

ADDENDUM NO. 1

DATE: August 28, 2018

TO: All Potential Proposers

FROM: Penny Owens, Assistant Purchasing Agent, City of Knoxville

SUBJECT: Addendum No. 1 to the RFP for Securities Safekeeping/Custodial Services

RFPs TO BE OPENED: September 6, 2018 at 11:00:00 a.m. (Eastern Time)

This addendum is being published to respond to questions received from potential proposers concerning the referenced RFP. This addendum becomes a part of the contract documents and modifies the original specifications as noted.

Question #1: What do these assets represent – retirement assets, treasury assets, or something else?

Response: Treasury Assets

Question #2: If retirement assets, is this a DC or DB plan?

Response: N/A

Question #3: Can you clarify the NAV/fund accounting requirement – Section I, p. 1 refers to a monthly NAV with share and unitization accounting, while Section 6. P. 8 refers to a daily NAV and interaction with a recordkeeper – is it a monthly or daily NAV?

Response: The NAV requirement is daily. In the monthly accounting, we require the daily NAV for the last day of the month. At the time of a trade, we will purchase the investment at the prior day's NAV.

Question #4: Who is the recordkeeper?

Response: The City's recordkeeper is a designated employee in the City's Treasury Division office.

Question #5: If this is not a DC plan, what are the units/shares reflecting – participation in pools of assets by investment managers?

Response: Our assets are not pooled. The units/shares reflected are the dollar amount/value of the investment we purchased.

Question #6: Can you provide more detail re: the portfolio makeup?

- Total value of assets under custody (eg. USD)
- Breakdown of assets by asset types (equity, fixed income)

- Breakdown of transaction volumes (buy/sell), by market.
- Indication of any single line holdings, such as commingled funds or mutual funds (and number held, avg per year)
- Total number of portfolio positions you would hold with us (on average, per year)
- Total number of outgoing wires (on average, per year)
- Is cash in scope? Would any cash sweep to our overnight short term cash vehicles? If so, how much on average per day (USD)?

Response:

- *Total value of assets under custody (eg. USD):* \$123,447,347 as of June 2018
- *Breakdown of assets by asset types (equity, fixed income):* All are fixed income
- *Breakdown of transaction volumes (buy/sell), by market:* We generally hold all of our investments until maturity. In FY2018, we purchased approximately 90 investments.
- *Indication of any single line holdings, such as commingled funds or mutual funds (and number held, avg per year):* None
- *Total number of portfolio positions you would hold with us (on average, per year):* The City's portfolio positions range from 130 to 180. At the end of FY2018, we owned 152 investments.
- *Total number of outgoing wires (on average, per year):* We average 100 outgoing wires per year for purchase and income wires for interest and maturity payments.
- *Is cash in scope? Would any cash sweep to our overnight short term cash vehicles? If so, how much on average per day (USD)?:* No, we pay for all of our investment purchases by wire on the day of settlement.

END OF ADDENDUM 1