviews, negotiations, and reference checks (HPL reserves the right to contact references other than or in addition to those furnished by the proposer). This information is the sole and exclusive property of HPL.
- 2) Proposals should be submitted via email as a PDF, single spaced, 8.5x11 pages in no smaller than 11 point font (excluding exhibits, samples or other attachments). Please include your firm's name is on each page.
- 3) HPL shall not be responsible or liable for the risks, costs, or expenses incurred by any proposer in the preparation of its response to this RFP or for travel expenses incurred by finalists.
- 4) Please submit any questions concerning the request for proposal to Mary Tzambazakis, Chief Administrative Officer and General Counsel (mtzambazakis@hplct.org) through email by 5PM **November 30, 2023**

5) Submit proposals by 5PM **December 15, 2023** to :

Karl Fisher

Finance Director

kfisher@hplct.org

5. Finalists

- 1) Firms selected as finalists should be prepared to conduct a 30-45 minute presentation at a location to be determined in Hartford, CT with the staff, Finance Committee and other stakeholders.
- 2) Finalists should be prepared to offer comments regarding the Library's Investment Policy Statement (enclosed) during the presentation.

Hartford Public Library reserves the right to award to the bidder that presents the best value to the organization as determined solely by Hartford Public Library in its absolute discretion.

EXHIBIT – CURRENT HARTFORD PUBLIC LIBRARY INVESTMENT POLICY

HARTFORD PUBLIC LIBRARY INVESTMENT POLICY STATEMENT

Introduction and Purpose

The Hartford Public Library (HPL) endowment portfolio has been established to support and promote the growth, progress and general welfare of the HPL. This document is intended to provide guidelines for managing the endowment and to outline specific investment policies that will govern how the objectives are achieved. This policy outlines investment objectives, defines the responsibilities of the Board of Directors and Finance and Investment Committee (Committee), and other parties involved in managing HPL's investments, and to identify or provide target asset allocations, permissible investments and diversification requirements.

INVESTMENT OBJECTIVE

The objective of the endowment is to support the HPL's operating budget with a revenue stream while also maintaining or increasing the inflation-adjusted value of the endowment to maintain intergenerational equity. In addition, the objective is to maximize the return on invested assets while minimizing risk and expenses. This will be done through prudent investing and planning, as well as through the maintenance of a diversified portfolio that emphasizes long term investment fundamentals.

Investment Goals:

- To provide for asset growth at a rate to meet or exceed the rate of inflation (as measured by CPI) and identified benchmarks, net of expenses.
- To diversify the assets in order to reduce the risk of wide swings in market value from year to year or of incurring large losses that could occur from concentrated positions.
- To achieve investment results over the long term that compare favorably with those of other endowments and foundations, professionally managed portfolios and of appropriate market indexes.

GENERAL PROVISIONS

- All transactions shall be for the sole benefit of the HPL.
- The Committee will review the investment policy on an annual basis.
- The Committee will review HPL's investment assets at least quarterly to verify the existence and marketability of the underlying assets or satisfy themselves that such a review has been conducted in connection with an independent audit of the HPL's financial statements.

- The Committee will endeavor to operate the HPL's investment program in compliance with all applicable state, federal and local laws and regulations concerning management of investment assets.
- Investments shall be diversified with a view to minimizing risk.
- The maximum spending will be 4% of the previous 12-quarter average market value, ending March 31st.

DELEGATION OF RESPONSIBILITY

- The Investment Committee is charged with the responsibility of managing the assets of HPL's endowment. The Committee's responsibilities include establishing and maintaining the endowment's investment policy and periodically reviewing the performance of the investments. The Committee shall discharge its duties with the care, skill, prudence and diligence appropriate to the circumstances then prevailing.
- The Committee may engage the services of an investment consultant and/or manager(s). The consultant and/or manager(s) will assist in reviewing and advising on the portfolio's asset allocations, performance of the portfolio and any other matters of relevance to the oversight of the portfolio. The Committee will regularly evaluate the performance of the investment consultant and/or manager(s) to ensure adherence to policy guidelines and to monitor investment objective performance.
- The Committee may engage a custodian to be responsible for the safekeeping and custody of assets. If engaged, the Custodian will maintain or cause to be maintained possession of the securities owned by the HPL, collect dividends and interest payments, redeem maturing securities and effect receipt and delivery following purchases and sales. If engaged, the Custodian may also perform regular accounting of all assets purchased, sold or moved into and out of endowment accounts.

RESPONSIBILITIES OF INVESTMENT MANAGERS

- Each investment manager will invest assets placed in his, her or its care in accordance with this investment policy.
- Each investment manager must acknowledge in writing acceptance of responsibility as a fiduciary.
- Each investment manager will have full discretion in making all investment decisions for the assets placed under his, her or its care and management, while

operating within all policies, guidelines, constraints, and philosophies outlined in this Investment Policy. Specific responsibilities of investment manager(s) include:

1. Discretionary investment management, including decisions to buy, sell, or hold individual securities, and to alter allocation within the guidelines established in this statement.
2. Reporting, on a timely basis, not less than quarterly, investment performance results.
3. Communicating any major changes in the economic outlook, investment strategy, or any other factors that affect implementation of investment process. The investment manager(s) shall provide a written opinion on the possible impact and any associated risk with respect to the changes.
4. Informing the Committee regarding any changes in portfolio management personnel, ownership structure, investment philosophy, etc.
5. Voting proxies, if requested by the Committee, on behalf of the HPL shall be provided by manager/consultant. If Committee so delegates, the investment manager(s) is empowered to exercise all rights including voting proxies.
6. Administering HPL's investments at reasonable cost, balanced with avoiding a compromise of quality. These costs include, but are not limited to, management and custodial fees, consulting fees, transaction costs and other administrative costs chargeable to HPL.

GENERAL INVESTMENT GUIDELINES

- HPL is a tax-exempt organization as described in section 501(c)(3) of the Internal Revenue Code. This tax-exempt status should be taken into consideration when making investments.
- HPL is expected to operate in perpetuity; therefore, a 10 year investment horizon shall be employed. Interim fluctuations should be viewed with appropriate perspective.
- A cash account shall be maintained with a zero to very low risk tolerance to keep cash available for grant distributions, tax obligations and other anticipated expenses.
- Transactions shall be executed at reasonable cost, taking into consideration prevailing market conditions and services and research provided by the executing broker.

- Permitted investments include:
 - Stocks, bonds and cash instruments.
 - Individual securities, mutual funds and ETFs investing in domestic, international and emerging markets.
 - Alternative investments such as commodities, REITS and hedge funds are allowed as pooled investments only (mutual funds or ETFs).
 - Below investment grade securities including high yield bonds, preferred stocks and emerging market debt are allowed when purchased in a pooled, liquid security such as a mutual fund or an ETF.
- The following transactions are prohibited: Purchase of non-negotiable securities, derivatives, private placements, short sales, any margin transactions, straddles, warrants, options, life insurance contracts, leverage or letter stock.
 - No individual fixed income securities shall have an equivalent credit quality below investment grade at the time of purchase, defined as:
 1. BBB by Standard & Poor's for straight bonds and convertibles
 2. Baa3 by Moody's Investor Service for straight bonds and convertibles
 3. A1 by Standard & Poor's for short term securities
 4. P1 by Moody's Investor Service for short-term securities
 5. AAA for money market accounts

DIVERSIFICATION

- HPL will maintain a reasonable diversification of investment assets between asset classes and investment categories at all times.
- Investments within the investment portfolio should be readily marketable.
- The investment portfolio should not be a blind pool; each investment must be available for review.

ASSET ALLOCATION

- The asset allocation target ranges set forth represent a long-term view as a percent of the total portfolio.

| Asset Class / Mandate | Min Weight | Target Weight | Max Weight |
|-------------------------------|------------|---------------|------------|
| | | | |
| Investment Grade Fixed Income | 20% | 22% | 50% |
| Below Investment Grade Fixed | 0% | 5% | 10% |
| Domestic Equities | 40% | 55% | 65% |
| International Equities | 5% | 10% | 30% |
| Emerging Market Stocks | 0% | 5% | 12% |
| Alternatives | 0% | 0% | 10% |
| Cash | 0% | 3% | 10% |
| | | | |

- Rebalancing shall be done on a semi-annual basis or more frequently if deemed necessary.

PERFORMANCE

Performance objectives are to be met on a net of fees basis. The investment performance of each asset allocation class will be measured on two levels: against inflation objectives for the total portfolio and against index objectives for individual portfolio components. Investment performance shall be measured no less than quarterly on a net of fees basis. Performance shall be evaluated on a three to five year basis to allow for market fluctuations and volatility.

The customized benchmark is shown below and may be adjusted from time to time as economic factors dictate:

| | |
|--------------------|-----|
| Russell 3000 Index | 50% |
| MSCI EAFE | 15% |
| Barclays Aggregate | 30% |
| 3 Month T-Bill | 5% |

Approved by:
Bridget Quinn-Carey, CEO

Date

8/23/11