Citizens for Modern Transit
RFP for Investment Advisor Services

Citizens for Modern Transit (CMT) is seeking proposals to provide investment advisor (asset management) services for its board designated endowment account. CMT is a tax-exempt, 501(c)(3) non-profit organization (Tax ID # 43-1412738).

CMT is the region’s transit advocacy organization. It was established in 1985 to help bring light rail to St. Louis and works to develop, support and enhance programming and initiatives to ensure safe, convenient and affordable access to the region’s integrated public transportation system. CMT manages a board-designated endowment account established through the sale of right-of-way in 2002.

These funds represent the endowment funds of Citizens for Modern Transit (CMT). The primary objective for these funds is to provide operating income as needed to CMT and to preserve the purchasing power of the principal, over and above the rate of inflation. Future withdrawals may be made for projects that benefit CMT and/or improved transit service and accompanying economic development opportunities created by transit investment.

Instructions & Expectations

a) Proposals should be prepared simply and avoid the use of elaborate promotional materials beyond those sufficient to deliver a complete and accurate presentation.

b) Please answer the questions and required items in the order presented in the RFP. This will help CMT to expedite the review process.

c) CMT reserves the right, in its sole discretion, to reject any or all proposals to assist in the evaluation process. All representations, including fees, made by the proposer must be in effect for a minimum of 120 days.

d) The following services identified by CMT in this RFP represent the minimum expectations and roles of applicant firms.

e) Please keep your responses relevant to the question being answered, and written so that the information presented can be clearly interpreted and easily understood.

f) Applicants should submit one paper copy and one electronic copy of their proposal to:
   Kimberly Cella
   Citizens for Modern Transit
   911 Washington Ave., Suite 200
   St.Louis, MO  63101
   KCella@CMT-STL.ORG


EXPLANATION OF RECENT CMT INVESTMENT HISTORY & CURRENT NEEDS

CMT’s board-designated endowment fund was established in 2002. CMT has had an active investment manager since account inception, oversight by CMT’s Executive Director and Finance Committee. CMT’s current portfolio totals approximately $2.5 million.
See Appendix A for current investment policy and objectives.

PROPOSAL FORMAT & GUIDELINES

Objectives

Citizens for Modern Transit invites proposals that help the organization meet the following objectives:

a) Achieve investment results that safeguard and grow CMT’s assets to providing operating income to the organization, build and maintain community and donor confidence, and support future projects that benefit CMT and/or improved transit service.

b) Availability of investment results on a monthly and regular basis.

c) Timeliness and simplicity in reporting.

d) Reasonable and competitive fees/costs for investment management services.

e) Engaged firm willing to meet in-person for meetings and presentations with CMT’s Board of Directors, Finance Committee and/or staff at least 3-4 times per year.

f) Obtain the services of a reputable firm with exceptional stability and customer service.

g) Benefit from the firm’s demonstrated understanding of non-profit endowment and portfolio management to meet the short and long-term goals and benchmarks of the organization.

I. Your Firm & Services

a) A short overview of your firm and its approach to providing services to the organization.

b) Point of contact information regarding this RFP, including name, email, phone number and address.

c) Proposed client manager client information and bio (or resume).

d) Description of professional experience and expertise for any other individuals key to providing services to the foundation.

e) Provide a brief description of your organization and its history

II. Relationships

a) What is the average client relationship length for endowment clients with your firm?

b) Please provide a list of up to ten (10) clients for whom you have performed similar work as described in this proposal. We will only check references for finalists.

c) Does your firm actively support nonprofit clients through the offer of monetary, event, educational offerings through the year, webinars, etc.?

d) Provide information as to how your firm avoids conflict of interest situations.

 e) How many community or private foundation clients do you have, and what is the average account size?

 f) In the last five (5) years, how many institutional clients have been added? How many have been lost?

III. Fee Structure, Meetings & Disclosure

a) Describe in detail your fee structure and services included along with a breakdown of all fees and all various forms of compensation paid between and to all firms you will be using
(i.e., transaction fees, license fees, management fees, distribution [12b1] fees, and any other fees and expenses charged by various funds, investment managers, or investment firms that you employ).

b) Do you have a minimum fee?

c) Describe any other compensation your firm may receive as a result of our business relationship, including incentive, trailer or contingent payments from third parties.

d) State whether your fees include attending the foundation’s quarterly Finance Committee meetings, and other meetings as needed. Indicate the maximum number of meetings included.

e) Indicate whether these fees are all-inclusive or whether additional expenses may be incurred for each service (i.e., travel, etc.)

f) Do you receive fees, commissions or other compensation from managers or funds that will be included in our portfolio? If so, please identify them.

g) Do you or a related company receive any payments from money managers you recommend, consider for recommendation, or otherwise plan to mention for our consideration?

h) Provide information as to how your firm avoids conflict of interest situations.

i) Include a detailed fee structure and sample investment management/custodial/recordkeeping agreement. Estimate total fees for managing a $2.5 million portfolio and fees for security transactions.

J) What is the fee schedule?

IV. Advisor Services

a) Describe the services provided by your firm, including specialized services for community or private foundations.

b) What services does your firm provide directly versus contracting with others?

c) What is the average portfolio size and how many clients are handled by individual advisors?

V. Reporting

a) Can you produce customized (weighted) investment performance evaluation reports using the organization’s benchmarks? Annually? Quarterly? Monthly?

b) Can this be done electronically? If possible, please provide a typical client performance reporting package’s summary pages (not inventory or transaction detail).

c) Can a monthly, quarterly, and annual summary of results be prepared for non-investment experts?

d) How many business days after the end of the reporting period are performance reports available?

e) Can the reports be customized?

f) Can client account information be accessed (viewed) online?

g) Is the overall portfolio performance calculated net of fees?

VI. Rebalancing

a) How often does your firm recommend rebalancing of accounts be undertaken?

b) Can you do partial rebalancing as funds are added or taken out of the asset pool(s) you are managing?

   c) How often does your firm recommend performing an asset allocation study?

VII. Investment Process & Strategies
a) Describe your firm’s experience managing planned giving vehicles such as charitable gift annuities, etc.

b) Briefly describe the approach, the process, and the tools your firm would use to assist CMT in strategic investment planning.

c) Describe how benchmarks are chosen or developed, and how performance is compared to similar portfolios.

d) What is your firm’s approach to benchmarking against other foundations of similar size and/or objectives?

e) Discuss your method, process, internal and external resources for determining the appropriate asset allocation for our account. Also, please discuss the issues of rebalancing, diversification and liquidity.

f) Will you review and provide recommendations for our current investment policy and help develop future investment policies?

g) What recommendations would you make concerning our existing policy? Please discuss in detail the reasons for any recommended changes.

h) Who has the final say on the investments made, the investor or the advisor?

VIII. Insurance, Liability, Licenses & Compliance

a) Describe the levels of coverage for fiduciary and professional liability insurance, errors and omissions insurance, and insurance for SEC-required (17g-1) fidelity bonds your firm carries. List the insurance carriers supplying coverage and their AM Best rating.

b) Is the coverage on a per client basis, or is the dollar figure applied to the firm as a whole?

c) Is your firm a registered investment advisor with the SEC under the Investment Advisers Act of 1940? Provide a copy of your ADV form, parts 1 and 2.

d) Is your firm registered with the SEC or a state securities regulator as an investment advisor? If so, have you provided all the disclosures required under those laws? Are you properly licensed and credentialed to provide the services as described in this RFP?

IX. Additional/Other Information

a) What do you consider your company’s key differences and unique “value-added” selling points that set you apart from your competition?

b) What is the experience of the designated individual advisor?
APPENDIX A – CMT INVESTMENT POLICY

**Investments**

These funds represent the endowment funds of Citizens for Modern Transit (CMT). The primary objective for these funds is to provide operating income as needed to CMT and to preserve the purchasing power of the principal, over and above the rate of inflation. Future withdrawals may be made for projects that benefit CMT and/or improved transit service and accompanying economic development opportunities created by transit investment.

1. **Return Objectives**

The investments are expected to provide CMT a real rate of return of at least 4% above the rate of inflation on an annualized basis. This 4% rate is the anticipated potential spending rate by CMT each year from the fund. This return will be viewed as a “total return” figure, and thus may come from capital gains, income, or a combination of the two.

2. **Asset Allocation**

Based on historical average returns, the following asset allocation targets are intended to provide the required rate of return over a long-term horizon. The specified allowable ranges should allow the investment manager(s) ample room to take advantage of cyclical swings in the market.

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Target</th>
<th>Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equities</td>
<td>60%</td>
<td>50% - 70%</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>40%</td>
<td>30% - 50%</td>
</tr>
<tr>
<td>Cash Equivalents</td>
<td>0%</td>
<td>0% - 20%</td>
</tr>
</tbody>
</table>

3. **Allowable Investments**

**Equities** – Common stocks of established, liquid companies should be used, with no individual security accounting for more than 5% of the equity portion of the portfolio. Mutual funds may be used by the investment manager to pool client’s investments or for the purposes of diversifying into International or Mid-Cap equities.

**Fixed Income** – Corporate bonds should be Investment Grade, rated A or higher. Except for those of the U.S. government, no individual entity’s obligations should account for more than 10% of the fixed income portion of the portfolio. Mutual funds may be used by the investment manager to pool client’s investments.

**Cash Equivalents** – Money market funds and FDIC-insured certificates of deposit should be used for any short-term expected liquidity needs.

4. **Investment Performances**

The Investment Manager(s) shall present performance returns to the Finance Committee as often as requested, but no less than quarterly. The equity portion of the portfolio shall be
compared to the S&P 500 Index, and the fixed income portion of the portfolio shall be compared to the Lehman Government/Corporate Intermediate index. On the long-term basis, the portfolio’s overall return shall be reviewed in light of the 4% annual real return objective.

5. Time Horizon

The foundation’s time horizon is infinite, with no planned “end date” for the funds. As such, beyond meeting the specified liquidity needs, the investments should be considered long-term in nature.

6. Taxation Issues

CMT is exempt from income taxes.

7. Policy Review

The Finance Committee shall review the investment policy and the performance of the investment manager(s) on a bi-annual basis and with the Board of Directors on an annual basis. The Finance Committee shall make recommendations on any changes to the Board of Directors.