

Addendum #1 RFP 25-01 Kentucky State University - Vendor Questions and Answers

| Question | Response |
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| 1 What prompted this RFP process? | The University has been with our current partner for a number of years and it is simply time to rebid as required by statute and the previous RFP. |
| 2 Are there investment policy, portfolio structure, or administrative issues you want to improve upon? | The University Board recently updated their investment policy which includes the portfolio structure and administration guidelines for investments. The Policy can be found here: https://www.kysu.edu/policies/files/4-1-16-Endowment-Investment-Policy-06282024.pdf |
| 3 The RFP references \$22 million in assets. Are there multiple asset pools (e.g., endowment, operating reserves, etc.) that comprise the \$22 million? | The entire asset pool is strictly endowed holdings for Scholarships, Professorships and Departmental funds. |
| a. If yes, can you share the number of different asset pools and amount of each separate pool? | NA |
| b. Is each asset pool covered by the same investment policy and have the same asset allocation approach? | Yes. |
| 4 How frequently does the Investment Committee meet? Are those meetings typically in-person or virtual? | The Investment and Advancement Committee meets once per quarter and they are in person. Members have the option of being virtual if needed / desired. |
| 5 Who is your current custodian? | Current advisor is Cerity Partners |
| 6 In preparing a recommended portfolio and expected risk/return, should we assume preference for any type of investment? For example, passive pooled funds. | The Endowment Investment and Spending Policy should be followed at all times. |
| 7 Can you provide an average spending rate for the Endowment? | The Endowment Investment and Spending Policy directs a 4% spend rate and a maximum of 1% for administrative and investment costs - please refer to policy for full details. |
| 8 How many accounts are part of this mandate? Is the incumbent currently providing fund accounting services for these accounts or is the University doing this in-house? | 58 current accounts make up the endowment holding. A 59th account is in process of being set up. All accounts are covered by the Endowment Investment and Spending Policy. |
| 9 The RFP requests IPS recommendations. How long have current asset allocation and portfolio construction parameters (all passive) been in place? What is the University's degree of willingness to alter portfolio construction parameters within the current IPS? | The current policy was updated in June 2024 and was amended to its current form in December 2023. The prior policy was in place for roughly 4 years. Recommendations can be made to the Investment and Advancement Committee for updates. |
| 10 The RFP asks for our incorporation of ESG considerations. Does the University utilize any ESG considerations in their current investment portfolio? | No. |
| 11 When was the University's last investment RFP, and what is driving your decision to RFP now? | The University has been with our current partner for a number of years and it is simply time to rebid as required by statute and the previous RFP. |
| 12 Are there any issues or pain points with your existing investment advisory relationship you are looking to address? | No. |

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| 13 | Regarding the statement: "Provide discretionary active management of the Endowment's portfolio," within the "Scope of Work" the current investment policy statement provided (effective June 24, 2024, pages 4-5) largely mandates passive/index strategies. Is there an opportunity to incorporate active or a broader scope of solutions or should our responses be directed by this restriction? | All restrictions set in place in the Endowment Investment and Spending Policy are in force. Any recommended changes may be made to the Investment and Advancement Committee for approval following the appropriate Board action. |
| 14 | Who is the incumbent firm? Will the incumbent firm be permitted to re-bid? | Cerity Partners, Yes, they are welcome to submit a proposal. |
| 15 | What, if any, are the pain points with the current Investment Advisor? | NA |
| 16 | What fees is Kentucky State University currently paying? | The approved fee structure is in the Endowment Investment and Spending Policy located here: https://www.kysu.edu/policies/files/4-1-16-Endowment-Investment-Policy-06282024.pdf |
| 17 | Has Kentucky State University achieved the 7.5% net return investment objective in the past 5 years? | No. |
| 18 | Is Kentucky State University seeking improvements in specific areas? If yes, what are those areas or services? | No. |
| 19 | Please explain what "Proprietary Information proposal" means. Can you provide details of its proposed contents? | Anything that contains trade secrets or similar information that would cause harm to the proposer if revealed to competitors. |