



**INVESTMENT CONSULTING SERVICES
NATOMAS BASIN CONSERVANCY
REQUEST FOR PROPOSALS (RFP)
September 3, 2010**

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**REQUEST FOR PROPOSALS
FOR
INVESTMENT CONSULTING SERVICES
JANUARY 1, 2011 – DECEMBER 31, 2013**

INTRODUCTION

The Natomas Basin Conservancy (Conservancy) is seeking proposals from qualified firms to provide investment consulting services for the Conservancy's Endowment and Supplemental Endowment Funds.

I. DESCRIPTION OF ENTITY

The Natomas Basin Conservancy (Conservancy) is a California Nonprofit Public Benefit Corporation operating under section 501(c)(3) of the Internal Revenue Code.

As plan operator for the Natomas Basin Habitat Conservation Plan (NBHCP), the Conservancy acquires and manages land for the purpose of mitigation for the loss of habitat caused by urban development in the Natomas Basin, located north of the City of Sacramento, California.

II. SCOPE OF SERVICES

The Conservancy is seeking proposals from qualified firms to provide endowment investment consulting services. The services requested are those that are checked below:

- Investment consultant will direct and manage funds on behalf of the Conservancy and report activity and performance in accordance with the Conservancy's Endowment Operations and Maintenance Fund and Supplemental Endowment Fund Investment Policy.
- Advising the Finance Committee and Board of Directors on investment guidelines and policies, including the development of new or revised guidelines and policies and the amendment of existing ones.
- Advising on strategic and tactical investment issues, asset allocation, management structure (active vs. passive, investment style mixes), performance measurement, additional asset classes, alternative investment vehicles, and rebalancing.
- Providing research on any Conservancy-requested special projects.
- Presenting economic forecasts.
- Providing manager searches, selections and terminations.
- Performing quarterly performance analysis, by portfolio, asset class, and fund, and reporting to the Conservancy on such.
- Attending a minimum of a year-end and a mid-year meeting of members of the Board of Directors and/or Finance Committee for performance update presentations.
- Other duties as described in the Endowment Operations and Maintenance Fund and Supplemental Endowment Fund Investment Policy.

III. GENERAL CONSERVANCY ENDOWMENT FUND POINTS

The Conservancy generally prefers to avoid investments in real estate, since it is heavily invested in real estate (as this is a part of its primary mission).

The Conservancy generally prefers to avoid the use of hedge funds. Hedge-like mutual funds are acceptable, provided they are not offshore, are not partnerships, and have daily liquidity.

The Conservancy has a slight bias towards a passively managed account or a minimally managed account over an actively managed account.

The Conservancy prefers a conservative to moderately conservative asset allocation since capital preservation is a factor in its implementation of the NBHCP.

IV. MINIMUM ELIGIBILITY REQUIREMENTS

The minimum eligibility requirements for responding firms are as follows:

- The investment consulting firm must be a registered investment advisor under the Investment Company Act of 1940.
- The investment consulting firm must have been in business for a minimum of five years.
- The individual assigned to the Conservancy as lead consultant must have a minimum of seven years professional experience in the investment consulting field.
- The investment consulting firm must have provided investment consulting services to other endowment funds or similar type funds.
- The investment consulting firm must agree to be a fiduciary as that term is defined in California state law.
- The investment consulting firm must agree to disclose all conflicts of interest.

V. ANTICIPATED TIMELINE

The following set of dates are firm and shall not be waived unless specified in writing by the Conservancy's Executive Director or Board President:

Timeline

Sep. 3, 2010 Release and distribution of RFP.
Oct. 1, 2010 Proposals due no later than 5:00 pm.
Nov. 3, 2010 TNBC Board reviews proposals; selects.
Dec. 1, 2010 Agreements are signed by both parties.

VI. PROPOSAL INSTRUCTIONS

Twelve (12) copies of the proposal must be submitted no later than 5:00 pm on October 1, 2010. Proposals should be addressed as follows:

Executive Director – CONFIDENTIAL
The Natomas Basin Conservancy
2150 River Plaza Drive, Suite 460
Sacramento, CA 95833

SEALED PROPOSAL
For Investment Services

Late proposals will not be considered. Proposals submitted via fax or email will NOT be considered. It is the responsibility of the investment consulting firm to ensure that the Conservancy receives the proposal by the date and the time specified in this RFP.

All costs incurred in the preparation of the proposal responding to this RFP will be the responsibility of the investment consulting firm and will not be reimbursed by the Conservancy.

VII. EVALUATION AND REVIEW OF PROPOSALS

Proposals submitted will be evaluated by the Conservancy's Finance Committee, based on the following criteria, stated as briefly and succinctly as possible:

- Relevant investment consulting experience of the firm and the individual consultants.
- Proposed work plan, soundness of approach and understanding of the needs of the Conservancy.
- Demonstrated ability to comply with and to perform the services referred to in the RFP.
- References and recommendations of other clients.
- Fees structure.

The Conservancy may, at its discretion, request presentations by or meetings with any or all investment consulting firms, to clarify or negotiate modifications to the investment consulting firms' proposals. However, the Conservancy reserves the right to make an award without further discussions of the proposals submitted and to the best qualified firm in the Conservancy's sole discretion.

VIII. RIGHT TO REJECT

The Conservancy reserves the right to reject any and all proposals received in response to this RFP. A contract for the accepted proposal will be based upon the factors described in this RFP.

IX. NOTIFICATION OF AWARD

Upon conclusion of final negotiations with the successful investment consulting firm, all investment consulting firms submitting proposals in response to this RFP will be informed, in writing, whether or not their firm was selected unless the firm has declined interest. It is expected that the contract shall be a three-year contract with two one-year options to renew, pending approval of the Conservancy's Board of Directors. The Conservancy will reserve full discretion to terminate the relationship upon thirty (30) days notice, subject to payment of accrued fees.

X. CONTRACT NEGOTIATION

A written contract with the consultant selected will be required. The terms of the contract are expected to be similar to the sample contract, which will be provided by the investment consultant firm. However, the Conservancy reserves the right to further negotiate the terms and conditions of the contract with the selected consultant. The contract awarded pursuant to this RFP shall consist of the RFP, the successful firms' proposal, and the specific terms and conditions of the negotiated contract.

XI. ATTACHMENTS, INQUIRES, AND ADDITIONAL INFORMATION

Attached to this RFP is the Conservancy's current investment policy and a listing of the Conservancy's Endowment and Supplemental Endowment Funds current investments and funds balances.

Inquires concerning this RFP should be directed to Kimberli Burns, Business and Accounting Manager (916) 649-3331. Additional information on the Conservancy may be found online at www.natomasbasin.org, including all prior year audited financial statements.

XII. RFP QUESTIONS

Please respond to the following questions as briefly and succinctly as possible.

A. BACKGROUND OF THE CONSULTING FIRM

1. Briefly describe your firm's background, history, and ownership structure, including any parent, affiliated or subsidiary company, and any relevant business partners or joint ventures.
2. Within the past three years, have there been any significant developments in your organization such as changes in ownership, restructuring, personnel reorganizations, terminations or investigations? Do you anticipate future significant changes in your organization?

B. STANDARDS OF CONDUCT

1. Does your firm have a written code of conduct or a set of standards for professional behavior? If so, are they monitored and enforced?
2. How are recommendations to clients reviewed and monitored by your organization?
3. Within the last five years, has your organization or an officer or principal been involved in actual or threatened litigation, administrative or regulatory, or similar investigation proceedings relating to your investment consulting assignments? If so, provide an explanation and indicate the current status or disposition.

C. CONFLICTS OF INTEREST

1. Are there any potential conflict of interest issues your firm would have in servicing the Conservancy? If so, describe them.

D. INVESTMENT MANAGER SEARCHES

1. Describe your firm's process for evaluation and selection of investment managers.

E. PERFORMANCE EVALUATION AND REPORTING

1. Can your firm provide custom benchmarks, including investment style benchmarks and universe rankings?
2. What amount of input does the client have in the content and format of an investment performance evaluation report? Do you have the ability to customize reports for your clients?
3. What period of time is required to prepare reports after the end of each month?

F. RESEARCH

1. Describe the internal structure and organization of your research department. If no separate department exists, describe how this function is performed.

G. FEE STRUCTURE

1. Describe your firm's fee structure for this work.

H. REFERENCES

Provide three references who are clients for whom work similar to that requested in this RFP has been performed.

I. INSURANCE, LIABILITY AND AUDIT

1. What limitation on liability, if any, do you impose through your contract?
2. Describe the levels of coverage for errors and omissions insurance and any fiduciary or professional liability insurance your firm carries.
3. Is your firm able to provide the Conservancy with a Statement on Auditing Standards No. 70 (SAS 70) or similar assurance report on an annual basis?

XIII. APPENDICES

APPENDIX A. BIOGRAPHIES

Include biographies for all consultants listed in your proposal. Indicate what year each consultant joined your firm and describe his or her position, current responsibilities, areas of expertise, experience, education, professional designations and memberships, and relevant publications and presentations.

APPENDIX B. FORM ADV PARTS I AND II

Attach your firm's current Form ADV Part I and II.

APPENDIX C. ANNUAL FINANCIAL REPORT

Attach your firm's current audited Annual Financial Report.

APPENDIX D. SAMPLE CONTRACT OR AGREEMENT

Attach a sample contract or agreement your firm uses for investment terms and conditions for consulting services.