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**Addendum**

|                          |  |                        |   |             |            |
|--------------------------|--|------------------------|---|-------------|------------|
| <b>Solicitation Name</b> | Banking Services (including Treasury Management and Portfolio Investment Services) Q2015 | <b>Addendum Number</b> | 1 | <b>Date</b> | 03/13/2020 |
|--------------------------|--|------------------------|---|-------------|------------|

This addendum answers questions raised about this solicitation. To aid in readability, the questions are in black, the answers are in **bolded blue**, and the answers follow immediately below.

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|----|---|
| Q1 | Does the bank direct the investments or KCDC?   |
|    | <b>The bank manages the funds. KCDC works with the bank in making investment decisions.</b>   |
| Q2 | Are they looking for a discretionary investment manager that makes the investment decisions and places the trades without consulting with KCDC at the time a purchase is made as long as it conforms to their investment Policy and applicable State or HUD statute or are they looking for an investment consultant that helps make tactical investment decisions but they make the trades themselves?<br><br>Example. If they hold a Treasury bond and it matures a discretionary manager will reinvest the bond without consulting KCDC. <ul style="list-style-type: none"> <li>The reinvestment decision will be made by the investment manager based on the Investment Policy Statement, periodic conversations around liquidity needs, the client’s benchmark, and the Investment managers view on the market. A call regarding what to do with the specific maturity does not necessarily occur. Performance and asset allocation decisions made by the manager are then periodically reviewed with KCDC.</li> <li>With a consultant, KCDC would discuss the maturity with the consultant to decide what to purchase but KCDC would call and place the trade.</li> </ul> Under the IPS section 5 Delegation of Authority it states, “No person may engage in an investment transaction except as provided under the terms of this policy and established procedures”. Do they delegate the Investment manager the authority to engage in transactions? |
|    | <b>KCDC is looking for an investment manager who analyzes portfolio, advises investment decisions, obtains KCDC approval, and engages in the transactions.</b>  |
| Q3 | There is a footnote in their Notes to Basic Financial Statements (Page 16) that states “The investments held in the various trust accounts for bond covenant purposes are in open-ended mutual funds which are not subject to custodial credit risk because they do not represent specific individual securities.” Can they confirm whether those funds are bond proceeds or can be reasonably expected to be used to pay off a bond issue? That will have an implication on who and how we respond as well.  |
|    | <b>Bond funds are held by a trustee and are outside of this contract.</b>   |

