



Request for Proposals

For

Investment Management Services

Inquiries and proposals should be directed to:

Name: Elida D. Gonzales

Title: AVANCE Inc. CFO

Entity: AVANCE Inc.

Address: 824 Broadway, Suite #204
San Antonio, TX 78215

Phone: 210-270-4630 ext. 673

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General Information

A. Purpose

This Request for Proposal (RFP) is to contract for an Investment Manager to determine the portfolio strategy and securities selection subject to the investment objectives and guidelines developed by the AVANCE Investment Committee.

B. Who May Respond

Respondents must be a registered Investment Advisor as defined by the Investment Advisors Act of 1940, or a bank, trust company or insurance company and be in good standing with all Federal, State and Local regulatory authorities. Respondents must have been doing business as a registered Investment Advisor or Bank and Trust Company for a minimum of ten years. Respondents must maintain an office in Texas and have a **minimum of \$100 million under management**.

C. Instructions on Proposal Submission

1. Closing Submission Date: Proposals must be submitted electronically to rfpcontract@avance.org no later than 4:30 p.m. on May 19, 2023.
2. Inquiries: Inquiries should be directed to Elida D. Gonzales at 210-230-9673.
3. Conditions of Proposal: All costs incurred in the preparation of a proposal responding to this RFP will be the responsibility of the Offeror and will not be reimbursed by *AVANCE, Inc.*

It is the responsibility of the Offeror to ensure that the proposal is received by *AVANCE, Inc.* by the date and time specified above.

Late proposals **will not be** considered.

4. Right to Reject: *AVANCE, Inc.* 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.

5. Small and/or Minority-Owned Businesses: Efforts will be made by *AVANCE, Inc.* to utilize small businesses and minority-owned businesses. An Offeror qualifies as a small business firm if it meets the definition of "small business" as established by the Small Business Administration (13 CFR 121.201).

6. Notification of Award:

a. It is expected that a decision selecting the successful audit firm will be made within 2 weeks of the closing date for the receipt of proposals.

Estimated Timeline – The dates listed below are subject to change without notice.

April 24, 2023 RFP/RFQ Released
 May 19, 2023 by 4:30 PM Central Time Proposals Due
 May 19-26, 2023 Proposals Evaluated
 June 2, 2023 AVANCE National Board Approval and Award
 June 5, 2023 Notices emailed

b. Upon conclusion of final negotiations with the successful manager, all Offerors submitting proposals in response to this Request for Proposal will be informed, in writing, of the name of the successful audit firm.

D. Description of Organization

AVANCE, Inc. (the Organization) was established in 1973 and operates as a private, nonprofit organization providing educational programs for parents and children. The Organization has been determined to be exempt from Federal income tax under Section 501(c) (3) of the Internal Revenue Code and has established a National Office in San Antonio, Texas as part of a plan to expand its programs nationally.

The Organization operates services out of the National Office in the Texas Rio Grande Valley as well as in El Paso. In addition, there are incorporated chapters in major cities throughout Texas to include San Antonio, Houston, Dallas, and Austin. It is governed by a National volunteer Board of Directors. Each incorporated chapter also has local boards of directors that govern their respective chapters.

Administrative offices and all records are located at each respective City. Each chapter manages their separate accounting records to maintain at least three months of non-federal operating reserves and independently determine the amount of funds to be placed in the Investment Fund.

Specification Schedule

A. Scope of Services

The purpose of this RFP is to obtain the services of a registered Investment Manager, hereinafter referred to as the "Offeror" to:

1. Adherence to investment objectives and guidelines
The Investment Managers are expected to follow the investment guidelines provided to them by the Committee.
2. Discretionary Authority
The Investment Managers will be responsible for making all investment decisions on a discretionary basis regarding all assets placed under its control and will be evaluated on its investment performance consistent with these guidelines.
3. Communications
 - The Investment Managers will keep the Committee informed, on a timely basis, of major changes in their investment outlook, investment strategy, and other matters affecting their investment policies or philosophy.
 - The Investment Managers will inform the Committee of any significant changes in the ownership, organizational structure, financial condition or senior staffing of the Investment Managers.
 - The Investment Managers will report to the Committee any legal, SEC and other regulatory agency proceedings affecting the Investment Managers.
 - The Committee shall report all communications from the Investment Managers to the Board at each meeting.
4. Reporting
 - The Investment Managers will send prompt notices of transaction activities to the Committee.
 - The Investment Managers will provide the Committee with quarterly performance reports which will include comparative indices, and the cost and market valuations of all holdings, industry classifications and estimated annual income.
 - The Investment Managers will disclose annual fees and costs related to the management of funds.
 - The Investment Managers will meet with the Committee at least annually.
 - The Committee shall communicate all reports from the Investment Managers to the Board.

5. Voting

The Investment Managers, as part of their duties and responsibilities, may be given the right to vote any and all proxies solicited in connection with securities held by the Funds. If given this right, the Investment Managers have the responsibility to vote solely in the interest of the Funds and to protect the value of the securities within the Funds. The Investment Managers shall keep accurate records with respect to their voting of proxies.

B. Description of investment objectives and guidelines

Performance objectives have been based upon the assumption that future rates of return will approximate historical rates of return experienced for various asset classes. The Board realizes that market performance varies and that a real rate of return may not be achievable during short-term periods.

The investment objectives for the Investment Managers are stated below in order of importance:

1. Preserve the inflation-adjusted purchasing power of the Funds' assets.
2. With regard to asset growth, exceed the rate of inflation plus 5% over a market cycle.
3. With regard to asset growth, meet or exceed the return of a blended market index over a 5-year rolling average (S&P 500 Index and Barclay's Gov't/Corp Index), net of contributions, withdrawals, and Investment management fees, while avoiding excessive risk.

In order to provide the Investment Managers with the flexibility to invest in various types of assets, the following list of assets are those approved for investment:

1. Equity Securities

a. Permissible investments in equity securities are as follows:

- (1) Common Stock (or securities convertible into common stock) of domestic corporations with a market capitalization of at least \$500 million;
- (2) Common Stock or ADRs of foreign corporations with a market capitalization of at least \$500 million;
- (3) Mutual Funds registered with the SEC, which have net assets of at least \$100 million invested in equities described in (1) and (2) above.
- (4) Exchange Traded Funds (ETF) registered with the SEC, which have net assets of at least \$100 million invested in equities the majority of which meet the investment grade guidelines established by the Committee.
- (5) Public Real Estate Investment Trusts (REITS).
- (6) Business Development Companies registered with the SEC.

- b. At date of purchase, no one equity shall exceed 5% of the Fund's assets under the Investment Manager's control.
- c. The aggregate investment in the equity securities of issuers engaged in the same industry (based upon S&P industry classification) shall not exceed 20% of the Fund's assets.

2. Fixed-Income Securities

- a. Permissible investments in fixed-income securities are as follows:
 - 1) Obligations issued or guaranteed by the U.S. government, its agencies or U.S. government-sponsored corporations and agencies;
 - 2) Obligations of domestic corporations.
 - 3) Mutual Funds registered with the SEC which have assets of at least \$100 million invested in fixed income securities with the majority meeting the investment grade guidelines established by the Committee.
- b. All fixed-income securities must be denominated in U.S. dollars.
- c. The final maturity of any fixed-income securities may not exceed 10 years without specific prior approval of the Board.
- d. Each fixed-income security must have an investment grade rating by either Moody's or Standard & Poor's (i.e. A, BBB, etc.).
- e. Except for the securities described in 2a (1) above, the aggregate investment in fixed-income securities issued by the same issuer will not exceed 5% of the Funds' assets under the Investment Managers' control.
- f. No fixed-income security shall be purchased unless the Funds' investment does not exceed 5% of the issue.

3. Cash Equivalents

- a. Permissible investments in cash equivalents are as follows:
 - 1) U.S. treasury bills; Commercial paper rated P-1 by Moody and A-1 by Standard & Poor;
 - 2) Money Market Funds registered with the SEC which have net assets of at least \$100 million;
 - 3) Certificates of Deposit issued by a major depository, federally insured by the FDIC, which has capital and surplus of \$100 million or more.

- b. Except for the securities described in 3a (1) and 3a (3) above, investment in any one issuer shall not exceed 5% of total Fund assets.

General Restrictions

No investment will be made in fixed-income or equity securities which have restrictions on resale. All such securities purchased must be publicly traded on U.S. exchanges.

The following are among the activities not permitted for the Funds' assets:

1. Short sales;
2. Trading on margin, lending or borrowing money;
3. The purchase or sale of options;
4. The purchase or sale of commodities;
5. The purchase or sale of futures;
6. Direct loans or extension lines of credit to any interested party;
7. Private placements or direct placements;
8. Put, calls or straddles;
9. Direct Real estate properties;
10. Securities of the Investment Managers, their parents, subsidiaries or affiliates;
11. Securities of companies which do not have at least a five-year operating history
12. Interest Only, Principal Only, Inverse Floaters or other non-standard bonds.

Asset Allocation

It is the policy of the Funds to achieve and maintain the following asset allocations for all of the assets under management. Asset categories should be viewed globally so funds in the Investment Fund can be invested more aggressively within its policy limits. Each Chapter of the Organization will maintain at least three months of non-federal operating reserves and independently will determine the amount of funds to be placed in the investment fund.

Asset Category

Policy Maximum

Investment Fund:

Equity Securities

65% - 70%

Fixed-Income/short term investments	30% - 70%
Cash/cash equivalents	5% - 15%
Operating Reserve:	
Fixed-income/ short term investments	50% - 70%
Cash/cash equivalents	50% - 70%

Because each Investment Manager may be asked to maintain different asset allocations to meet this policy, the Board will periodically give directions to each Investment Manager as to its respective asset allocation.

If any guideline or asset allocation directive is not met due to market actions or otherwise, the Investment Managers will take prudent action to bring the portfolio into compliance with the guideline within a reasonable amount of time.

C. Performance

The Committee will review performance of the Investment Managers on a quarterly basis and submit a report to the Board. The Board will review performance results of the Investment Managers against a blended market index (S&P and Barclays Gov't/Corp Index) weighted to match the long-term asset mix policy of the Funds.

D. Price

Include information indicating how the price was determined. For example, the Offeror should indicate the estimated number of hours by staff level, hourly rates, and total cost by staff level. Any out-of-pocket expenses should also be indicated.

E. Payment

Payment will be made on a monthly basis.

If it should become necessary for AVANCE to request any additional services to either supplement the services requested in this RFP or to perform additional work as a result of specific recommendations included in any report issued on this work, then such additional services shall be performed only if set forth in an addendum to the agreement between both parties at an agreed upon rate.

F. Confidentiality

The Offeror agrees to keep the information related to all contracts in strict confidence. Other than the reports submitted to AVANCE, Inc., the Offeror agrees not to publish, reproduce or otherwise divulge such information in whole or in part, in any manner or form or authorize or

permit other to do so, taking such reasonable measures as are necessary to restrict access to the information, while in the Offeror's possession, to these employees on the Offeror's staff who must have the information on a "need-to-know" basis.

The Offeror agrees to immediately notify, in writing, AVANCE, Inc.'s authorized representative in the event the Offeror determines or has reason to suspect a breach of this requirement.

Proposal Evaluation

Evaluation of each proposal will be scored on the following five factors:

- Prior experience with similar projects and successful completion of same
- Experience and credentials of the organization
- The experience and professional qualifications of the team assigned to this project
- Cost of performing the services
- Other supportive considerations as documented in proposal

Conflict of Interest Declaration Form

	YES	NO
1. Do you, your immediate family, or your business partner have financial or other interest in the recipient(s) of the proposed services?		
2. Have gratuities or anything of monetary value been offered or exchanged between you, your immediate family, or your business partner and employee of recipients of proposed services?		
3. Within the last 24 months, have you been employed by, or do you plan to seek or accept future employment with the recipient(s) of the proposed services?		
4. Are there any other conditions which may cause a conflict of interest?		

If you checked "yes" after any of the above questions, please explain your answer. Please attach additional sheets as necessary.

I declare that my answers and any related explanation(s) are true, correct and complete to the best of my knowledge.

Name

Title

Company

Dated this _____ day of _____, 20____.

(Offeror's Firm Name)

(Signature of Offeror's Representative)

(Printed Name and Title of Individual Signing)