

REQUEST FOR PROPOSAL  
HARRISBURG AREA COMMUNITY COLLEGE

#10-32: HACC FOUNDATION INVESTMENT MANAGEMENT AND CUSTODIAL  
SERVICES

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Acknowledgement:

Please acknowledge receipt of this RFP by completing the information requested on this page and faxing this page to 717-540-9106 (Attn: Tara L. Mashack-Behney)

Also include this page with your bid response.

Vendor Name: \_\_\_\_\_

Contact Name: \_\_\_\_\_

Address (include city, state, zip): \_\_\_\_\_

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_ Email: \_\_\_\_\_

Check One: We will \_\_\_\_\_ will not \_\_\_\_\_ be responding to this RFP.

If you are responding, please verify that as of 12/31/09 your firm managed assets of at least \$2.5 billion.

\_\_\_ Yes, as of 12/31/09 our firm managed assets of at least \$2.5 billion.

If not responding, please explain briefly: \_\_\_\_\_

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Dates:

Date of Issue: February 12, 2010

Questions on Proposal: Until February 19, 2010 at 3:00 PM

Reply Due Date: By March 5, 2010 at 3:00 PM

Bid Opening Date: March 5, 2010 at 3:30 PM

Board Meeting: May 2010(Please note: Final official bid results will be released after this date. All vendors who respond to the RFP will receive an award notification letter in the mail within one week of this date.)

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Terms:

1. All bids must be mailed or hand delivered in a **sealed** envelope clearly marked with company name and bid number. **Faxes are NOT acceptable.**
  2. All bids must be signed by an authorized representative of the company.
  3. The College reserves the right to select all or any items on the RFP or to reject all bids.
  4. Bids must include all costs as specified. HACC is tax exempt.
  5. Do not include a copy of the original RFP with your response.
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REQUEST FOR PROPOSAL  
HARRISBURG AREA COMMUNITY COLLEGE  
#10-32

FOR  
HACC FOUNDATION  
INVESTMENT MANAGEMENT  
AND CUSTODIAL SERVICES

FOR  
HARRISBURG AREA COMMUNITY COLLEGE  
HARRISBURG, PA

**DEADLINE TO SUBMIT PROPOSALS:**  
Friday March 5, 2010 at 3:00 PM

**PROPOSALS MUST BE DELIVERED TO:**  
Conrad Siegel Investment Advisors, Inc.  
Attn: Tara L. Mashack-Behney  
501 Corporate Circle  
P.O. Box 5900  
Harrisburg, PA 17110-0900

For information concerning the RFP process and the schedule of activities, please direct questions to:

Conrad Siegel Investment Advisors, Inc.  
Attn: Tara L. Mashack-Behney  
501 Corporate Circle  
P.O. Box 5900  
Harrisburg, PA 17110-0900  
Phone: 717-652-5633  
Email: [taramashack-behney@conradsiegel.com](mailto:taramashack-behney@conradsiegel.com)

## OVERVIEW

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### Purpose

Harrisburg Area Community College formally invites responses to provide information to be used in the acquisition of Investment Management and Custodial Services.

Proposals must be made upon and in accordance with the specifications. The College reserves the right to accept or reject any and all proposals, to waive any irregularities or informalities in any or all proposals and to award the contract in the best interests of the College.

Prospective investment firms are asked to deliver one original and three (3) duplicate proposals, enclosed in a sealed envelope or package before the given deadline as indicated, to the following:

Conrad Siegel Investment Advisors, Inc.

Attn: Tara L. Mashack-Behney

501 Corporate Circle

P.O. Box 5900

Harrisburg, PA 17110-0900

### Organization

A vision for the future of Harrisburg Area Community College inspires and guides the mission and work of the Foundation. The Foundation is a tax-exempt organization under Section 501(a) of the Internal Revenue Code as described in Section 501(c)(3). The Foundation enhances Harrisburg Area Community College's tradition of academic excellence and student success by providing additional resources to support the College's comprehensive mission.

The business of the Foundation is managed by a Board of Directors, comprised of various local leaders who serve in a volunteer capacity, in accordance with the by-laws of the Foundation. As the College's partner, the Foundation helps assure that quality higher education is affordable and accessible for all area residents.

As the recipient of private, individual, corporate, and foundation donations, the Foundation Board of Directors has a fiduciary responsibility to manage these funds prudently and efficiently.

### Background

The Foundation employs a total return policy for the permanently restricted endowments that are currently valued at approximately \$12 million. The Investment Committee has adopted a spendable rate of 4% of the investments' market value average for disbursement purposes.

The temporary and unrestricted endowments are currently valued at approximately \$11 million and are managed in a separate account. The Foundation does not have an annual spending policy or a consistent forecast for anticipated expenditures.

The current target asset allocation for the Foundation portfolios is: 35% Fixed Income and 65% Equities. A copy of the current Investment Policy Statement will not be provided to respondents.

## Work Scope

Specifically, the successful provider(s) will be expected to:

1. Act as a strategic investment planner for the Foundation to maximize the Foundation's net assets by crafting an investment portfolio that is consistent with the Foundation's investment policy and strategies.
2. Make initial and on-going asset allocation/investment recommendations.
3. Attend quarterly Investment Committee meetings as requested.
4. Rebalance the portfolio as appropriate.
5. Fulfill the expectations in a cost efficient manner.
6. Assign a portfolio manager(s) who understands the mission of the Foundation, and has a proven track record of successful asset management.
7. Provide monthly statements, which are to include transaction history and performance results.
8. Be responsive, provide pertinent data and meet all deadlines and schedules.
9. Provide custodial services.
10. Establish a policy that supports climate and sustainability shareholder proposals at companies where the institution's endowment is invested.

## EVALUATION CRITERIA/PROCESS

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### Criteria

As of December 31, 2009, the respondent's firm must manage assets of at least \$2.5 billion. If assets under management are less than \$2.5 billion, the RFP will not be considered.

In selecting the semi-finalists and finalist, the Foundation will consider a number of factors in combination. These factors will include, but not be limited to, the three sections as referenced below. Final decisions will be based on responses in these three sections and each section will carry a different weighting in the final decision. Section 1 will carry a 75% weight, Section 2 will carry a 15% weight, and Section 3 will carry a 10% weight.

#### SECTION 1

- A. Investment Philosophy
- B. Investment Process
- C. Risk Adjusted Performance
- D. Total Expenses

#### SECTION 2

- A. Services
- B. References/Experience

#### SECTION 3

- A. Company Structure
- B. Community Involvement

### Process

After the date established for receipt of proposals, a register of proposals shall be prepared which shall include the name of each Respondent. The register of proposals shall be open to public inspection only after award of the contract. No additional proposals will be accepted after the opening date.

The Foundation has retained the services of **Conrad Siegel Investment Advisors, Inc.** to provide independent investment consulting services. **Conrad Siegel Investment Advisors, Inc.** will not be submitting a proposal in response to this RFP. Their role in this process will be to:

- Assist the Foundation's Investment Committee with drafting and evaluating the RFP's
- Assist the Foundation's Investment Committee, if necessary, with the interview process
- Assist the Foundation's Investment Committee with making the final selection

This is an open RFP. It was published in the newspaper and on the College website. The College provided RFP packages to those investment managers who may have had contact with HACC over the years and to those individuals with previous or current business relationships with HACC and/or the Foundation. The College also sent packages at the request of board members. We are anticipating 10-20 responses.

The RFP has requested 10 years of historical performance data. HACC realizes that longer-term performance numbers are more meaningful. Five years of performance is necessary to be considered in this RFP. While 5-9 years of performance will be considered, it may not carry as much weighting as a respondent with a longer history. Performance information must be presented as of December 31, 2009.

Discussions may be held with one or more Respondents to: 1) promote understanding of the College's requirements and the Respondents' proposals; and 2) facilitate arriving at a contract that will be most advantageous to the College taking into consideration all factors set forth in the request for proposals.

Discussions may include oral presentations, interviews, demonstrations, responses to specific questions, modifications, and negotiations. Respondents shall not be informed of their rank at the time of discussions. Respondents must be prepared to send qualified personnel to discuss technical and contractual aspects of the proposal.

One or more Respondents may be provided an opportunity to submit a "best and final" offer. The contract may be awarded to more than one Respondent. The Foundation portfolios can be divided any way the Foundation Board of Directors deems appropriate. Possible scenarios may include dividing the portfolios into equal parts with the expectation that the managers will invest in appropriate asset classes and manage a balanced portfolio. If the Board feels that there are managers with areas of expertise, the Board may award managers to invest in specific asset classes.

References and the credit and financial responsibility of the Respondents may be verified as appropriate.

Any term or condition stated in this RFP document shall be considered accepted by the Contractor unless specifically objected to by the Contractor. The College may accept or reject Vendor's alternative proposals to the terms of this RFP. A proposal may be rejected if it is incomplete or conditional.

The College reserves the right to cancel the selection process or the negotiations when a selection is made, or at any time prior to entering into a formal written agreement with the Contractor.

The College intends to execute a contract with the Contractor submitting the proposal that the College determines to best meet the requirements. The College will be the sole judge of the acceptance of any and all proposals.

The inability of any respondent to meet the requirements may be cause for rejection of his/her proposal.

After selection approval by the Foundation Board of Directors, Harrisburg Area Community College Purchasing and Business Services office will cause a contract/purchase order to be prepared for signatures by both parties. A contract(s) will be issued to the responsible Contractor whose proposal is the most advantageous to the College, taking into consideration all evaluation factors.

# INFORMATION REQUIRED FROM RESPONDENTS

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RFP Investment Management and Custodial Proposals must address the following issues:

## SECTION 1

### A. Investment Philosophy

1. Please define the firm's investment style. Please comment on the following as used within your firm: active, passive, and index strategies, value, growth and blend styles of investing, large, mid, and small cap asset classes, domestic and international equity markets, alternative investments, fixed income, mutual funds, individual securities, and proprietary investments.
2. Please describe any investment ideas of which you are particularly proud or satisfied, and any other attributes that distinguish you from your competitors.

### B. Investment Process

1. Please provide a copy of your model Investment Policy Statement.
2. Please describe in detail the criteria and process by which the firm decides which mutual funds, investment managers, or individual securities to evaluate and select for performance comparison and review. Indicate the number of mutual funds, investment managers and individual securities currently being evaluated.
3. Please describe in detail how mutual funds, investment managers, or individual securities are terminated or replaced, including the criteria considered and history of turnover over the last five years.
4. Please describe your firm's process for measuring risk and for the selection and use of benchmarks.
5. For an account of this type, what is your typical target allocation to cash, fixed income, and equities. What bands around the target are acceptable and what triggers rebalancing. Please complete the attached spreadsheet indicating your standard level of diversification among the key asset classes and their corresponding benchmarks. If you would be recommending different allocations and levels of diversification for the two accounts, please complete two spreadsheets, one for each account.

### C. Risk Adjusted Performance

1. Please describe the process and presentation standards used for performance analysis and presentation. Does the firm use the Global Investment Performance Standards ("GIPS") of the CFA Institute for performance presentation and are selected investment managers required to adhere to those standards? If not, please explain and indicate whether your firm's performance presentation is verified or audited and provide any such report that indicated noncompliance in the last three (3) years.
2. Please complete attached spreadsheet. Based on your recommended asset allocation and level of diversification, please provide performance numbers for your model portfolio. Include total returns for 2009, 2008, 2007, 2006, 2005, 2004, 2003, 2002, 2001, 2000 and

annualized total returns for the last 3-year, 5-year, and 10-years as of December 31, 2009. Include the standard deviation for the entire portfolio and the beta of the equity portion of the portfolio for the last three, five, and ten years. Performance numbers provided should be net of trading costs and mutual fund expense ratios. The performance numbers provided should be gross of the Respondent's investment advisory and custodial fee.

3. What changes have you made over the last five years to your recommended asset allocation, level of diversification, or specific investments and why.

#### D. Total Expenses

Proposal must include a fixed firm fee structure for all services offered. Fee structure must be clearly identifiable.

1. Please provide an estimate of total all-inclusive annual fees that it will cost the Foundation for your firm to manage the entire portfolio based on your recommended asset allocation, including the methodology used to establish these management fees (i.e. flat rate, performance fees, percent of assets). This should include fees for investment advisory/management services and custodial services. Also, please outline the weighted average mutual fund expense ratio for the entire portfolio (if recommending mutual funds) as well as an annual fee for trading costs. (Note that the expense ratio and trading costs should have been deducted from the performance numbers stated above in Question #2.)
2. Please describe any circumstances under which the firm, an affiliate, or employees accept, receive, or pay fees (e.g. referral or finder's fees, compensation, or other payments) to or from investment managers, brokers/dealers, or other such service providers.
3. Indicate whether the firm or any affiliate accepts soft dollars, revenue sharing, or other compensation or benefits as a method of payment for services provided or received.

## SECTION 2

#### A. Services

1. Describe how accounts are serviced (i.e. by team or individual consultant), the average number and size of accounts per team or consultant, and the largest number of accounts per team or consultant.
2. Please describe the services provided to clients in a full service consulting relationship, including proposed attendance at meetings.

#### B. References/Experience

1. Please identify three (3) significant engagements (that we can contact directly for references) that are similar to or relevant to the engagement described in this RFP. Briefly indicate the following: the nature, size, dates services provided, name, address, and telephone number of contact persons.
2. Please provide a profile of non-profit clients and relative asset sizes.

## SECTION 3

### A. Company Structure

1. Please provide an affirmative statement that your firm is independent of and has no contractual or other relations and no conflicts of interest, actual or apparent, with the College.
2. Please explain in detail any potential or actual conflict of interest (or appearance thereof) that may arise if the firm is selected to advise the Board. Include other client relationships that may inhibit or enhance services to the Board, as well as political contributions and indicate whether and how the firm monitors for such conflicts on an ongoing basis.
3. Please provide a description and size of the firm, the number of employees, the size of the firm's department from which this engagement will be managed, and the location of the firm. Please give a brief history of the firm and a description of its business focus and targeted market in terms of plan size and other attributes including year began providing investment services, current assets under management, and number of clients serviced. Please describe any turnover for the last five years which has affected the department from which this engagement will be managed.
4. Please describe the ownership structure of the firm and any related entities that would be involved with this engagement.
5. Please identify who would be assigned to this account, list all relevant registrations, and describe or provide resumes of their experience, qualifications and continuing education, if any.
6. Describe any legal action taken, initiated or pending against the firm, its affiliates or employees during the past five (5) years related to the provision of your investment services.

### B. Community Involvement

1. Please describe your firm's efforts to enhance our community over the last twelve months.

**Please indicate any special knowledge, services or attributes not mentioned in this RFP that the Board should consider.**

# TERMS AND CONDITIONS

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## Definitions

The following terminology shall be used throughout this Request for Proposal.

- **Campus**-Harrisburg Area Community College Campus, Harrisburg PA
- **Contract**-shall be used herein to refer to the purchase order(s) generated by the final award
- **Purchaser**-Harrisburg Area Community College
- **Response or Proposal**-as used herein shall be understood to mean the written proposal to provide services
- **RFP**-Request for Proposal
- **College**-Harrisburg Area Community College, Harrisburg, PA
- **Vendor, Bidder, Contractor, Proposer, Supplier, Respondent**-as used herein shall be understood to mean the company, firm or corporation formally submitting a response to this RFP

## Clarification

Proposers may request an explanation of the intent or content of this RFP and clarification of procedures used for this procurement. Any questions should be addressed to:

Ms. Tara L. Mashack-Behney, Director of Investment Consulting  
**Conrad Siegel** *Investment Advisors, Inc.*  
501 Corporate Circle  
P.O. Box 5900  
Harrisburg, PA 17110-0900

E-mail: [Taramashack-behney@conradsiegel.com](mailto:Taramashack-behney@conradsiegel.com)

Such requests must be received no later than February 19, 2010 at 3:00 PM.

No interpretation made to any Proposer as to the meaning of the RFP shall be binding on the College unless repeated in writing and distributed as an addendum by College Purchasing and Business Services Office.

Failure of the Proposer to make appropriate inquiries, evaluate any special conditions, or to verify requirements of this RFP shall not relieve the Proposer of the responsibility of fulfilling the contract in accordance with the terms of this RFP.

Oral communication with **Conrad Siegel** *Investment Advisors, Inc.* or any College employee, unit, department, or organization concerning this RFP is not binding on the College and shall in no way modify the RFP or the obligation of the College or the Contractor.

## Addenda to RFP

In the event that it becomes necessary to revise any part of this RFP, Conrad Siegel Investment Advisors, Inc. will provide addenda in writing to the Proposers. No oral statements, explanations, or commitments by who ever made shall be of any effect except as the same are confirmed in writing by Conrad Siegel Investment Advisors, Inc.

## Nondiscrimination Requirements

Harrisburg Area Community College is committed to nondiscrimination and equal employment opportunity in accordance with state and federal laws and regulations providing for equal employment opportunity. Harrisburg Area Community College will not contract with any firm that is not an equal opportunity employer.

In accordance with federal and state laws, the contractor agrees not to discriminate against any client, employee or applicant for employment or for services, because of race, color, national origin, sex, age, marital status, religion, creed, political belief, mental or physical disability, or status as Vietnam era or disabled veteran. The contractor will comply with the Americans with Disabilities Act of 1990.

## Acceptance of Proposals

The College reserves the right in awarding the contract to consider the competency, responsibility, and suitability of the Proposer, as well as the services provided. The College further reserves the right to accept or reject any or all proposals, to waive any irregularities or informalities, and to award the contract in the best interest of the College. Neither the College nor any agent thereof on behalf of the College will be obligated in any way by any Proposer's response to this RFP.

## General Contractual Terms and Conditions

A binding contract will be developed which will incorporate the specifications, requirements, terms, conditions, and provisions included in the RFP and any additional elements of the selected firms' bid and proposal that the Foundation deems relevant for inclusion.

It is the intent of Harrisburg Area Community College through this Request For Proposal and contract conditions contained herein, to establish to the greatest possible extent, complete clarity regarding the requirements of both parties to the contract resulting from the Request For Proposal.

Before submitting a proposal, the Contractor shall be thoroughly familiar with all contract conditions referred to in this document, and any addenda issued before the proposal submission date. Such addenda shall form a part of the RFP and shall be made a part of the contract. It shall be the Contractor's responsibility to ascertain that the proposal includes all addenda issued prior to the proposal submission date.

By submitting a response to this RFP, Contractor represents that:

1. The Contractor has read and understands the Contract specifications and conditions.
2. The Contractor will perform the work in compliance with Commonwealth of Pennsylvania, Federal and Local Laws, Regulations, Standards, Ordinances and Codes.

## Assignment or Transfer

This contract may not be assigned or transferred in whole or in part, without the written permission of Harrisburg Area Community College Purchasing and Business Services Office, nor may any rights to any monies due or to become due hereunder be assigned.

## Independent Contractor

The Contractor is an independent contractor providing services for Harrisburg Area Community College.

## Insurance

The Contractor shall provide insurance coverage as required by this section. Certificates of insurance coverage shall be filed with Harrisburg Area Community College Purchasing and Business Services Office within thirty (30) days of notice of award of contract. In no instance may any work commence prior to receipt of the certificates. A signed contract issued as notice of award shall not be considered valid until Harrisburg Area Community College Purchasing and Business Services has received the certificates.

The Contractor shall maintain the following minimum insurance:

1. Workers' Compensation Insurance Coverage. The Contractor shall provide Harrisburg Area Community College Purchasing Department with proof of Workers' Compensation Coverage in accordance with Pennsylvania statutory requirements
2. Comprehensive General Liability insurance, including automobile liability, personal injury and property damage with limits of not less than \$1,000,000 for each claim and a combined single limit of not less than \$2,000,000 per occurrence.
3. Professional Liability/ Errors & Omissions with limits no less than \$5,000,000.

## Indemnification

The Contractor shall hold Harrisburg Area Community College harmless from any liability, costs, or penalties in any way resulting from the performance of the services related to this contract or from the conduct or actions of any persons provided by the Contractor for performance of this agreement and will indemnify the College for any costs of defense paid because of actions of the Contractor or its employees in the performance of this agreement.

## Term of Contract

The Investment Manager should be prepared to begin work by June 2010. The Foundation is seeking a three-year contract along with two optional one-year extensions. Fee structures for the term of the contract (including any extensions) will remain firm. No other fees may be added at a later date.

In the event that the selected firm breaches any of the terms and provisions of the scope of work, the Foundation reserves the right to accurately and specifically describe the unsatisfactory performance or condition in a written notice sent by registered or certified mail, and will expect this to be corrected within a thirty (30)-day period from the date the notice is received. If the described performance or condition is not corrected satisfactorily within this time period, a thirty (30)-day notice of cancellation of the relationship may be sent to the firm, by registered or certified mail.

The Foundation may, at any time during the period of the relationship, terminate the contract by giving a sixty (60)-day notice, in writing of its intention to do so, sent by registered or certified mail.

## Arbitration

All disputes between the parties to this agreement arising out of or in connection with the contract documents shall be submitted for arbitration. If arbitration is selected by the College, the College shall also select the number of arbitrators and the manner of arbitration, which shall be either: (1) arbitration according to the rules of the American Arbitration Association; or (2) referral to one or more arbitrators mutually agreed upon by the parties.

When a written decision of the College states that (1) the decision is final but subject to arbitration and (2) a demand for arbitration of a claim covered by such decision must be made within thirty (30) days after the date on which the party making the demand received the final written decision, then failure to demand arbitration within said thirty (30) days' period shall result in the College's decision becoming final and binding upon the College and Contractor.

In responding to a claim brought by a Contractor, the College shall have a minimum of forty-five (45) days in which to respond to a revised claim prior to the arbitration hearing.

## Litigation

In the event that any term of this contract is the subject of litigation, it is hereby agreed that the parties in that litigation shall pay their own attorney's fees and court costs incurred including court costs and attorney's fees incurred in appellate proceedings.

## Venue And Jurisdiction

The terms and conditions herein constitute the sole and entire agreement among parties and the laws of the State of Pennsylvania shall govern any disputes. The Dauphin County Court of Common Pleas shall have exclusive jurisdiction over any and all litigation arising from the terms of this agreement.

## Right To Audit

The College and appropriate designated representatives reserve the right to audit the College account records and other financial records of the Contractor, as they pertain to the College. Such audits shall be performed by auditors selected by the College only if deemed necessary by the College.

## Force Majeure

Neither party to this Agreement will be liable to the other for any failure or delay in performance under this Agreement due to circumstances beyond its reasonable control including, without limitation, Acts of God, accident, labor disruption, acts, omissions and defaults of third parties, and official governmental and judicial action not the fault of the party failing or delaying in performance.

## Proposal Submission

To receive consideration, proposals shall be made in agreement with the instructions as stated in this RFP, and such proposals and awards made therein shall be subject to all of the terms and conditions hereof.

## Economy Of Preparation

Proposals should be prepared simply and economically, providing a straightforward, concise description of the Proposer's capabilities to satisfy the requirements of the RFP. Special bindings, colored displays, promotional materials, etc., are not desired. Emphasis should be on completeness and clarity of content.

## Incurred Cost

The College is not liable for any costs incurred by the Proposer in the preparation and presentation of their proposals.

## Signatories

The proposal shall include information as requested throughout the RFP. The signature of all persons authenticating the proposal shall be printed and written in longhand in the designated area on page one (1) of the RFP. The proposal shall be signed with ink or indelible pencil.

## Multiple Proposals

A Contractor may submit more than one (1) proposal. At least one of the proposals must be complete and comply with all stated instructions. However, additional proposals may be in an abbreviated form following the same format, but providing only that information that differs in any way from that contained in the complete proposal.

## Proposal Deadline

To be considered for selection, proposals shall arrive at Conrad Siegel Investment Advisors, Inc., by 3:00 PM on or before March 5, 2010. Three (3) copies of the Proposals must be submitted in a sealed container, clearly marked "Proposal RFP #10-32 Foundation Investment Management and Custodial Services." One (1) of the copies shall be marked "Master Copy" and will contain original signatures.

The mailing of proposals shall allow for normal mail delivery time to ensure timely receipt of their proposals by Conrad Siegel Investment Advisors, Inc. Proposals arriving after the deadline shall not be considered. All proposals become the property of the College.

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