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The Prince William Sound Science Center (PWSSC) is requesting proposals for an Investment Advisor to manage the Oil Spill Recovery Institute (OSRI) reserve fund. The fund must be managed in accordance with an existing investment policy that is attached. The fund is currently valued at approximately 1.5 million dollars with a plan to spend it down to approximately five hundred thousand over the next five to ten years. The OSRI reserve investment fund is overseen by the PWSSC Board of Directors, while the OSRI Advisory Board directs expenditures from the reserve fund.

Please provide a proposal that describes:

- How you propose to invest the fund within the constraints of the investment policy
- By what means you will communicate with the PWSSC management team
- The frequency with which you will communicate with the PWSSC management team
- Your ability and willingness to make presentations to governing authorities such as the PWSSC Board of Directors and Oil Spill Recovery Institute Advisory Board
- What internal controls will be used to ensure funds are invested in a manner consistent with the investment policy

Questions and proposals should be submitted to W. Scott Pegau (wspogau@pwssc.org; 907-424-5800 x222). Proposals should be submitted electronically and must be received prior to 7am Alaska time on June 4th.

**Revised Policy Statement: Investment of funds
administered by the
Prince William Sound Science Center**

(approved by PWSSC Executive Committee on 11/29/99)

And by the Advisory Board of the Oil Spill Recovery Institute on 12/14/99)

All funds of the Prince William Sound Science Center (the Center) are held by the Board of Directors as a fiduciary. The following investment objectives will guide our stewardship.

Sections

1. Investment policy and objectives
2. Persons authorized to invest PWS Science Center monies.
3. Authorized investments.
4. Insurance and collateralization.
5. Portfolio diversification.
6. Reporting Requirements.
7. Internal Controls.

Section 1 Investment policy and objectives

The PWS Science Center investment portfolio shall be managed so that the portfolio, as a whole, meets the objectives set forth in this subsection. These objectives are listed below in order of relative importance:

1. Safety of principal
2. Maintaining sufficient liquidity to meet the PWS Science Center's cash flow requirements
3. Achieving a reasonable market rate of return.

Section 2 Persons authorized to invest PWS Science Center monies

The Board of Directors and the Finance Committee have delegated supervision authority of the Center's investments to the Treasurer. The Treasurer is responsible for regularly reporting on investments to the Finance Committee and then to the full board. The Treasurer may delegate daily management authority over the investment program, in writing, to the President and the Finance Director to supervise or conduct all or part of each investment transaction.

The Treasurer is authorized upon approval of the Finance Committee to retain one or more Investment Counselors to assume the investment management of funds and assets owned or administered by the Center. Investment Counselors will be required to sign contracts that include set procedures for confirmation of transactions and reports. In discharging this authority, the Treasurer, President and Finance Director together can act in the place and stead of the Board and may receive reports from, pay compensation to, and enter into agreement with such Counselors. The Treasurer shall review the Center's investments

*PWS Science Center Investment Policy
Approved November 29, 1999*

periodically to evaluate investment performance. In carrying out its responsibilities, the Treasurer and its agents will act in accordance with these Investment Policies (the Policies) and all applicable laws and regulations. The Board reserves to itself the exclusive right to revise the Policies. The Board may also grant exceptions to the Investment Policies when appropriate.

Section 3 Authorized investments.

- A. To accomplish the Center's investment objectives, the Treasurer is authorized to utilize portfolios of fixed-income securities, and short-term (cash) investments. As a guide to accomplishing these objectives, the Treasurer shall remain within the ranges listed below. These ranges can be modified from time to time by the Finance Committee with approval by the Board. The actual investment targets shall be set within these limits by the Treasurer in conjunction with the Center's President and designated financial officer.
1. U.S. Treasury securities.
 2. Other obligations guaranteed by the U.S. government or its agencies and instrumentalities.
 3. Certificates of deposit and other deposits at banks and savings and loan associations collateralized as specified in Section 4 below.
 4. Fixed-income securities – The quality rating of bonds and notes must be A or better, as rated by Standard & Poor's or Moody's. The portfolio may consist of only traditional principal and interest obligations (no derivatives).
 5. Short-term reserves – The quality rating of commercial paper must be A-1, as rated by Standard & Poor's, P-1 as rated by Moody's or better. The assets of any money market mutual funds must comply with the quality provisions for fixed-income securities or short-term reserves.
 6. Bonds and notes which are issued by any state or political subdivision thereof, and which are graded AAA or higher by Moody's Investors Service, Inc., or Standard and Poor's Corporation.
 7. Prime Commercial paper grade A1 or higher by Moody's Investors Service, Inc., or P1 or higher by Standard and Poor's Corporation. Corporate debt with a rating not lower than AA.
 8. Equities listed on the 3 major exchanges (NYSE, AMEX and NASDA OTC) should constitute no more than 35% of overall investable capital.
Rebalancing of the portfolio will be done annually at the discretion of the Board.
- B. The Treasurer or his designated agent may enter into a short term repurchase agreement, certificate of deposit or other authorized investment with the bank in which the Science Center's daily operating monies are deposited, for the purpose of investing any excess operating monies which will be needed to finance the Center's operations prior to the maturity of longer term investments. This investment may be continuing in nature, such that excess Science Center operating monies are

continually invested. This short term investment shall be governed by the same provisions of this policy statement that relate similar long-term investments.

Section 4 Insurance and collateralization

If the Center's monies are invested in certificates of deposit or other deposits in a bank or savings and loan association, the entire amount of principal and interest which will be payable to the Science Center upon maturity of the investment must be insured and/or collateralized by any combination of the following, unless otherwise provided:

1. Insurance issued by the Federal Deposit Insurance Corporation (FDIC) or the Federal Credit Union Administration (FCUA); or the Security Investment Protection Corporation (SIPC).
2. U.S. Treasury securities.
3. Obligations guaranteed by the U.S. government or its agencies and instrumentalities.

Section 5 Portfolio diversification.

The assets of the investment portfolio shall be generally well-diversified to avoid undue exposure to any single economic, industry sector, or individual security. The following ratio of investment will apply:

1. At least 60% of the portfolio must be invested in U.S. Government, U.S. Government agency/instrumentality securities.
2. No more than 40% of the portfolio may be invested in other securities and of that 40% no more than 10% of the portfolio will be invested in a single issue. U.S. Government and Federal Agency securities are exempt from this limitation.

Section 6 Reporting

1. The Treasurer will provide the Finance Committee/Board with a quarterly analysis for the entire portfolio of the current asset allocation by investment category (equities, fixed-income securities, and cash reserves).
2. The Treasurer shall also provide the Finance Committee/Board periodically detailed information about (1) asset allocation, (2) investment performance, (3) future investment strategies, and (4) any other matter of interest to the Committee.
3. The Treasurer shall provide annually a report of investment performance for the year by portfolio, to the full Board of Directors.
4. The Treasurer and Finance & Personnel Committee shall provide for immediate reporting to the Executive Committee in the event of any diminution of invested portfolio market value less than starting principal of the year and accrued interest at a passbook savings rate.

Cash Flow Requirements

The Center will be responsible for advising the Treasurer and Investment Counselor in a timely manner of the Center's cash distribution requirements from any managed account. The Treasurer is responsible for providing adequate liquidity to meet the Center's cash flow requirements in accordance with Board policy.

Section 7 Internal controls

Adequate internal controls for auditing purposes will be met by the Center and any Investment Counselor/Firm acting on its behalf.