



EPISCOPAL HEALTH  
FOUNDATION

# **Episcopal Health Foundation**

## **Request for Proposal: Impact Investing Program Implementation Consultant**

Episcopal Health Foundation  
500 Fannin Street, Suite 300  
Houston, TX 77002

# Impact Investing Program Implementation

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## ORGANIZATIONAL OVERVIEW

The Episcopal Health Foundation (EHF) is a 501(c)(3) nonprofit with a mission to improve the health and well-being of the 11 million people living within the 57 counties of the Episcopal Diocese of Texas. Rooted in faith and active in hope, the foundation believes all Texans deserve to live a healthy life - especially the poor and those with the least resources. Aligned with public health principles, EHF has a deep commitment to health equity and to reducing the barriers that prevent individuals and communities from reaching their full potential. It relies on health equity as a central guiding principle that directs its approach and views all potential investments through a health equity lens, seeking funding opportunities that level the playing field for vulnerable populations so that they have the same chance of achieving good health as other groups. The foundation considers vulnerable populations to include members of groups that lack full opportunity to participate and benefit from the health system, often due to poverty, discrimination, immigration status, insurance status, or disability. EHF's work is guided by its core values that include informed action, collaboration, empowerment, stewardship, transparency, accountability, transformation of human lives and organizations, and compassion for the poor and powerless.

## PURPOSE

EHF is planning to launch a new impact investing program with a portfolio of up to \$20 million in investments. The foundation plans for its impact investing program to complement and enhance its existing programmatic activities, thereby amplifying its overall impact in support of achieving the strategic goals set forth in its [2018-2022 strategic plan](#). By generating both social and financial returns through impact investments, the foundation hopes to achieve significant impact on its current four targeted outcomes – system reform to improve health, access to comprehensive care, active communities that influence health systems to improve health equity, and implementation of best practices for early childhood brain development – before recycling and redeploying its capital for a multiplier effect of additional impact.

## OBJECTIVE

EHF is seeking a third-party consultant to lead the implementation and ongoing management of its new impact investing program, in accordance with its Impact Investment Policy Statement (IIPS), and in close partnership with foundation staff. This lead consultant will be responsible for managing all aspects of the program; however, it may delegate certain activities and functions to additional sub-consultants, as necessary. Program activities include all aspects of the impact investment cycle, including but not limited to the following:

- **Source potential investments** located within or having an impact on EHF's 57-county geographic region in the Central, East, and Upper Gulf areas of Texas

- **Conduct preliminary review** of suitability and impact alignment for EHF staff review
- **Conduct investment analysis and due diligence**, prepare an investment memo for EHF approval, and identify appropriate impact and financial metrics
- **Structure investments**, advise and negotiate deal terms, draft investment documents, and execute transactions
- **Monitor investments**, collect investee payments, report on financial performance, and manage workouts, delinquencies, and payment issues
- **Monitor and evaluate impact and financial performance**, coordinate with investees to obtain annual impact and semi-annual financial reporting, elevate any potential reporting issues to EHF, communicate with investees about causes and plans of action to address unanticipated outcomes, and aggregate individual investee data into portfolio-wide reporting for EHF staff and Board
- **Partner and communicate regularly with EHF**, throughout the impact investment cycle

The lead consultant should have deep knowledge of the health system, familiarity with Texas and the Texas healthcare landscape, and expertise in at least several of the impact investing functions described above, preferably within debt, and be able to delegate and manage the quality of work conducted by sub-consultants if needed. The lead consultant will be the foundation's single point of contact for all parties involved in the implementation of the impact investing program and, to that end, should be resourceful in identifying, managing, and coordinating multiple sub-consultants. The lead consultant should also have the following attributes:

- **Robust financial analysis and underwriting skills** to perform or manage all investment activities, including sourcing, due diligence, structuring, monitoring, and evaluation
- **Strong project management skills**, including the ability to manage multiple workstreams in a timely, effective, and consistent manner
- **Adept in communicating clearly and effectively with multiple stakeholders**, including EHF staff and leadership, investees, and sub-consultants
- **Cultural fluidity**, including the ability to integrate into the culture of EHF and potential investees and translate technical expertise and knowledge into a common and understandable language
- **Understand EHF's unique approach** and customize work style and product to best suit the foundation and impact investing program's needs
- **Preferably, experience working within Texas**, or a thorough plan to engage sub-consultants within the region that understand the local health and healthcare landscape
- **Ability to partner with the foundation on technical assistance**, capacity building, and educating and advising staff
- **No conflicts of interest** that could impact or influence any program activity
- **Long-term commitment to the program**, with a one-year contract renewable by agreement annually

## SUMMARY OF IMPACT INVESTING PROGRAM

The impact investing program will be implemented in close partnership with EHF and in accordance with the portfolio structure and investment criteria summarized in the table below.

Portfolio Structure	
Funding	Up to \$20 million, with proceeds to be recycled back into the program
Risk Management	Track portfolio-level risk based on a weighted average of the risk ratings of each individual investment
Financial Performance Objectives	Portfolio return target: 0%–2% over the investment period, managed to preserve capital at the portfolio level
Portfolio Allocation	Make investments based on EHF’s strategic goals, approved asset classes, and time horizons, within or having an impact on its geographic focus areas, with a primary focus of generating the most health-related social impact with each investment
Monitoring	Semi-annual review of portfolio’s risk and return profile and annual review of portfolio’s impact outcomes
Investment Criteria	
Geography	Investments must be within or have an impact on the 57 counties of the Episcopal Diocese of Texas
Sectors	Investments must advance EHF’s strategic goals, using health equity as a central guiding principle, and must align with one or more of the following outcomes: <ul style="list-style-type: none"> <li>• System reform to improve health</li> <li>• Access to comprehensive care</li> <li>• Active communities that influence health systems to improve health equity</li> <li>• Implementation of best practices for early childhood brain development</li> </ul>
Risk	Rate and monitor each investment on a semi-annual basis using a risk matrix
Financial Return	Investments may include a mix of below-market and market-rate returns
Impact Return & Measurement	Customize impact metrics in coordination with each investee, stipulate them in investee reporting requirements, and monitor, track, and report annually on the individual- and portfolio-level impact outcomes
Organization Type	Nonprofit or for-profit organizations
Investment Type	Primary structure will be debt (secured or unsecured), but may also include equity, pay-for-success, recoverable grants, guarantees, and convertible debt
Funding Amount	Target size is \$250,000 to \$1,000,000 per investment but EHF may consider investments outside this range on a case-by-case basis
Time Horizon	Target 3- to 5-year investment term but EHF will consider 12 months to 7 years

## REQUIRED PROPOSAL ELEMENTS

Please address the following in your RFP response:

### A. Individual/Organizational Overview

1. Please provide a brief overview of your organization, including whether you are an independent consultant, Registered Investment Advisor, for-profit organization, or nonprofit organization, the total number of staff employed, and where your offices are located.
2. What are your firm's mission, vision, and core values? How do they align with EHF's?
3. What is the full range of services your company offers? Do you provide advisory, program management, and/or investment management services?
4. What written conflict of interest and/or code of conduct policies does your organization have? Do you perceive any potential conflicts of interest in implementing EHF's impact investing program?

### B. Approach and Timeline

1. Describe your approach to both the implementation and operation of the impact investing program. Please include any relevant work samples that illustrate your expertise in similar program implementation activities (e.g. investment memo, risk rating matrix, impact evaluation etc.).
2. If you are not able to implement all the program activities yourself, are you able to identify, hire, and manage sub-consultants to carry out the work? Which specific functions would you conduct, and which would you plan to outsource? What experience do you have in project management and/or managing cross-functional teams?
3. Describe your proposed project team structure including an overview of the roles and responsibilities. Identify core team members and any external partners involved in the program (if applicable) and include biographies of each.
4. When do you anticipate you can begin working with EHF?

### C. Client Experience

1. What experience do you have working with foundations/grant-making organizations?
2. What is your experience in impact investing, particularly within health/healthcare and/or Texas? Do you have experience in sourcing, screening, due diligence, investment structuring, portfolio management, and impact and financial evaluation and monitoring? Specifically, do you have any debt underwriting experience? Please describe any other relevant impact investing work you have completed.
3. What health/healthcare experience do you have? Please describe any health/healthcare work you have completed.
4. What Texas-specific health/healthcare or impact investing experience do you have? Please describe any Texas work you have completed. If you do not have experience in Texas, how do you plan to

bridge that geographic knowledge gap? How do you plan on building local relationships and confidence operating in a new geography like Texas?

5. What is your approach to client relationships? How do you define a successful client relationship? What experience do you have in managing multiple stakeholders?
6. Please provide the names and contact information of two to three references who can speak to your relevant client experience.

**D. Fees**

1. How are your fees typically calculated?
2. Please provide a detailed fee estimate for this engagement, based on your current understanding of the program implementation work required. Please include fee estimates for sub-consultants, as applicable.

**RFP TIMELINE**

Key RFP Dates	Date
RFP Issuance	January 2019
RFP Submission Deadline	February 11, 2019
Selection of Top Candidates	February 18, 2019
Interviews with Finalists	February 18 – March 1, 2019
Contract Award	Mid-March 2019

Please submit proposals to Arabella Advisors by February 11<sup>th</sup> at [RFP@arabellaadvisors.com](mailto:RFP@arabellaadvisors.com). Send any questions related to this RFP to the same email address.