REQUEST FOR PROPOSAL

INVESTMENT MANAGEMENT SERVICES

2017
I. INTRODUCTION

For 85 years, Boys & Girls Clubs of Delaware (“BGCDE”) has impacted thousands of lives across Delaware. We are the largest licensed provider of childcare in Delaware and the only statewide Boys & Girls Club in the nation.

Each and every day girls and boys are left to find their own recreation and companionship. An increasing amount of kids are at home with no adult care or supervision. Young people need to know they have a place in their community where they can go. Clubs provide a safe haven for youth, allow them to meet with friends and be a part of positive peer groups. Club programs teach life skills, conflict resolution and focus on character development. Clubs also provide members with positive role models and a nurturing environment that help improve decision-making skills.

BGCDE is requesting proposals from qualified investment management firms. The objective of the firm will be to assist the BGCDE Board of Directors and staff (through its Investment Committee) in carrying out BGCDE’s investment policies and guidelines (see Part II Below) that are designed to ensure that sufficient assets are available to meet current and future obligations. BGCDE’s investment fund contains all pooled invested funds of the organization, including endowments, restricted funds and other net assets. These funds are currently being invested using a pooled approach and are not segregated for investment purposes based on the type of internal intended use.

II. BACKGROUND

DESCRIPTIONS OF CURRENT INVESTMENTS:

As of June 30, 2017, investment assets totaled approximately $4.3 million allocated as follows:

a. US Equities – 52.1%
b. International Equities – 20.2%
c. Fixed Income – US Core – 24.2%
d. Alternative Investments – 0%
e. Cash & Equivalents – 3.5%

BGCDE INVESTMENT POLICY AND GUIDELINES

Primary Objective: Primary emphasis on moderate capital growth with some focus on income. The long-term objective for the assets under this policy is to achieve after fees and expenses, a pre-tax: absolute return Earn a total return (net of fees) of 5% in excess of inflation as measured by the Consumer Price Index average over a five-year time horizon.
**Rate of Return goal:** Investment return goal is to meet or exceed the return of each benchmark index by asset allocation class as defined below. The return will be evaluated at least annually.

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Benchmark Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Equities</td>
<td>Russell 3000 Index</td>
</tr>
<tr>
<td>International Developed Countries</td>
<td>MSCI EAFE Index</td>
</tr>
<tr>
<td>Emerging Markets</td>
<td>MSCI Emerging Market Index</td>
</tr>
<tr>
<td>U.S. Core Bonds</td>
<td>Barclays US Aggregate Govt./Credit</td>
</tr>
<tr>
<td>High Yield Bonds</td>
<td>Barclays US Corporate-High Yield</td>
</tr>
<tr>
<td>Alternative Investments</td>
<td></td>
</tr>
<tr>
<td>Hedge Funds</td>
<td>HFRI Fund of Funds Composite</td>
</tr>
<tr>
<td>Real Estate</td>
<td>FTSE EPRA/NAREIT</td>
</tr>
<tr>
<td>Commodities</td>
<td>DJ-AIG Commodities Index</td>
</tr>
</tbody>
</table>

**Time Horizon:** Greater than 5 years

**Spending Policy:** The Boys and Girls Club of Delaware has established an annual spending target of up to four percent (4%) on a discretionary basis to support the mission and programs of the lesser of (a) the endowment assets at 12/31 of the prior calendar year or (b) the average of the endowment assets at 3/31, 6/30, 9/30 and 12/31 of the prior calendar year.

Any withdrawals from the endowment must be approved by the Finance Committee.

**Asset Allocation:**

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Equities</td>
<td>30%</td>
<td>70%</td>
<td>50%</td>
</tr>
<tr>
<td>International Equities - Developed</td>
<td>10%</td>
<td>20%</td>
<td>12.5%</td>
</tr>
<tr>
<td>International Equities - Emerging</td>
<td>0%</td>
<td>10%</td>
<td>5.0%</td>
</tr>
<tr>
<td>Fixed Income - US Core</td>
<td>15%</td>
<td>30%</td>
<td>20%</td>
</tr>
<tr>
<td>Fixed Income - High Yield</td>
<td>0%</td>
<td>10%</td>
<td>5%</td>
</tr>
<tr>
<td>Cash &amp; Equivalents</td>
<td>0%</td>
<td>20%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Total Alternative Investments</td>
<td>0%</td>
<td>15%</td>
<td>7.5%</td>
</tr>
</tbody>
</table>

The maximum allowable allocation of the aggregate portfolio to illiquid securities is 5%. Illiquid investments are defined as private equity, real estate, hedge funds and other instruments that have a lock-up period greater than 12 months.

**Rebalancing Procedures:** Portfolio is rebalanced when the portfolio exceeds the minimum or maximum constraints (reviewed quarterly).
BOYS & GIRLS CLUBS OF DELAWARE
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Cash Limits: The Investor wishes to maintain no minimum liquidity needs (cash is handled separately).

Restrictions: Bonds quality rated as managers deem appropriate or better
Maximum Average Bond Maturity: 15 years
Maximum Individual Bond Maturity: 30 years
Maximum Fund Portion: 20%
Maximum Security Portion: 5%

III. SCOPE OF SERVICES
BGCDE is soliciting proposals from:
a. Investment consultant firms who provide broad investment expertise, and
   1. Can provide BGCDE access to publicly-traded asset classes and specialty investments which would otherwise not be available and
   2. Can provide BGCDE with a full range of administrative and investment services.

BGCDE is seeking the services for a range of administrative and investment services related to its investment funds. BGCDE wishes to employ an Outsourced Chief Investment Officer model where the chosen Investment Advisor will manage the investment portfolio according to guidelines set by the Investment Committee. As part of this model, BGCDE seeks services which will include but are not limited to the following:
   a. Investment Policy Statement (IPS) – evaluating and revising the existing IPS in coordination with the Investment Committee.
   b. Portfolio Management – make investment decisions based on thorough portfolio analysis within the construct of the IPS.
   c. Reporting – provide quarterly performance reports, including but not limited to, performance data and analysis for the total fund, individual asset classes; detailed analysis, including return attribution analysis, portfolio characteristics, style and risk analysis, peer universe comparisons with funds that have similar objectives; and holdings analysis relative to benchmarks.

IV. PROPOSAL SPECIFICATIONS
a. Response Deadline – Completed responses must be received at BGCDE at Boys & Girls Clubs of Delaware 669 S. Union Street Wilmington, DE 19805, c/o Heather Pletcher by Thursday August 31, 2017 by 4:30 p.m. EDT. Any response received after the response deadline will not be considered. Faxed or emailed submissions are not acceptable.

Candidate firms submitting responses to this RFP must submit 6 bound copies of their response by the deadline date noted above.

The questions and/or requests made in this RFP shall be duplicated in their entirety in the response with each question and/or request repeated before the response. The response must be accompanied by a cover letter that should be signed by at least one
individual who is authorized to bind the firm contractually. The cover letter must include: the firm name, address, email address, and phone numbers; the client contact; the title of position which the signer of the cover letter holds in the firm; and a statement to the effect that the response is a firm and irrevocable offer of the firm. The representations and warranties contained in Section VIII of this RFP, signed by an authorized officer of the firm, must be included as an attachment to the cover letter previously referenced.

b. Communications with BGCDE – Other than questions related to this RFP as provided for in Section c. below, firms which intend to submit a response should not contact any member of the BGCDE staff, as well as any member of the Board of Directors.

c. Questions relating to this RFP – All questions concerning this RFP must be received in writing via email by August 21, 2017 at 4:30 p.m. EDT. Questions can be submitted to John Wellons at jwellons@bgclubs.org. One email per bid submission will be accepted and answered. Therefore, firms should consolidate any questions they have into one email by the question deadline. Emails and corresponding questions received after the deadline will not be considered. Questions by telephone and/or letter will not be accepted.

d. Selection Process

a. Non-Qualifying Responses – BGCDE will evaluate each response to determine if it was submitted in accordance with the requirements set forth in this RFP, including whether the proposing firm meets the minimum criteria. Non-qualifying responses will be notified immediately.

b. Selection of Investment Manager – BGCDE Investment Committee and staff will evaluate all responses having met established criteria. Based upon this review, the Investment Committee will invite at least two candidate firms to make a presentation on October 17 and 18, 2017 from 8:00 a.m. – 12 p.m. The BGCDE Board of Directors will approve the selection of the Investment Manager at its December 2018 Corporate Board meeting.

V. TENTATIVE TIMETABLE

a. Issuance of RFP July 31, 2017
b. Questions deadline August 21, 2017 at 4:30 p.m. EDT
c. RFP response submission deadline August 31, 2017 at 4:30 p.m. EDT
d. Candidate firm interviews October 17 and 18, 2017 from 8 a.m. – 12 p.m. at BGCDE (669 S. Union Street Wilmington, DE)
e. Projected service commitment date January 1, 2018

VI. CRITERIA

a. Minimum Qualifications
   1. Be a registered investment advisor;
   2. Agree to act as a “fiduciary” with respect to BGCDE;
   3. Have been in business for a minimum of ten (10) years; if the firm has not been in business for at least ten (10) years, the senior principals of the firm must have
at least ten (10) years experience with institutional clients at an investment consulting or investment management firm;
4. Have provided similar investment management services to other non-profit institutions of similar asset size as BGCDE;
5. Employ a professional team or department dedicated to investment manager research and analysis;
6. Have individuals assigned to BGCDE with a minimum of five (5) years professional experience in the investment consulting and investment management fields; and
7. Disclose all conflicts of interest, all sources of revenue and all affiliations especially, but not limited to, investment managers contracted by the firm.

b. **Selection Criteria**
   1. Stability and experience of investment consulting firm.
   2. Stability and experience of the personnel assigned to BGCDE.
   3. Depth of knowledge, experience and resources to provide required services.
   4. Independence of judgment and avoidance of conflicts of interest in providing services.
   5. Proposed fee structure and full transparency of total fee structure.
   6. Produce examples of client fund performance reporting including comparisons with other funds that have similar investment objectives.
   7. Demonstrated examples and testimonials from previous and current clients on firm performance in the investment of that firm’s funds compared to appropriate benchmarks.
   8. The capability to contract with a wide and diverse selection of fund managers to obtain the best possible investment returns given the risk profile of the client.

VII. **REPRESENTATIONS AND WARRANTIES**
All respondents are required to submit an executed copy of the following representations and warranties as an attachment to the cover letter described in Section II of this RFP.
Respondent warrants:
   a. that it will not delegate its fiduciary responsibilities.
   b. that it has completed, obtained, and performed all registrations, filings, approvals, authorizations, consents or examinations required by government or Governmental authorities.
   c. that it meets all of the minimum qualifications applicable to the firm under Section VI. a. of this RFP as follows (list each and specifically describe how your firm meets each item):
      1. Be a registered investment advisor;
      2. Agree to act as a “fiduciary” with respect to BGCDE;
      3. Have been in business for a minimum of ten (10) years; if the firm has not been in business for at least ten (10) years, the senior principals of the firm must have at least ten (10) years experience with institutional clients at an investment consulting or investment management firm;
      4. Have provided similar investment management services to other non-profit institutions of similar asset size as BGCDE;
      5. Employ a professional team or department dedicated to investment manager research and analysis;
6. Have individuals assigned to BGCDE with a minimum of five (5) years professional experience in the investment consulting and investment management fields; and

7. Disclose all conflicts of interest, all sources of revenue and all affiliations especially, but not limited to, investment managers contracted by the firm.

d. that it has established ethics and conflicts of interest policies and procedures and proper internal compliance controls are in place.

VIII. QUESTIONNAIRE

Responses to the following questions should repeat the question and be answered in order. Limit responses to no more than one-half page, if possible. If you have preprinted material that answers the question, it may be submitted.

Information about Your Firm

1. Detail your firm's experience in providing investment management services to non-profit organizations and agencies, as well as associations of a comparable size to us, and what unique perspectives your firm brings to this type of relationship.

2. Describe the history of your firm, including founding values and core principles, how your corporate values and philosophy dovetail with those of ours, and what differentiates your firm from your peer group.

3. Is your firm a registered investment advisor under the Investment Advisors Act of 1940? If so, please provide a copy of parts I and II of your Form ADV. Can your firm provide the highest level of fiduciary services to its clients? How will you assist our Board of Directors and Investment Committee in meeting their fiduciary responsibilities?

4. In the past 10 years, has there been any litigation or regulatory action taken against your firm or against your team's principals/owners/advisors? Has your firm or any member of your investment staff ever lost or settled a civil suit related to their activities as an advisor or investment manager? If yes to any of these questions, describe the situation.

5. Provide the percentage of total firm revenues that came from the categories listed below for each year:

<table>
<thead>
<tr>
<th>Category</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset-Based Fees</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commissions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment Income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest Income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
6. Describe your client base and your firm's total investment management business as of June 30, 2017:

<table>
<thead>
<tr>
<th>Client Type</th>
<th>Assets Under Management ($ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Pension</td>
<td></td>
</tr>
<tr>
<td>Corporation</td>
<td></td>
</tr>
<tr>
<td>Endowment</td>
<td></td>
</tr>
<tr>
<td>Foundation</td>
<td></td>
</tr>
<tr>
<td>Individual(s)</td>
<td></td>
</tr>
<tr>
<td>Insurance</td>
<td></td>
</tr>
<tr>
<td>Limited Partnership</td>
<td></td>
</tr>
<tr>
<td>Mutual Fund</td>
<td></td>
</tr>
<tr>
<td>Multi-Employer (Taft-Hartley)</td>
<td></td>
</tr>
<tr>
<td>Other (Private Client)</td>
<td></td>
</tr>
<tr>
<td>Public</td>
<td></td>
</tr>
<tr>
<td>Sub-advised</td>
<td></td>
</tr>
<tr>
<td>Trust</td>
<td></td>
</tr>
<tr>
<td>Grand Total</td>
<td></td>
</tr>
</tbody>
</table>

**Information about Your Investment Approach**

1. Describe your firm's investment philosophy and what differentiates your investment approach from your peer group. Please comment on the role active, passive and index strategies play in your investment approach.

2. Describe your role and philosophy with respect to rebalancing portfolios. Briefly describe your history of execution as it relates to rebalancing in a disciplined manner.

3. How do you construct portfolios? Describe your investment process.

4. Do you have any proprietary funds in your fund line-up?

5. Describe your philosophy and experience in using alternative investments and which asset classes within the alternatives group you utilize.

6. Describe the capabilities and differentiating features of your firm's manager research database? Is your research effort internal or do you use outside consultants?

7. What differentiates your risk management approach from your peer group?
8. Describe the firm’s recommended process for assisting clients with investment policy review. What specifically would the firm do to review the policies of our organization? How frequently would this process occur? What client-specific factors would be considered? How would we be involved in the process?

Performance Measurement and Monitoring

1. Provide the returns on investment (GIPS® compliant) for the past one, three, five and ten years (12-month periods ending December 31) for an existing portfolio most similar to ours (as described above). The returns should be detailed in table format as well as graphically by gross and net market performance on a monthly basis for the past 10 years.

2. Describe your customer service philosophy. What is your service offering as it relates to reporting to the Investment Committee and Board of Directors? What access and frequency would our organization have to account balances and the transparency of our holdings? Who will be responsible for client servicing?

3. What is your preferred method for evaluation of your performance and service offering?

4. Describe how benchmarks are chosen or developed and how performance is compared to similar portfolios. Can the firm provide style benchmarks? Do you provide consolidated monthly/quarterly and annual reporting for performance on all of our investments and as compared to various benchmarks?

5. Do you include monthly reporting for dividends, fees and realized/unrealized gain and loss on all investments?

6. Describe the process of reporting quarterly performance from alternative investments.

7. Please provide a sample Performance Report and Appraisal Report.

8. Do you provide online access for retrieving daily, month-end, and quarterly reports as well as daily portfolio holdings?

9. Describe the firm’s recommended process for providing investment and fiduciary education of trustees and staff.

Fees and Other Matters

1. What is your management fee schedule for organizations such as ours? What would your management fee be for our organization? What are the implementation costs (underlying manager expense ratios, etc.) of your proposed portfolio allocation?

2. What other costs are associated with maintaining an investment management relationship with your firm (commissions, travel, and other services)?
3. Identify the investment professionals or other key staff who would be involved in servicing our account. Provide biographical data on these individuals. Do they have experience working with non-profit organizations?

5. Provide three references, including names and contact information, for other similarly sized clients of the firm.

IX. HYPOTHETICAL PORTFOLIO
BGCDE requests that all responses include a hypothetical portfolio based on the current long-term investment policy and asset mix guidelines. Please include in detail how your firm would propose to use this hypothetical portfolio to meet BGCDE’s objectives as stated in Section I. How would these returns compare to the appropriate benchmarks? In this portfolio, the respondent should include recommendations regarding long-term policy goals (net return after fees and inflation), risk controls (to mitigate down periods), diversification controls, and illiquidity controls.

X. TERMS AND CONDITIONS
BGCDE makes no representations or warranties, expressed or implied, as to the accuracy or completeness of the information in the RFP and nothing contained herein is or shall be relied upon as a promise or representation, whether as to the past or the future. The RFP does not purport to contain all of the information that may be required to evaluate the RFP and any recipient hereof should conduct its own independent analysis of BGCDE and the data contained or referenced herein.

BGCDE does not anticipate updating or otherwise revising the RFP. However, this RFP may be withdrawn, modified, or re-circulated at any time at the sole discretion of BGCDE. BGCDE reserves the right, at its sole discretion and without giving reasons or notice, at any time and in any respect, to alter these procedures, to change and alter any and all criteria, to terminate discussions, to accept or reject any response, in whole or in part, to negotiate modifications or revisions to a response and to negotiate with any one or more respondents to the RFP.

BGCDE is not and will not be under any obligation to accept, review or consider any response to the RFP, and is not and will not be under any obligation to accept the lowest offer submitted or any offer at all. BGCDE is not and will not be under any obligation to any recipient of, or any respondent to, the RFP except as expressly stated in any binding agreement ultimately entered into with one or more parties, either as part of this RFP process, or otherwise. This RFP is not an offer but a tender to receive submissions. BGCDE will consider a response as an offer to develop an agreement based upon the contents of the offer.

Respondents agree that the contents of their Responses are valid for one year from the date of submission. BGCDE will not be liable for any cost incurred in the preparation of a response and will not reimburse any respondents for their submission. Expenses related to the production of a response are the sole responsibility of the respondent. BGCDE reserves the right to retain all responses submitted, and to use any information contained in a response except as otherwise prohibited by law. All proprietary information, “trade secret”, if clearly marked as such, will not be disclosed except as required by law.