

Pacific Community Ventures  
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September 11<sup>th</sup>, 2023

**Subject: Request for Proposal - Impact Investment Manager for Pacific Community Ventures Long Term Strategic Fund**

As we continue to pursue our mission of investing in small businesses and supporting good jobs for working people, we are eager to reflect our commitments to sustainable growth and positive societal change through our investments. We seek to hire an investment manager for our long-term strategic fund (“The Fund” or “Fund”) who will seek impact alpha along our [Theory of Change](#): furthering our efforts to close the racial wealth gap.

**Objective**

We seek to hire a firm with experience in the field of mission-related investing, including socially responsible investing, and impact investing. The advisory services may include, but are not limited to, investment policy development, asset allocation, performance monitoring, and impact reporting. For the purposes of this selection process, we define impact investments as intentional, values-aligned investments that generate competitive financial returns as well as social and/or environmental benefits in alignment with our Theory of Change and overarching objective to close racial and gender wealth gaps. Pacific Community Ventures has approximately \$2 Million currently allocated to its long-term strategic fund. Our target investment horizon is 10 years, and we anticipate the length of the contract to be five years, reviewing performance annually.

**Pacific Community Ventures Mission and Values**

Pacific Community Ventures is a nonprofit, mission-driven community development financial institution (CDFI) addressing racial and gender wealth gaps through the power of inclusive entrepreneurship and a Good Job. We are Aeris rated – aligned with Sustainable Development Goals 1) No Poverty; 5) Gender Equity; 8) Decent Work and Economic Growth; 10) Reduced Inequalities; 11) Sustainable Cities and Communities; 16) Peace Justice and Strong Institutions; and 17) Partnerships for the Goals. For the last 25 years PCV has supported small business entrepreneurs and their communities in the fight for economic, racial, and gender justice. We work side-by-side with small business leaders through our unique integrated model: combining impact-first Restorative Capital and Pro Bono Business Advising with our Good Jobs Innovation Lab that propels thriving communities with equitable jobs, and uplifts and amplifies their voices and needs through research and policy advocacy. In 2022, 92% of PCV’s loan capital supported women and/or BIPOC-owned businesses, and 98% supported small businesses located in economically distressed areas.

PCV invests in small, growing California businesses, with a focus on those areas within California that have historically had limited access to institutional equity capital, particularly companies that hire a large percentage of their workforce from low-income and communities of color. PCV does not have industry concentration limits but will only commit a maximum of 10% of a fund to any single portfolio company without the approval of the Fund’s Advisory Committee.

## Investment Manager Scope of Work

### 1. Revise Investment Policy Statement:

- Work with Pacific Community Ventures staff and Finance Committee to revise its Investment Policy Statement reflecting its risk tolerance, time horizon, financial return objectives, and values in economic, racial, and gender justice reflected in our Theory of Change and SDGs: 2 zero hunger, 5 gender equality, 8 decent work and economic growth, 10 reduced inequalities, 11 sustainable cities and communities, 16 peace justice and strong institutions, and 17 partnerships for the goals, to the full portfolio.
- <https://www.un.org/sustainabledevelopment/news/communications-material/>

### 2. Initial Asset Allocation and Advisory Services

- Develop asset allocations across an appropriate range of domestic asset classes.
- Identify, screen, and recommend appropriate investments while ensuring 100% values-alignment with competitive financial returns.
- Identify, report, and apply positive and negative Environmental Social and Governance (ESG) screens to investments in appropriate asset classes according to our investment policies.
- Advise us on community investing opportunities.
- Develop appropriate risk management strategies.
- Present appropriate, cost-effective account management options (e.g. separately managed accounts, no-load funds, exchange-traded funds, active and passive management.)

### 3. Ongoing Monitoring and Reporting:

- Recommend strategic and tactical changes in asset allocation as appropriate.
- Assess investment performance and submit quarterly and annual reports to the Chief Financial Officer
- Review and recommend changes to the Investment Policy Statement as appropriate considering external changes in the overall market or changes in the investment and mission goals of Pacific Community Ventures.

## Selection Process and Timetable

The selection process will be conducted as follows:

1. **September 11<sup>th</sup>:** RFP Released
2. **October 9<sup>th</sup> Deadline for Receipt of Proposal.** We ask you to send one electronic copy of your proposal on or by this date to the attention of Ketav Patel, CFO [info@pcvmail.org](mailto:info@pcvmail.org) , with the subject line **"PCV Investment RFP"**
3. **October 30<sup>th</sup>: Invitation for 1st Round of Interviews.**
4. **November 1-17<sup>th</sup>. Meeting with PCV's Investment Committee.** Selected finalists will be invited to present to PCV's Board Finance Committee by video conference, or in person, on date and a Bay Area location. Finalists should be prepared to answer detailed questions regarding their proposals.
5. **December 8<sup>th</sup>: Estimated Date for Final Selection.**

The purpose of this RFP is to help Pacific Community Ventures to gain an understanding of the potential financial consultant's capabilities in investment strategy and client services, and basic information on the firm's size and structure. Initial RFP responses will be used to compare firms and as resource material for detailed discussions with a subset of the candidates.

### **Evaluation Criteria**

The proposals will be evaluated on:

- Organizational capabilities, especially expertise in mission-related investing (25%)
- Background and quality of the investment research and methodology (15%)
- Intentionality in portfolio alignment with PCV's Theory of Change (10%)
- Staffing and Leadership Composition in Alignment with PCV's commitment to equity and inclusion (5%)
- Performance-reporting capabilities (20%)
- Quality of mission investing industry thought leadership, existing client relationships and references (10%)
- Fee structure relative to the industry average. (15%)

### **Confidentiality**

All information presented in this RFP, including information disclosed by Pacific Community Ventures during the selection process, is strictly confidential. Information must not be released to external parties without the expressed written consent of Pacific Community Ventures.

### **Response Instructions**

If your firm wishes to be considered as a candidate to undertake the Scope of Work outlined in the previous section, please respond to the attached questionnaire. We request that you answer the questions with information and descriptions rather than pre-prepared responses. Descriptions of your firm's background, staff, assets under management, and products should include only those capabilities and resources which are relevant to our portfolio and would be readily available to us. This consideration is particularly applicable to candidates from smaller investment units working within large institutions.

We appreciate your interest in working with us and look forward to reviewing your proposal. We are excited about the potential of working together to advance racial, economic, gender and climate justice on our communities and beyond.

Should you have specific questions about the RFP, please contact Ketav Patel at [info@pcvmail.org](mailto:info@pcvmail.org)

Sincerely,

Ketav Patel

Chief Financial Officer, Pacific Community Ventures

## Pacific Community Ventures Investment RFP Questionnaire

### Impact Investing Questions

#### 1. The key areas we are interested in learning more about in your impact investment plan include:

- **Investment Philosophy:** We would like to understand your investment philosophy and how it aligns with our nonprofit's mission and values. Please elaborate on how your investment approach integrates environmental, social, and governance (ESG) factors to drive positive impact alongside financial returns.
- **Track Record of Impact:** Please provide evidence of your organization's experience in managing impact investments for other nonprofits or similar entities including but not limited to sample rubrics and strategies with performance history. Details of successful projects and their measurable impact would be highly valuable.
- **Investment Strategy:** Outline the proposed investment strategy tailored to our nonprofit's objectives and risk appetite. How do you intend to balance financial returns with the achievement of meaningful social and environmental outcomes?
- **Risk and Performance Metrics:** Describe your approach to risk management and how you evaluate the success of impact investments. Include information on the performance metrics you use to assess both financial returns and social impact. Please provide a typical performance report.
- **Collaboration and Communication:** Highlight how you would collaborate with our organization and engage us throughout the investment process. Regular communication and reporting on investment progress and impact milestones are crucial to us.

### Additional Questions

#### 2. History, Ownership and Disclosures

- Please provide a brief overview of the history of your firm and the ownership structure.
- Disclose any and all significant developments in your organization within the past three years such as a change in ownership, personnel reorganization, or new business ventures; disclose any changes anticipated over the next five years.
- Disclose any and all conflicts of interest for your firm, including financial or other affiliation with brokerage firms, banks, insurance companies, investment banking firms, or money management firms. If such affiliations exist, how does your firm protect against conflict of interest? How are each of these conflicts disclosed to clients?
- Are there any circumstances under which your firm or any individual in your firm receives compensation, finder's fees, or any other benefit from investment managers or third parties? If yes, please describe in detail.
- Describe any material litigation, regulatory, or legal proceedings in which your firm, principals or employees are or have been involved at any time during the past five years.

#### 3. Qualification of Firm and Investment Managers:

- Provide the name and contact information of the principal contact person for this proposal.
- Describe the experience of the key staff who would be responsible for Pacific Community Ventures. Please include a brief bio for the principal contact(s).

- Please describe your investment research capabilities, both in terms of unaffiliated managers and in-house investment management.
- If you use unaffiliated managers, please describe the firm's process for evaluating and selecting such managers, including the qualifications of the people who implement this process.
- Attach your firm's financial statement and describe its financial strength. Provide your firm's total assets under management.
- **Share three references from other nonprofit organizations you have worked with.**

## 5. Transition

- If applicable, please describe how you will manage the transition from our current investment manager and describe related transition costs, if any.

## 6. Fees:

- What is your fee structure? Please provide information on all the fees we are likely to incur.
- Attach a Fee Schedule which clearly identifies all transaction fees and differentiates core fees from optional fees for additional services. Indicate which fees are negotiable or otherwise variable. Fees should be presented as a percentage of assets under management.
- Does your firm offer discounts for non-profit organizations?
- Attach a copy of your firm's standard consulting contract.
- Are additional fees charged for services related to preparing or modifying the Investment Policy?

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