



Phipps Conservatory and Botanical Gardens, Inc.
Request for Proposal: Investment Management
January 2017





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I. Summary of RFP

Phipps Conservatory and Botanical Gardens, Inc. (Phipps) invites your firm to submit a proposal to provide investment management services for our long-term unrestricted investments and permanent endowment funds.

Phipps currently has approximately \$3.9 million in invested assets, which are invested in accordance with our Investment Policy Statement (attached to this RFP in Schedule A).

Should you have any questions in preparing your response to this RFP, feel free to contact Bob Mermelstein (contact information above).

II. Organization Overview

Built in 1893 at the height of Pittsburgh's industrial revolution by philanthropist Henry Phipps — Phipps Conservatory came into existence as a sanctuary where citizens could find respite from the notorious steel mills that polluted their city. Today, as one of the world's greenest public gardens in one of America's most livable cities, Phipps Conservatory and Botanical Gardens not only carries on this legacy, but also continues to move beyond it with the ways that it now builds and operates its physical campus and engages guests.

In recent decades, Phipps has evolved into one of the region's most vibrant, thriving cultural attractions, bringing fresh perspectives and artists into our historic glasshouse environment. Phipps has also become a strong advocate for advanced green-building practices, sustainable gardening and a new environmental awareness.

The recent culmination of Phipps' sustainable evolution is the new **Center for Sustainable Landscapes**, a net-zero water, net-zero energy structure designed and built by Pittsburghers and Pennsylvanians to function as elegantly and efficiently as a flower. Phipps also opened its SEED (Sustainable Education Every Day) Classroom in 2015, a modular classroom built to meet the standards of the Living Building Challenge. In addition, Phipps is about to begin renovation of an existing cinder block building as a Living Building, showing the world how to turn a cement block building into its Exhibit Staging Center, which will be our third Living Building on our Schenley Park campus. Phipps will be the only site with multiple Living Buildings on a single site in the world. Leading up to this achievement, Phipps has also built the first LEED® certified visitor center in a public garden; the globe's first LEED Platinum production greenhouses; and the most energy-efficient tropical forest conservatory in the world. Through these projects, as well as progressive education programs, Phipps empowers guests to rediscover the beauty of humanity living in harmony with nature.

Phipps is committed to promoting human and environmental well-being through action and research. Phipps is in consensus with the National Academy of Sciences position on climate change, which states that "human activities, especially the burning of fossil fuels (coal, oil, and gas), are responsible for most of the climate change currently being observed."














As such, Phipps aims to reduce greenhouse gas emissions directly through our buildings, operations and research, and indirectly through educational programming.














MISSION

To inspire and educate all with the beauty and importance of plants; to advance sustainability and promote human and environmental well-being through action and research; and to celebrate its historic glasshouse.

III. Required Services/Deliverables

Phipps seeks to contract with a qualified investment manager. Please consider the following questions/requests in responding to this RFP:

-  Provide a brief overview of your company, highlighting its experience in providing services included in this proposal, including any affiliate companies, joint ventures, or other entities that could be involved in providing the services outlined in this proposal. Under what company name is your firm registered?
-  Is your firm a registered investment advisor with the SEC under the Investment Advisers Act of 1940?
-  During the last three years has your firm had any corporate restructuring (acquisition, divestiture, merger, joint venture, etc.)?
-  Please describe any potential conflicts of interest your firm may have in the management of this account. If there are conflicts, please describe how they are addressed. When answering this question, you may refer to a disclosure document, if appropriate.
-  In addition to investment services, what other services does your company provide?
-  What is the average number of client relationships each team handles?
-  Describe your firm's customer service philosophy. Provide an explanation of how your firm measures success in both quantitative and qualitative measures.
-  Please provide a description of the service team, geographic location, biography of each member and outline responsibilities. If other resources are available to service our relationship, please describe those as well.
-  Provide background information of key management team members?
-  Describe your firm's compensation arrangement for professional staff.
-  How would you assist our Finance Committee in meeting their fiduciary responsibilities?
-  What would be involved in the transition of our relationship to your firm?
-  Will your representative(s) meet with our Finance Committee via conference call quarterly? What will be reviewed at these meetings? Please provide a sample of the quarterly information the Committee could expect to receive and review.

-  Describe your firm's investment philosophy.
-  Would you characterize your strategy as active, passive or combination strategies? Please explain.
-  What investment vehicles do you use and recommend for a portfolio of our size (mutual funds, individual securities, proprietary funds and investments, ETFs, hedge funds, structured notes, etc.)?
-  What is your process for implementing your philosophy with our investment objectives to establish a portfolio and review and monitor it in the future?
-  Describe your process for selecting and combining investment managers to meet a client's investment objectives.
-  Our Investment Policy Statement outlines our current asset allocation guidelines. Please comment on whether or not you believe this allocation model is appropriate for a nonprofit such as Phipps and identify what changes you would recommend.
-  Based on initial review of our Investment Policy Statement, what thoughts and recommendations can you provide?
-  What importance does your firm place on its asset allocation discipline? Include a brief discussion of your firm's rebalancing guidelines.
-  Do you have a group of individuals dedicated to investment manager research, selection and monitoring? If so, please describe the role this group plays in the management of the assets. If there is no dedicated group, please indicate this.
-  Does your firm (or related companies) have an ownership interest in any of the money managers you recommend or use in funds provided to clients? If so, please explain. Also indicate if you receive fees or other considerations from managers or any third parties who wish to be utilized by your firm?
-  Do you work with only proprietary funds, a specific subset of managers or funds, or the entire universe of investments? What portion of a client's assets have you assumed will be invested in your proprietary investment products?
-  Describe the types of investment vehicles (e.g., separate accounts, commingled vehicles, mutual funds) your firm has to offer.
-  As can be seen by our Investment Policy Statement, Phipps is very interested in exploring/developing a long-term strategy of mission-based investment practices. In this regard, please answer the following questions:
- From an overall firm alignment perspective, what percentage of your firm's, and of your division in particular, is currently devoted to sustainable investing practices?
 - What experience with sustainable investing does your manager or team have?
 - To what extent is the senior leadership of the firm consistently engaged and committed to driving this focus (and aligning incentives to that end)?
 - To what extent does your firm get involved in governance/proxy advisory opportunities and look for that function in outside strategies?

- What percentage of your firm's available managers have sustainability-focused approaches? Articulate that process of diligence.
- Exactly what manager due diligence research resources are dedicated to sustainability strategies?
- Describe the sustainability-focused approaches that are available.
- Define your firm's definition of the various sustainability and ESG-integrated approaches.
- Which of these approaches does your firm typically prefer/recommend? Any difference in what they will recommend for our organization?
- Please articulate your firm's experience in generating competitive investment returns using a sustainability-focused approach as compared to more traditional approaches to investing. Provide supporting documentation to support your conclusions.



What are the important factors in determining which managers to hire?



State your firm's approach when a manager has underperformed. Describe what you generally consider to be underperformance and what actions you might undertake.



Describe how your firm gathers, verifies, updates and maintains the data collected on managers for the database.



Describe your performance monitoring system. Is your performance monitoring system proprietary or do you obtain it from an outside source?



Describe your investment performance, with as much numerical data as possible.



Describe your performance reporting. Are benchmarks and report formats generally customizable? Are your returns audited/verified by an outside third party? Are you compliant with Global Investment Performance Standards?



Describe the types of analysis included in a typical performance monitoring report and your ability to customize your performance monitoring report. Please provide an example of the standard report.



Describe your fee structure.



How quickly after the end of a reporting period are you able to report on that period? How often do you send performance information to clients?



To what types of regulatory audits and oversights is your firm subject?



Is your firm or any affiliate the focus of any pending or ongoing litigation, formal investigation, or administrative proceedings related to money management activities? Has any regulatory body or market authority issued any orders or other sanctions against your firm in the last five years? If yes, please describe.






Does your firm have a written Code of Ethics? Are copies available?



Does your firm provide an SSAE 16 report that our auditors can review upon request?



Please describe the level of errors and omission insurance, and any fiduciary or professional liability insurance your firm carries.

-  What is your privacy policy with regard to sharing client or account information with a third party?
-  Please provide a summary of your firm’s internal control structure.
-  Include any additional information that will be helpful in evaluating your proposal.





IV. Submission Timeline and Format

IMPORTANT DATES

January 24, 2017	Distribution of RFP
February 14, 2017, 5 p.m. EST	Deadline for submitting proposals

PROPOSAL FORMAT

Submissions must be emailed in PDF format to the RFP Coordinator, who is also the contact for questions. Submissions received after the deadline will not be considered. Proposals should include the following information:

-  A cover letter, including the name, address, phone number and email address of the bidder’s contact person. The proposal cover letter must be signed by a person authorized to commit the firm;
-  Table of contents, including identification of the material by section and page number;
-  Identify the specific personnel that will be assigned to Phipps and provide appropriate biographical and relevant experiential information on each;
-  Provide references (name and contact information) for at least three (3) nonprofit clients. Also, list any nonprofit clients that have left your firm I the past three (3) years.

Thanks you for your thoughtful consideration of our RFP. We look forward to reviewing your response.

Schedule A

Phipps Conservatory and Botanical Gardens, Inc.
Investment Policy Statement

Phipps Conservatory and Botanical Gardens, Inc.
Statement of Investment Policy

Purpose

The purpose of this statement is to establish the investment policy for the management of the portfolio of the Corporation's restricted and unrestricted funds. This portfolio has been established to provide for the long-term benefit of the Corporation's operations. (The funds in the Corporation's operating accounts and temporarily-restricted funds which are expected to be applied within a two-year period will not be treated as part of the investment portfolio unless and until such time as any of such funds are transferred to the Corporation's investment accounts.)

Objective

The objective of the Corporation's investment program is to emphasize total return (aggregate return from capital appreciation and dividend and interest income) sufficient to produce the following results:

1. Preserve the real (inflation-adjusted) value of the portfolio.
2. Seek to achieve long-term growth of principal, while avoiding excessive risk.
3. To the extent necessary, provide for the operating needs of the Corporation.

The objectives stated above will be sought without incurring a level of rate-of-return volatility materially greater than that generally associated with funds of similar character.

Distinction of Responsibilities

The Finance Committee (the "Committee") of the Corporation assumes responsibility for establishing the investment policy that is to guide the investment of the portfolio and for recommending this policy to the Corporation's Board as provided in the Corporation's Bylaws. The investment policy describes the degree of investment risk that the Committee deems appropriate and establishes the asset allocation guidelines to be used to manage the portfolio. Such asset allocation guidelines may be revised from time to time.

The Committee shall take a long-term approach to the investment of the funds of the Corporation. The Committee will review the asset allocation guidelines and the composition of the portfolio no less frequently than every two years. The Committee may make changes in either the guidelines or the portfolio allocation at any time.

The Committee shall identify an investment advisor to assist it in fulfilling its responsibilities, including the review of this investment policy and the identification and selection of fund managers, (which may include the investment advisor) which shall have the responsibilities and be subject to the provisions set forth herein. The Committee shall recommend the engagement of the investment advisor to the Board (or the Executive Committee), the approval of which shall be required for the engagement or termination of the investment advisor. Board (or Executive Committee) approval shall not be required for the engagement or termination of any fund manager.

Each fund manager will be expected to invest or direct the investment of one or more asset classes in accordance with this policy and its professional judgment. In particular, a fund manager will be accorded discretion, within policy limits, to (1) select individual securities, (2) adjust the maturity mix, where applicable, and (3) diversify the assets within its particular asset class.

Asset Allocation

Asset allocation refers to the strategic deployment of assets among the major classes of investments. The asset allocation decision reflects the portfolio's return expectation as well as the portfolio's tolerance for return variability (risk). The Committee has adopted a long-term asset allocation policy that identifies the strategic target weights to each of the major asset classes. The table below highlights the general asset classes approved for investment, the strategic target weights and the allowable ranges around the target weights:

Asset Class	Policy Target	Allowable Range
Equity *	65.0%	+ / - 5.0%
Fixed Income **	25.0%	+ / - 10.0%
Cash Equivalents	0.0%	+ / - 5.0%
Alternative Assets	10.0%	+/- 10.0%

* Non-US equities should comprise 15-25% of the total portfolio

**Investment grade

Socially Responsible Investment Strategies

Phipps' mission is, in part, to advance sustainability and promote human and environmental well-being through action and research. It is Phipps' long-term goal to take a more socially responsible view of its investments so that our investment portfolio is more reflective of our mission, values and underlying programs. The Finance Committee will continually review opportunities to invest in socially responsible investments. These opportunities will be presented to the Board of Trustees by the Finance Committee as they are identified and vetted.

Initially, and to move in the direction of the above stated strategy, Phipps will focus on investment goals that recognize the impact that climate change poses to the environmental and cultural health of the world. Scientists agree that carbon emissions and pollution from burning fossil fuels significantly contribute to potentially irreversible impacts to the earth. Phipps believes that in order to be consistent with its mission, values and programs, it should shift its investment strategy to recognize the impact that some public and private companies contribute to climate change as a function of their current or future operations.

As a beginning to a more comprehensive Socially Responsible Investment Strategy, Phipps intends to shift investments that it has in companies that are listed on the Carbon Tracker Initiative's "Carbon Underground 200TM", a list of the 200 largest publicly traded reserve based fossil fuel companies, to investments that meet the overarching goals of the Phipps Investment Policy in the context of its Socially Responsible Investment Strategies.

It is the role of the Finance Committee to continue to evaluate Phipps' investments to identify other opportunities that recognize the benefits of socially responsible investments, including but not limited to such industries as agriculture, food, green development, and clean energy. To the extent possible, and within the parameters of this Investment Policy's Asset Allocation model and Investment Objectives and Performance Evaluation criteria, Phipps will invest in companies that are identifying and supporting market opportunities in these business sectors.

Rebalancing Policy

A rebalancing policy is designed to provide a disciplined approach to control the risk exposure of the portfolio to the asset classes that have deviated from the established policy target weights.

Rebalancing parameters are addressed at the asset class level. The rebalancing policy requires rebalancing to be considered at least semi-annually and, if determined to be appropriate, a reallocation shall be made when the allocations exceed the minimum or maximum allocations specified above. Naturally occurring cash flows shall be used to the fullest extent possible to minimize transaction costs and rebalance toward policy targets. When rebalancing is required, allocations shall be made to maintain the targeted investment structure within the asset classes.

Asset Class Characteristics

U. S. Equity

This asset class is intended to be representative of the overall U.S. stock market. The purpose of the equity portfolio is to provide a high level of capital appreciation in order for the portfolio to realize long-term growth above inflation. For purposes of this investment policy, this asset class does not include private equity investments.

Non-U.S. Equities

The purpose of the international equity portfolio is to provide exposure to equity in international equity markets. Exposure to international equities enhances returns of the combined equity portfolio while reducing return volatility. For purposes of this investment policy, this asset class does not include private equity investments.

Fixed Income

Investment Grade Fixed Income

Such fixed-income investments are intended to be representative of the overall U.S. investment grade bond market. The purpose of such investments is to provide a high level of current income, to provide liquidity for intermediate cash flow needs and to provide diversification benefits during periods of a stock market decline. Such fixed income instruments and securities should be investment grade (Baa3/BBB-) or better at all times. The average quality of the portfolio should be A or better.

Cash Equivalents

Cash equivalents are represented by liquid, high-quality short-term fixed income instruments and securities generally maturing in 1 year or less.

Alternative Assets

Alternative assets, for the purposes of this policy, are defined as managed futures/commodities, hedge funds, real estate, and distressed debt. The purpose of such investments is to provide the portfolio with a non-correlating asset class that assists in the overall reduction of risk. No investment will be made in an alternative asset unless it is recommended by the investment advisor and specifically approved by the Committee.

Liquidity

The Committee, the Executive Director, the Chief Financial Officer or the Treasurer shall notify the investment advisor and/or the fund managers, as appropriate, of any anticipated need for cash withdrawals in the future. The investment advisor and the fund managers are to assume no need to maintain a cash reserve for this purpose other than that indicated by any of such parties.

Investment Objectives and Performance Evaluation

Investment Advisor

The investment advisor will meet with the Committee at least semi-annually and will provide such periodic reports to the Committee on the performance of the fund managers as the Committee shall request. The investment advisor shall be expected to monitor the performance of, and other matters of relevance to the fund managers.

Fund Managers

Based upon recommendation from the investment advisor, the Committee will pre-approve the engagement of all fund managers. All fund managers will report in person, by conference call or in such other manner as is acceptable to the Committee on such schedule as the Committee deems to be appropriate to review the performance of such manager's portfolio and any significant changes in the manager's personnel and/or investment approach. It should be understood that a manager's performance will not be the sole criteria of its engagement or termination, as a variety of factors will be considered by the Committee in its sole discretion in retaining or terminating fund managers engaged by it.

Total Portfolio

The investment objective for each asset class portfolio is to exceed the rate of return of a relevant benchmark after taking into account all manager fees. The relevant benchmarks for each asset class are as follows:

Asset Class	Benchmark
US Equity	S & P 500 Index*
Non-US Equity	MSCI EAFE Index and MSCI AWCI Index x United States
Fixed Income (investment grade)	Barclays Capital U.S. Intermediate Government/Credit Bond Index
Cash Equivalents	90 Day T-Bill
Alternative Investments (Hedge Funds)	HFRI Equity Hedged Total Index (HFRIENI)
Alternative Investments (Managed Futures)	HFRI Equity Hedged Total Index (HFRIENI)

In addition, the investment performance of the overall portfolio is to be compared versus a custom policy benchmark using the policy target weights specified in the Policy Statement to calculate a weighted average of the respective asset class benchmarks. This custom policy benchmark should be calculated on either a monthly or quarterly basis with returns linked over time in a manner consistent

* The Committee may establish additional benchmarks to the extent it deems necessary

with industry-accepted performance measurement standards so as to evaluate the portfolio's performance over longer time periods.

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Board of Trustees
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Board of Trustees
Phipps Conservatory and Botanical Gardens, Inc.

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Phipps Conservatory and Botanical Gardens, Inc.

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Board of Trustees
Phipps Conservatory and Botanical Gardens, Inc.