I. INTRODUCTION

St. Paul’s Hospital Foundation Inc. (the “Foundation”) is incorporated under the Non-Profit Corporations Act of Saskatchewan as a charitable corporation. The Foundation is an independent body responsible for the raising and allocation of funds in keeping with donors’ wishes and to the best advantage of St. Paul’s Hospital. The Foundation currently has commitments of approximately $370,000 in scholarships and program supports annually funded by investment returns on the Foundation endowment investment accounts. Unencumbered funds and other restricted funds are also invested to form the Foundation investment portfolio.

The Foundation is requesting proposals from qualified investment management firms. The objective of the firm will be to assist the Foundation Board and staff in carrying out the Foundation’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. The Foundation’s investment portfolio includes endowments, restricted funds, and other net assets. These funds are currently segregated based on the type of internal intended use.

The St. Paul’s Hospital Foundation Investment Policy #5 was revised in 2016 to require a formal review of the current Investment Manager every five years which may include a RFP for Investment Management Services.

II. BACKGROUND

DESCRIPTIONS OF CURRENT INVESTMENTS:

As of May 31, 2016, investment assets totaled approximately $13 million including over $5 million in endowed funds with an asset mix as follows:

a. CDN Equities (22%)
b. US Equities (15%)
c. International Equities (16%)
d. Bonds and Fixed Income (42%)
e. Cash and Cash Equivalents (5%)

The Foundation Investment Policy and Guidelines

- The investment portfolio asset mix shall stay within the range of:
  o Equities 40% - 60%
  o Bonds and Fixed Income 40% - 60%
  o Cash and Cash Equivalents 0% - 20%
The Foundation’s primary objective is the protection of principal; maximizing income and capital growth is our secondary objective. A 5% annual distribution is required pursuant to Investment Policy #5 (for further detail, see attached).

Suitable investments shall be subject to the criteria outlined in the Foundation’s Investment Policy #5.

**III. SCOPE OF SERVICES**

i. The Foundation is soliciting proposals from investment consultant firms who provide broad investment expertise, and can provide the Foundation with a full range of administrative and investment services.

The Foundation is seeking the services for a range of administrative and investment services related to its investment funds. The Foundation will continue to fulfill its fiduciary responsibilities regarding the setting of investment policies and guidelines as well as the endowment spending rate. Given today’s complex and fast-paced market economy, the Foundation requires significant expertise to obtain the best investment return with the least amount of risk. Therefore, the Foundation would seek services which will include but are not limited to the following:

a) Portfolio analysis – reviewing asset allocations and structures and making recommendations for appropriate changes.

b) Monthly reporting – provide monthly 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 including other endowment funds; and holdings analysis relative to benchmarks.

c) Manager research and analysis – having access to a wide range of investment fund managers and to manage the selection, retention, and dismissal of these investment managers, performing the necessary due diligence and providing summary reporting.

d) Research – to perform research on investment markets with the necessary due diligence to ensure optimal performance, including monitoring, rebalancing and reporting.

e) Training, development, and reporting – to provide broad investment fund management training for new Board and/or Committee members as well as monthly, quarterly and annual reporting to the Foundation Audit and Finance Committee.

**IV. PROPOSAL SPECIFICATIONS**

a) **Response Deadline**

Completed responses must be received at the Foundation by email to info@sphfoundation.org, c/o Michelle Baumann, Manager of Finance and Operations by 4:00 p.m. **Central Standard Time** on July 17, 2017. Any responses received after the response deadline will not be considered.
Candidate firms submitting responses to this RFP must submit an electronic PDF copy of their total submission 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: a) the firm name, address, E-mail address and telephone/fax numbers; b) the client contact; c) the title or position which the signer of the cover letter holds in the firm; and d) a statement to the effect that the response is a firm and irrevocable offer of the firm. The representations and warranties contained in Section VII 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 the Foundation

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 Foundation staff nor any member of the Foundation Board, without the express approval of the Foundation Manager of Finance and Operations. An exception applies to any firm currently doing business with the Foundation, but any contact should be limited to that business, and should not relate to this RFP.

c) Questions relating to this RFP

All questions concerning this RFP must be received in writing via email by July 10, 2017. Questions can be submitted to St. Paul’s Hospital Foundation Manager of Finance and Operations by email to info@sphfoundation.org. One email per bid submission will be accepted and answered. Therefore, firms should amalgamate any questions they have into one email by the question deadline date. 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

i) Non-Qualifying Responses

The Foundation 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.

ii) Selection of Investment Consultant Firm

The Foundation staff will evaluate all responses having met established criteria. Based upon this review, staff will present the responses most closely meeting the requirements of the RFP to the Foundation’s Audit and Finance Committee. The Foundation’s Audit and Finance Committee will invite at least two candidate firms to make a presentation in Saskatoon, Saskatchewan on Thursday, August 17, 2017. The Foundation’s Audit and Finance Committee may join in discussions with the finalist firms to clarify issues, the scope of services and fees. The Foundation Board will approve the selection of the
consultant firm. Unsuccessful candidate firms who submit responses to this RFP and pass all the submission requirements will be notified.

iii) The successful candidate firm and the non-successful candidate firm(s) who make presentations on August 17, 2017 will be notified of the committee’s decision. The Foundation is not obligated to provide feedback to unsuccessful candidate firms.

V. Tentative time table

The following is only a tentative time schedule for the Foundation’s search for a firm to provide investment management services. All dates are subject to modification by the Foundation.

■ Issuance of RFP on Saturday, June 10, 2017.
■ Questions deadline at 4:00 p.m. Central Standard Time on Monday, July 10, 2017.
■ RFP response submission deadline 4:00 p.m. Central Standard Time on Monday, July 17, 2017.
■ Candidate firm interviews between 3:00 and 7:00 pm Central Standard Time in Saskatoon, Saskatchewan on Thursday, August 17, 2017.
■ Notification of successful candidate by October 1, 2017.
■ Projected service commencement date – December 1, 2017.

VI. CRITERIA

a. Minimum Qualifications

All firms submitting responses must meet the following minimum criteria:

1. Be an investment advisor registered under Canadian securities legislation as an Advisor, Investment Fund Manager and Exempt Market Dealer.

2. Agree to act as a “fiduciary” with respect to the Foundation

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 the Foundation;

5. Employ a professional team or department dedicated to investment manager research and analysis;
6. Have individuals assigned to the Foundation 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

The criteria for selection will include, but are not limited to the following:

1. Stability and experience of investment consulting firm

2. Stability and experience of the personnel assigned to the Foundation.

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.

The Foundation reserves the right to reject any and all responses, if it so chooses.

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 IV of this RFP:

a. Respondent warrants that it will not delegate its fiduciary responsibilities.

b. Respondent warrants that it has completed, obtained, and performed all registrations, filings, approvals, authorizations, consents or examinations required by government or Governmental authorities.

c. Respondent warrants 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 an investment advisor registered under Canadian securities legislation as an Advisor, Investment Fund Manager and Exempt Market Dealer;

2. Agree to act as a “fiduciary” with respect to the Foundation;

3. Have been in business for 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 of experience with institutional clients at an investment consulting or investment management firm;

4. Have provided similar investment consulting services to other non-profit institutions of similar asset size to the Foundation;

5. Employ a professional team or department dedicated to investment manager research and analysis;

6. Have individuals assigned to the Foundation with a minimum of five (5) years professional experience in the investment consulting or investment management fields; and disclose all conflicts of interest, all sources of revenue and all affiliation.

d. Respondent warrants that it has not paid and will not pay, has not given and will not give, any remuneration or thing of value directly or indirectly to the Foundation or any of its board members, officers, employees, or agents, or any third party except as disclosed to the Foundation with its response to this RFP or otherwise, including, but not limited to, a finder’s fee, cash solicitation fee, or a fee for consulting, lobbying or otherwise.

e. Respondent warrants 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.

a. Firm

1. Provide a description of your firm’s endowment management organization including history, ownership, and percentage of revenues derived from investment consulting/endowment management to non-profit organizations.

2. List the names, experience, academic credentials, and background of your endowment management personnel who would be responsible for the Foundation investment account.

3. Please provide examples of your firm’s (i.e., your clients’) record of endowment management performance for similar institutions as the Foundation with respect to total asset size. Please indicate whether results are net or gross of investment management fees.

4. What are your firm’s key strengths and competitive advantages?
5. Indicate whether your firm is registered with the federal and/or provincial regulators and, if so, please provide documentation to support this.

6. Has your firm, its principals or affiliates ever (a) been the focus of an inquiry by a federal, provincial or self-regulatory organization, or (b) been a party to any litigation concerning fiduciary responsibility or other investment related matters? If yes to any of the above, please provide details.

7. What is the client turnover (gains and losses) of your firm in the past three years, with reasons for termination of relationships?

8. Provide three current client contacts as references for which similar investment management services are being performed, preferably with non-profit institutions similar in investment asset size to the Foundation.

b. Services

1. List all of the firm’s standard services provided in a typical investment management relationship, including the firm’s endowment management philosophy and what approach would be utilized for the Foundation in fulfilling this RFP.

2. Describe the firm’s process for analyzing a client’s existing Investment Policy and Asset Mix Guidelines. Describe the firm’s method for recommending modifications and monitoring the Investment Policy and Asset Mix Guidelines.

3. Describe the firm’s asset/liability modeling capability, and portfolio structure analysis. Describe the manner in which the firm would assist the Foundation in recommending changes and monitoring asset mix.

4. Describe the firm’s process for evaluating a client’s investment performance and how this is communicated to the client.

5. Describe the types of qualitative and quantitative factors you use in evaluating a portfolio manager.

6. How many investment managers do you currently track and describe the steps in your due diligence/search for manager selection.

7. Provide samples of client investment performance reports.

8. Can you offer training of the Foundation’s Board and Audit and Finance Committee members as it relates to their fiduciary responsibilities?

IX. HYPOTHETICAL PORTFOLIO

The Foundation requests that all responses include a hypothetical portfolio based on the Foundation’s 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 the Foundation’s objectives as stated in the Section I. How would these returns compare to our benchmark as outlined in the Foundation’s Investment Policy #5 (see attached). 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. ENGAGEMENT PERIOD AND FEES

The quote should assume a five-year relationship. You should include the basis you would propose for
calculating all fees to be paid by the Foundation for service you described in this RFP and fully disclose
all hidden fees within all funds that your organization currently has a business relationship with.

XI. TERMS AND CONDITIONS

The Foundation 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 the Foundation and the data contained or referenced herein. The Foundation 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 the Foundation. The Foundation 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.

The Foundation 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. The Foundation 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 request to receive submissions. Respondents agree that the contents of their
Responses are valid for one year from the date of submission.

The Foundation will not be liable for any cost incurred in the preparation of a response (including all
costs related to potential interviews on August 17, 2017) and will not reimburse any respondents for their
submission. Expenses related to the production of a response are the sole responsibility of the respondent.

The Foundation 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.

Attachment – SPH Foundation Investment Policy #5
St. Paul’s Hospital Foundation
ADMINISTRATIVE POLICY AND PROCEDURE

Policy #5
Investment Policy

OVERVIEW

St. Paul’s Hospital Foundation Inc. (the “Foundation”) is incorporated under the Non-Profit Corporations Act of Saskatchewan as a charitable corporation. The Foundation is an independent body responsible for the raising and allocation of funds in keeping with donors’ wishes to the best advantage of St. Paul’s Hospital.

The Board of Directors has the authority to determine and monitor the investments of the Foundation.

This Investment Policy provides broad objectives, performance expectations and guidelines for the investment management of the Foundation’s investments (“Portfolio”). The Foundation has three sources of monies for investment – 1. Restricted funds (funds tied to a specific use and not available for the general purposes of the organization) comprised of designated and endowment deposits, 2. Surplus income retained from Foundation operations and 3. Investment income. The Foundation’s investments are composed of two components:

1. Endowment Funds - donations restricted to the following:
   a) Named Endowments (SRA 3070) – Endowments established by specific donors. The principal of the gift is held in accordance with the terms of the endowment agreement; the earnings are allocated for the specific wishes of the donor.
   b) Grey Nuns Legacy Fund (SRA 3031) – Established to celebrate the continuing legacy of the Grey Nuns at St. Paul’s Hospital. Earnings on the balance provide annual support of special activities in spiritual care, mission and ethics at St. Paul’s Hospital.
   c) St. Marguerite d’Youville Endowment (SRA 3007) – Endowment contributions donated in honour of the unique inspiration of St. Marguerite d’Youville. Earnings are used in special initiatives such as scholarships and professional development of St. Paul’s Hospital employees.

2. SPHF general investments (SRA 3006) consists of the following:
   a) Designated Funds – restricted donations and contributions designated for the education, research and equipment needs of various departments within St. Paul’s Hospital as well as Foundation designated appeals and campaigns, typically held for one year or less.
   b) General Funds – unrestricted donations and contributions which have been received in the current year and surplus funds retained over prior years. These funds are used to carry out the operations of the Foundation or for special projects identified by the Foundation.

The Foundation, acting through its Board, has prepared this Policy to address the manner in which the Foundation’s investment portfolio shall be invested.

Reviewed/revised March 2014; Approved by SPHF Board May 22, 2014
Reviewed/revised September 2016; Approved by SPHF Board September 22, 2016
St. Paul’s Hospital Foundation
ADMINISTRATIVE POLICY AND PROCEDURE

Policy #5
Investment Policy

RESPONSIBILITY

Responsibility for investment of the Portfolio rests with the Board including:

1. The establishment of an overall investment policy, including broad asset allocation guidelines and a structure of investment management;

2. The appointment or removal of investment managers and other advisors;

3. Monitoring the performance of the Portfolio and its Managers;

4. Annual reporting on the status and operation of all Portfolio assets.

This Policy is designed to ensure that the assets of the Portfolio are invested in a prudent manner, in order to earn interest and capital appreciation at an acceptable rate of return relative to the risk incurred.

The Board may delegate some of their responsibilities with respect to the investment of the Portfolio to the Audit and Finance Committee as per the current Terms of Reference.

The Board shall establish a Policy Portfolio Benchmark against which the investment manager’s total Portfolio performance can be measured on an ongoing basis.

The investment manager appointed shall adhere to the provisions of this Policy and operate under the specific written guidelines agreed between the Manager and the Board.

The investment manager shall have full discretion as to the Portfolio asset mix and individual securities selection, subject to the investment objectives and asset allocations set out in the Policy.

This Investment Policy and provisions therein may be amended by the Audit and Finance Committee from time to time, as it deems appropriate. Amendments shall go to the Board for final approval.

INVESTMENT OBJECTIVES

Protection of principal is the primary objective. Capital growth is a secondary objective.

The long-term objective of the Foundation’s investments is to provide sufficient liquidity and income to meet the spending and operational requirements of the Foundation. The mandate for Endowment funds is to provide grants and other financial assistance while preserving the endowed principal. The mandate for designated funds is to preserve the capital until the specific obligation has been met.

Reviewed/revised March 2014; Approved by SPHF Board May 22, 2014
Reviewed/revised September 2016; Approved by SPHF Board September 22, 2016
Policy #5
Investment Policy

The intent is to achieve a 5% Real Annual Return (net of inflation) comprised of 3.5% distribution, as is our practice for endowment funds and 1.5% administration fee, as per the Recovery of Fund Raising Cost Policy #18. The inflation rate is based on the consumer price index published by Statistics Canada.

The portfolio’s investment performance will be measured against the performance of a ‘benchmark’ index combined in the same proportion as the Portfolio’s benchmark asset mix, measured over moving four-year periods.

Currently, the portfolio’s investment performance is expected to exceed, before Portfolio management expenses, the investment performance of the benchmark index portfolio of: 20% S&P/TSX; 15% S&P 500; 15% MSCI EAFE; 45% DEX Universe bond Index & 5% DEX 91-day T-bill index.

ASSET ALLOCATION

In order to achieve appropriate levels of risk exposure and return expectation for the overall Portfolio, the normal policy allocation for Invested assets, and the associated ranges for strategic variation at any time are as follows:

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Policy #5
Investment Policy

Suitable investments shall be subject to the following criteria and policies;

1. Fixed Income

   1.1 Direct obligations and guarantees of the Government of Canada. (i.e. Government of Canada Bonds or Government of Canada Treasury Bills).

   1.2 Direct obligations and guarantees of the Provinces of Canada. (i.e. Provincial Bonds, Debentures).

   1.3 Direct obligations, Certificates of Deposits and Term Deposits of the following Canadian Chartered Banks: RBC Royal Bank, CIBC Canadian Imperial Bank of Commerce, BMO Bank of Montreal, Scotiabank, TD Toronto Dominion Bank.

   1.4 Guaranteed Investment Certificates and Term Deposits in other than the institutions mentioned above, up to the maximum of $100,000.00 of Canada Deposit Insurance Corporation (C.D.I.C.) insurance coverage.

   1.5 Corporate bonds or debentures which are only of investment grade (ie. not lower than a BBB credit) and not more than 20% of the bond portfolio in credits below A (“good quality”).

   1.6 Minimum aggregate bond portfolio credit quality rating of “AA-” (excellent quality).

2. Equities

   2.1 Total equities target balance shall be 50% (+/- 10%) of the total portfolio.

   2.2 No more than 4% of the portfolio in equity securities of any one company.

   2.3 A target balance of 30% (+20/- 10%) of the portfolio in foreign equities and not more than 15% (+10/- 5%) of the portfolio in equity securities of companies outside North America.

   2.4 Convertible debentures or convertible preferred shares shall be classified as equities for investment policy purposes.

   2.5 A minimum of 90% of equities securities in equities listed on the Toronto Stock Exchange or other major international stock exchange.
St. Paul’s Hospital Foundation  
ADMINISTRATIVE POLICY AND PROCEDURE

Policy #5  
Investment Policy

3. **Cash and Short-Term Investments**

3.1 Cash held on deposit in the Foundation’s current account at any one of the Canadian Chartered Banks referenced in 1.3 above.

3.2 Short-Term (maturities of less than one year) Certificates of Deposit and/or Term Deposits of the Canadian Chartered Banks referenced in 1.3 above.

3.3 Short-Term (maturities of less than one year) Money Market instruments, where the obligant has a credit rating of at least R-1 mid, or its equivalent.

**VOTING RIGHTS**

The investment manager shall exercise all voting or other rights associated with the investment of the Foundation’s Portfolio in the best interest of the Foundation.

**INVESTMENT POLICY STATEMENT REVIEW**

The Board shall review the Investment Policy annually, considering factors such as the following, and will make any appropriate changes to the Investment Policy:

1. governance changes;
2. changes in the Foundation’s mandate;
3. changes in general economic conditions;
4. the possible effect of inflation or deflation;
5. needs for liquidity, regularity of income and preservation of capital;
6. the role that each investment or course of action plays within the overall portfolio;
7. changes in expectations of long-term returns and risks associated with the different asset classes of investments;
8. changes to risk tolerance;
9. expectations regarding the Foundation’s future cash flows;
10. changes in income tax legislation and the expected consequences on investment decisions or strategies;
11. changes to other legislation which affect the Foundation;
12. new investment products; and
13. any practical issues that arise from the application of the Investment Policy.

The Audit and Finance Committee shall ensure that any designated investment manager or advisor is fully apprised of any change in Investment Policy or other circumstances which may be relevant to the prudent management of the Foundation’s Portfolio.

Reviewed/revised March 2014; Approved by SPHF Board May 22, 2014
Reviewed/revised September 2016; Approved by SPHF Board September 22, 2016
St. Paul’s Hospital Foundation
ADMINISTRATIVE POLICY AND PROCEDURE

Policy #5
Investment Policy

The designated investment manager or advisor shall, on a monthly basis, report to the Foundation on the investment performance of the Portfolio and capital market conditions. A comprehensive year-end report shall also be submitted to the Foundation prior to audit completion.

An annual performance review with the Investment Manager of the Portfolio will be conducted at the first Audit and Finance Committee meeting (January or February) of the fiscal year.

The Board shall review the investment manager every five years with reference to the most recent Request for Proposal (RFP) for Investment Management services criteria. This review will inform the Board’s motion regarding the issuance of an RFP or affirmation to continue with the current investment manager.