

# Request for Proposal

Investment Advisor

1/2/2026

Louisville Tourism

401 West Main Street, Suite 2300  
Louisville, Kentucky 40202



## Introduction

### Purpose

The Louisville & Jefferson County Visitors & Convention Commission, doing business as Louisville Tourism, is requesting Proposals for an Investment Advisor. Using this Request for Proposals (“RFP”), Louisville Tourism intends to contract with a vendor who will be available to provide the product or service during the contract term. Louisville Tourism may select and contract with one or more vendor(s) to provide all products or services described in the Scope of Services.

Vendors interested in assisting Louisville Tourism with the product or service as defined above must prepare and submit a response in accordance with the Submission Requirements and Procurement Schedule in this RFP. Proposals submitted should include all required information as described herein.

### Definitions

“**Respondent(s)**” refers to the interested individual(s) and/or firm(s) that submit a response to this Request for Proposal.

“**RFP**” refers to this Request for Proposals, including any amendments, supplements or addendums thereto.

“**Proposal**” refers to the complete responses to this RFP submitted by the Respondent(s).

## Business Overview & Background

### Overview of Louisville Tourism

Louisville Tourism was formed under the laws of the Commonwealth of Kentucky and has been established pursuant to provision of 91A.350(1) and 91A.370 of the Kentucky Revised Statutes for the purpose of promoting recreational, convention and tourist activities in Louisville and Jefferson County, Kentucky. Louisville Tourism is governed by a ten-member Board of Commissioners: three appointed by the Governor, six appointed by the Mayor, and one appointed by position as the President and CEO of the Kentucky State Fair Board.

Louisville Tourism’s mission is to enhance Greater Louisville’s economy through tourism by positioning and selling the community worldwide, in partnership with the public and private sector, as a premier destination for conventions, trade shows, corporate meetings, group tours, and individual leisure travel. In pursuit of its mission,

Louisville Tourism generates increased visitor spending, local tax receipts, and job development.

Louisville Tourism encourages participation by minority, women, and disability owned businesses in the procuring of supplies and services.

Louisville Tourism has two primary funds that hold assets under which the scope of services herein would apply, the General Fund and the Debt Service Fund. The General Fund holds reserve investments that support the regular operations of Louisville Tourism. The Debt Service Fund holds investments that support the Series 2016 Bonds, which were issued to fund a portion of the Kentucky International Convention Center expansion/renovation. General Fund investments total approximately \$9 million and Debt Service Fund investments total approximately \$50 million. The Series 2016 Bonds become callable in 2026, which could result in a reduction in the Debt Service Fund investments to below \$15 million during the year. Investments have typically been focused on fixed-income securities, including US Treasury and agency securities, municipal bonds, high-grade corporate bonds, and/or commercial paper. The investment policies of each fund are attached as Appendices B and C.

## **Scope of Services**

### **Areas of Specialized Services**

The Investment Advisor will be expected to perform the following services:

#### **Investment Strategy and Portfolio Management**

- Develop and recommend an overall investment strategy aligned with Louisville Tourism's objectives and the investment policies for the General Fund and Debt Service Fund (see Appendices B and C).
- Execute or facilitate the procurement of individual investments consistent with the approved strategy for each fund.
- Continuously monitor portfolio holdings, including upcoming maturities, and provide proactive recommendations to optimize performance and manage risk effectively.
- Ensure adequate liquidity for operational needs and debt service obligations through cash flow forecasting and investment maturity planning.

#### **Performance Reporting and Manager Oversight**

- Deliver detailed quarterly performance reports for all Louisville Tourism investments, including comparisons to relevant benchmarks.

- Reports should include analysis of asset classes, asset allocation, risk metrics, and any additional information requested by Louisville Tourism management or the Finance Committee.
- Assist in establishing and periodically reviewing appropriate performance benchmarks for each fund.

#### Finance Committee Engagement

- Attend Finance Committee meetings as requested (typically 1–2 times per year) to present portfolio updates, performance reviews, and respond to questions regarding investment strategy and results.
- Provide meeting materials in advance for committee review.

#### Investment Policy Review and Advisory

- Assist in the periodic review and refinement of Louisville Tourism's investment policies for the General Fund and Debt Service Fund.
- Provide research and insights on asset allocation, market trends, and best practices.
- Recommend policy updates as appropriate to ensure alignment with evolving market conditions and industry standards.

#### Risk Management and Compliance Monitoring

- Regularly assess portfolio risk relative to policy guidelines and market conditions.
- Monitor compliance with investment restrictions, regulatory requirements, and internal policies.
- Provide timely alerts and recommendations to address any compliance or risk concerns.

#### Fee Transparency and Cost Analysis

- Disclose all fees, including advisory, custodial, and transaction costs, in a clear and transparent manner.
- Conduct periodic reviews to ensure cost-effectiveness and value for services provided.

#### Market and Economic Updates

- Supply periodic updates on market conditions, interest rate trends, and economic outlook that may impact investment decisions.

#### Custodial Coordination

- Coordinate with custodians to ensure accurate settlement, safekeeping, and reporting of assets.

#### Fiduciary Responsibility and Compliance

- Act in a fiduciary capacity, placing the interests of Louisville Tourism above all other considerations in the management of its investments.

- Ensure full compliance with Louisville Tourism's investment policies, applicable laws, and regulatory requirements.
- Maintain transparency and accountability in all recommendations, transactions, and reporting.
- Disclose any potential conflicts of interest promptly and take steps to mitigate them in accordance with industry standards and Louisville Tourism's policies, enclosed herein as Appendices B and C.

## **Term**

Louisville Tourism seeks to engage an Investment Advisor for a term of five (5) years with the option to renew month-to-month following the term. The term is subject to Louisville Tourism's satisfaction with the services performed and may be cancelled at any time.

## **Form of Contract**

If selected to provide services, the successful Respondent may be required to execute a form contract, which includes indemnification, insurance and termination provisions if applicable as well as the compensation provisions. The successful Respondent must also accept and agree to abide by Louisville Tourism Terms and Conditions.

## **General Procurement Information**

### **Procurement Process**

The Evaluation Committee shall evaluate proposals, interview top applicants if it deems interviews to be helpful, and complete its evaluation based on the best interests of Louisville Tourism.

### **Procurement Schedule**

The RFP process commences upon the issuance of this RFP. The steps involved in the procurement process and the anticipated completion dates are as follows:

<u>Procurement Activity</u>	<u>Tentative Date</u>
Issuance of Request for Proposals	• 01/02/2026
Deadline to Submit Questions	• 01/16/2026
Deadline to Submit Proposals	• 01/30/2026
Completion of Evaluation	• 02/13/2026

Notification of Selection	• 02/20/2026
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## **Obtaining Procurement Documents**

This RFP packet can be obtained via Louisville Tourism's web site at <https://www.gotolouisville.com/about-us/rfps/>. All addenda, amendments, or written responses to this RFP will only be available through Louisville Tourism's web site. Louisville Tourism will not provide or be responsible for verbal responses.

## **Statement Submittal**

To be given consideration, Respondents must submit the following:

1. **Three (3) original hard-copies** of the proposal, including all attachments
2. **One (1) electronic copy** of the proposal, including all attachments

Proposals must be received no later than **Friday, January 30, 2026 at 5:00 P.M. Eastern Standard Time**. Proposals must be sealed and addressed to:

**Robin Vanzant**

Director Finance and Administration  
Louisville Tourism  
401 West Main Street, Suite 2300  
Louisville, Kentucky 40202  
Phone: 502-560-1486  
Email: [rvanzant@gotolouisville.com](mailto:rvanzant@gotolouisville.com)

Proposals will not be accepted by facsimile transmission and no more than one Proposal from any Respondent will be considered. In addition, all Proposals and all related information must also be stapled or bound, and signed by a responsible party with authority to bind the Respondent.

## **Addenda or Amendments to RFP**

During the period provided for the preparation of the responses to the RFP, Louisville Tourism may issue addenda, amendments, or answers to written inquiries. All such addenda, amendments, or answers will be posted/issued as noted in "Obtaining Procurement Documents" herein and shall constitute a part of the RFP. Respondents are encouraged to view the listed website regularly for any issued addenda, amendments or answers, as it is the responsibility of the Respondent to obtain same. Any failure to so acknowledge such changes will make the proposal non-responsive and it will be rejected.

## **Inquiries**

Any requests for information or other inquiries should be directed in writing to the attention of Chris Kipper, Chief Financial Officer, by 5:00 P.M., Eastern Standard Time, January 16, 2026 at [ckipper@gotolouisville.com](mailto:ckipper@gotolouisville.com). Questions will be answered via addenda and posted to Louisville Tourism's website. Respondents should not contact any other Louisville Tourism representative for information and/or to inquire about the status of this procurement prior to the submission of Proposals or their proposal may be disqualified.

## **Submission Requirements**

### **Proposal Format**

Each proposal must conform to the following outline. The proposal should be concise, but include enough detail so that each Respondent's capabilities are sufficiently described to allow Louisville Tourism to fully evaluate the required services.

### **Proposal Content**

Respondents must provide the following information to be considered responsive. In addition, in order to expedite evaluation of submittals, the Respondent's information must be organized in the following sequence:

#### A. Executive Summary

- Provide a concise summary of the proposal, signed by an officer authorized to enter into a contractual relationship with Louisville Tourism on behalf of the firm.
- The summary should include:
  - A brief statement of the firm's experience and qualifications.
  - The firm's approach to delivering the services outlined in the Scope of Services.
  - Demonstrated understanding of Louisville Tourism's objectives and investment policies.

#### B. Respondent Firm and Staff Qualifications

- Firm Overview: Provide a brief history of the firm, including year of inception, ownership structure, and any affiliate companies contributing to the services described herein. Indicate if the firm is minority-, women-, or disability-owned.
- Key Personnel: Provide a narrative for each team member assigned to Louisville Tourism, including name, title, home office location, tenure with the firm, brief bio, role on the engagement, and scope of involvement.

- **Regulatory Status:** State whether the firm is a registered investment advisor with the SEC. Indicate if the firm is a registered broker/dealer, a member of FINRA, and/or SIPC.
- **Legal and Disciplinary History:** Disclose any litigation, arbitration, disciplinary, or other legal proceedings related to investment advisory services within the past five years, including current status or disposition. If none, state such explicitly.

### C. Experience and Past Performance

- Describe the firm's experience providing investment advisory services to similar quasi-governmental and/or tax-exempt organizations.
- Detail experience advising clients on assets governed by publicly issued bonds and related bond indentures, including yield restriction and arbitrage compliance.
- Provide at least three (3) client references for similar services performed within the last five (5) years, including:
  - Client name and address
  - Contact name and phone number
  - Names and titles of team members who worked with the client and will be assigned to Louisville TourismInclude a statement authorizing Louisville Tourism to contact these references.
- Include client retention metrics (e.g., average tenure of similar clients).

### D. Investment Strategy and Execution

- Describe the firm's investment methodology for developing strategy, asset allocation, and portfolio structure, and how it differentiates from competitors.
- Provide an overview of investment options the firm would consider recommending after reviewing Louisville Tourism's investment policies (Appendices B and C).
- Explain the process for recommending and procuring individual investments, including measures to ensure competitive pricing and optimal yield. State whether General Fund investments would be maintained with the firm or another custodian. Confirm that Debt Service Fund investments will remain with the trustee.
- Summarize historical performance compared to relevant benchmarks for similar clients.
- Describe how the firm will assist Louisville Tourism in managing administrative aspects of the portfolio, including tracking and notification of maturing investments, monitoring unusual changes in market value, and reinvestment of available funds.

### E. Risk Management, Compliance, and Reporting

- Outline the firm's approach to risk management and compliance monitoring, including adherence to investment policies and regulatory requirements.



- Describe processes for performance reporting, benchmark comparisons, and providing market/economic updates.
- Detail technology and reporting tools available for real-time portfolio monitoring.
- Provide sample quarterly performance reports and/or screenshots of online reporting dashboards.

#### F. Fee Structure and Transparency

- Provide a clear description of all fees, including advisory, custodial, and transaction costs including any commissions or other forms of third-party compensation that may be embedded in the cost of the investment transaction(s). Transparency of the overall fee/cost structure is the objective here.
- Explain how the firm ensures cost-effectiveness and transparency in pricing.

#### G. Conflict of Interest Disclosure

- Disclose any potential conflicts of interest and describe how they will be mitigated.

#### H. Insurance and Bonding

- Provide proof of professional liability insurance (Errors & Omissions) and any bonding requirements.

#### I. Compliance Certifications

- Confirm compliance with applicable laws, fiduciary standards, and regulatory requirements.
- Include copies of relevant SEC filings (e.g., Form ADV Part 2) and any recent regulatory audit findings.

#### J. Value-Added Services

- Describe any additional services offered, such as educational sessions for the Finance Committee or market webinars.

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### **Evaluation Process**

The appropriate Louisville Tourism personnel will review responses that meet the criteria outlined herein and may or may not choose to hold oral interviews prior to making a final decision. Should interviews be held, it will be imperative that the lead representative for Louisville Tourism's engagement be in attendance. Only those individuals directly involved with the presentation should attend the interview.

All responses should be valid for a 90-day period from the due date of the RFP and should be signed by an individual authorized to bind the firm.

Louisville Tourism reserves the right to reject any and all proposals.

### **Evaluation Criteria**

The Committee will review all Proposals to determine if the Respondent has satisfied the criteria described in this RFP. The following criteria will be considered in selecting the successful Respondents:

1. The ability to provide the requested services, including relevant past experience.
2. Qualifications of staff assigned to the engagement.
3. Proposed fees.
4. Quality and conciseness of responses.
5. Client references, if applicable.
6. The value of any service suggestions, or other new ideas and enhancements.

## **Special Terms and Conditions**

### **Rights Reserved**

All materials submitted to Louisville Tourism in response to this RFP will become the property of Louisville Tourism, which reserves the right at its sole discretion, to use, without limitation, all information, concepts, and data contained therein.

Louisville Tourism reserves the right to reject any and all submittals, to waive any informality or irregularity in any response, and to make an award to the Respondent or Respondents deemed, in the sole discretion of Louisville Tourism, to be the most suitable to Louisville Tourism.

This RFP does not commit Louisville Tourism to award a contract to any Respondent, or to pay any cost incurred in preparation of materials filed in response to this RFP.

Louisville Tourism reserves the right to negotiate with any Respondent, to award multiple contracts or portions of the specified services, or to cancel in part or in its entirety this RFP, if it is deemed, in the sole discretion of Louisville Tourism, to be in the best interest of Louisville Tourism.

### **Equal Employment Opportunity**

The Respondent shall agree not to discriminate against any employee or applicant because of race, color, religion, sex, national origin, citizenship status, age, protected

disability status, sexual orientation, genetic information, uniformed service and/or Vietnam-era or special disabled veteran.

### **Code of Conduct**

The Respondent shall agree to avoid situations, which could be considered either a conflict of interest, or detrimental to the operation or reputation of Louisville Tourism.

### **Future Work**

Louisville Tourism may, at its discretion, negotiate with the successful Respondent to include further services not identified in this RFP.

### **Disclosure of Proprietary Information**

The Respondent may attempt to restrict the disclosure of proprietary information that is contained in the Proposal by marking each applicable page prominently with the words "Proprietary Information". After either a contract is executed pursuant to the RFP, or all submissions are rejected, if access to documents marked "Proprietary Information" is requested under the Kentucky Open Records Act, Louisville Tourism will notify the Respondent of the request and it shall be the burden of the Respondent to establish that such documents are exempt from disclosure under the law.

Notwithstanding the foregoing, in response to a formal request for information, Louisville Tourism reserves the right to release any documents if Louisville Tourism determines that such information is a public record pursuant to the Kentucky Open Records Act. Louisville Tourism shall have no liability to any Proposer or anyone else for releasing any Proprietary Information of a Proposer.

### **Laws and Regulations**

Louisville Tourism requires that all responses to this RFP, and any contract that may result, be in accordance with all applicable laws, ordinances, rules, and regulations of the Commonwealth of Kentucky, Metro Louisville, and Louisville Tourism.

Any contract developed as a result of this RFP shall be governed by the laws of the Commonwealth of Kentucky with venue and jurisdiction in Jefferson County, Kentucky.

## **APPENDIX A**

### **TERMS AND CONDITIONS**

Louisville Tourism is committed to providing high quality, cost-effective services as described herein and engages outside partners in this endeavor. Respondent is expected to represent Louisville Tourism with integrity, professionalism, competence, and due diligence in providing the described services, and to make all efforts to deliver those services as efficiently and cost effectively as possible.

The following terms and conditions for selected Respondent ("Terms and Conditions") set forth the Louisville Tourism's expectations. The Terms and Conditions will be effective for all services performed under this contract awarded by Louisville Tourism pursuant to this Request for Proposal.

#### **1. Form of Contract**

Louisville Tourism may retain selected Respondent through a written contract. If applicable, selected Respondent must properly execute the original contract and return it to Louisville Tourism, along with any additional documents or information the contract requires.

#### **2. Conflicts of Interest**

Prior to engagement, selected Respondent shall perform a thorough check for actual or potential conflicts of interest, as defined by applicable rules of professional conduct, which may arise from selected Respondent's representation of Louisville Tourism. Selected Respondent must use their best efforts to identify and discuss with Louisville Tourism's Chief Financial Officer ("CFO") any potential conflicts of interest, including any philosophic conflict that may compromise a position taken by Louisville Tourism. Throughout the course of selected Respondent's representation, any conflict must also be promptly disclosed and discussed with Louisville Tourism's CFO as soon as it becomes known.

If selected Respondent requests a waiver, the request shall set forth, in detail, the measures the selected Respondent will take to protect Louisville Tourism, its agents, officials and employees from any prejudice, and/or any detrimental or adverse consequences. The CFO, however, reserves the right to make an independent determination of whether selected Respondent has an actual or potential conflict of interest in any matter and to grant or deny, on behalf of Louisville Tourism in its sole discretion, such request.

Acceptance of an engagement on a matter by selected Respondent without written disclosure of any conflicts constitutes a representation by selected Respondent that a conflict check has been conducted and that no conflicts exist.

3. Communication

In addition to performing services in a professional, competent and timely manner and making informed, ethical decisions on behalf of Louisville Tourism, selected Respondent shall keep CFO informed of all material developments. Selected Respondent must provide regular, timely, and effective communication to Louisville Tourism's CFO as applicable.

4. File Retention

Selected Respondent shall retain all documents, papers, accounting records and other work product pertaining to this contract for a period of no less than five (5) years after the date of final payment. The selected Respondent shall make such materials available for inspection by Louisville Tourism at a reasonable time. Copies of such data shall be furnished to Louisville Tourism upon request. The selected Respondent is entitled to reasonable reimbursement for the cost of furnishing such copies.

5. Confidentiality

In the course of representing Louisville Tourism, selected Respondent may occasionally gain access to non-public and confidential information. In addition, in such cases, Louisville Tourism requires selected Respondent to maintain the confidentiality of such information both during and after the course of its representation of Louisville Tourism. Selected Respondent must have in place appropriate procedures to ensure the protection of all such information. Selected Respondent must follow all statutory, regulatory, and ethical provisions relating to privacy, confidentiality and non-disclosure of all privileged, proprietary and confidential information, and must take appropriate measures to ensure that personnel are familiar with this requirement and are effectively supervised accordingly.

Selected Respondent must consult with Louisville Tourism's CFO before disseminating any potentially sensitive information acquired from Louisville Tourism or developed or learned while representing Louisville Tourism.

6. Invoices

Selected Respondent shall submit detailed invoices within thirty (30) days of the conclusion of the billing period. All charges must reflect the work performed within the billing period or a reasonable time before the billing period. Absent good cause, Louisville Tourism will not pay for services or expenses incurred more than ninety (90) days prior to the date the invoice is submitted. An invoice shall be submitted within thirty (30) days of the conclusion of the service period which shall also detail all work performed since the date of the previous invoice. Invoices will not be accepted more than ninety (90) days after a matter has been closed. Once the guaranteed outside maximum is reached, Louisville Tourism will not pay any fee.

The invoices shall contain narrative descriptions of work performed, including a statement of the date each service was rendered, type of activity, subject matter, and all persons involved. In addition, Louisville Tourism will not be responsible for late fees or other administrative charges.

7. Travel/Meals/Lodging

If applicable, travel, meals, lodging and other related costs which selected Respondent expects to incur in connection with the performance of required services shall require the approval of Louisville Tourism's CFO and shall be reimbursed in accordance with applicable Louisville Tourism travel policies and/or guidelines.

8. Media

Selected Respondent **shall not** make any statements to the media on behalf of Louisville Tourism or relating to Louisville Tourism matters. All media inquiries must be immediately reported to Louisville Tourism's CFO, or as otherwise directed.

Louisville Tourism does not permit selected Respondent to advertise or promote their relationship with Louisville Tourism, other than to list Louisville Tourism as a representative client in the course of marketing efforts.

## **APPENDIX B**

### **INVESTMENT POLICY – GENERAL FUND**

#### **I. GENERAL POLICY**

It is the policy of the Louisville and Jefferson County Visitors and Convention Commission (the Commission) to invest public funds in a manner which will provide the highest investment return with the maximum security of principal while meeting the daily cash flow demands of the Commission and conforming to all state statutes and Commission regulations governing the investment of public funds.

#### **II. SCOPE**

This investment policy applies to all financial assets held directly by the Commission in the following funds:

- General Fund
- Any new fund created by the governing body

These financial assets are accounted for in the Commission's annual financial report. Financial assets of the Commission held and invested by trustees or fiscal agents, including those in the Debt Service Fund, are excluded from these policies; however, such assets shall be invested in accordance with the Commission's primary investment objectives.

#### **III. INVESTMENT OBJECTIVES**

The Commission's primary investment objectives, in order of priority, are as follows:

- A. Security. Security of principal is the foremost objective of the Commission's investment program. Investments shall be made in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required to minimize investment risk from any single security or class.

B. Liquidity. The Commission's investment portfolio shall remain sufficiently liquid to enable the Commission to meet all operating requirements which might be reasonably anticipated.

C. Return on Investment. The Commission's investment portfolio shall be designed with the objective of attaining a market rate of return throughout the budgetary and economic cycles, taking into account the Commission's investment risk constraints and the cash flow characteristics of the portfolio.

#### **IV. INVESTMENT AUTHORITY**

Management responsibility for the Commission's investment program is hereby delegated to the Vice President of Finance and Administration, who will serve as the Director of Investments (the DOI). The DOI shall have the authority, subject to the disapproval of the President and the governing body, to establish additional specific written procedures for the operation of the investment program which are consistent with the investment policy. The procedures shall include explicit delegation of authority, if any, to persons responsible for investment transactions. No person may engage in an investment program except as provided under the terms of this policy and the procedures established by the DOI. The DOI shall be

responsible to the President and the governing body for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials and employees. The controls shall be designed to prevent and control losses of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by officers and employees. The DOI shall maintain all records related to the Commission's investment program.

## V. PRUDENT PERSON RULE

The actions of the DOI in the performance of his or her duties as manager of the Commission's funds shall be evaluated using the "prudent person" standard. Investments shall be made with judgment and care under prevailing circumstances which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment considering the probable security of their capital as well as the probable income to be derived.

The DOI acting in accordance with written procedures and exercising due diligence shall be relieved of personal responsibility for an individual security's performance, provided that deviations from expectations are reported in a timely fashion to the governing body and appropriate action is taken to control adverse developments.

## VI. AUTHORIZED INVESTMENTS

The funds of the Commission available for investment shall be invested only in the following types of investment instruments in accordance with this policy and pursuant to KRS 66.480:

### A. Authorized Investment Instruments.

1. Obligations of the United States and of its agencies and instrumentalities, including obligations subject to repurchase agreements, provided that delivery of these obligations subject to repurchase agreements is taken either directly or through an authorized custodian. These investments may be accomplished through repurchase agreements reached with sources including but not limited to national or state banks chartered in Kentucky.

2. Obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or a United States government agency, including but not limited to:

- a. United States Treasury
- b. Export-Import Bank of the United States
- c. Farmers Home Administration
- d. Government National Mortgage Corporations and
- e. Merchant Marine bonds

3. Obligations of any corporation of the United States government, including but not limited to:

- a. Federal Home Loan Mortgage Corporation
- b. Federal Farm Credit Bank
- c. Bank for Cooperatives
- d. Federal Intermediate Credit Banks
- e. Federal Land Banks
- f. Federal Home Loan Banks
- g. Federal National Mortgage Association
- h. Tennessee Valley Authority



4. Certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution having a physical presence in Kentucky which are insured by the Federal Deposit Insurance Corporation or similar entity or which are collateralized, to the extent uninsured, by any obligations, including surety bonds, permitted by section 41.240(4) of the Kentucky Revised Statutes.

5. Uncollateralized certificates of deposit issued by any bank or savings and loan institution having a physical presence in Kentucky rated in one (1) of the three (3) highest categories by a nationally recognized rating agency.

6. Bankers' acceptances for banks rated in one (1) of the three (3) highest categories by a nationally recognized rating agency.

7. Commercial paper rated in the highest category by a nationally recognized rating agency.

8. Bonds or certificates of indebtedness of the Commonwealth of Kentucky and of its agencies and instrumentalities.

9. Securities issued by a state or local government, or any instrumentality or agency thereof, in the United States, and rated in one (1) of the three (3) highest categories by a nationally recognized rating agency.

10. Shares of mutual funds and exchange traded funds, each of which shall have the following characteristics:

- a. The mutual fund shall be an open-end diversified investment company registered under the Federal Investment Company Act of 1940, as amended;
- b. The management company of the investment company shall have been in operation for at least five (5) years; and
- c. All of the securities in the mutual fund shall be eligible investments pursuant to this section.

11. Individual equity securities if the funds being invested are managed by a professional investment manager regulated by a federal regulatory agency. The individual equity securities shall be included within the Standard and Poor's 500 Index, and a single sector shall not exceed twenty-five percent (25%) of the equity allocation.

12. Individual high-quality corporate bonds that are managed by a professional investment manager that:

- a. Are issued, assumed, or guaranteed by a solvent institution created and existing under the laws of the United States;
- b. Have a standard maturity of no more than ten (10) years; and
- c. Are rated in the three (3) highest rating categories by at least two (2) competent credit rating agencies.

**B. Limitations on Investment Transactions**

With regard to the investments authorized in this section, the following limitations shall apply:

1. The amount of the Commission's funds invested at any one time in the categories

of investments authorized in subsections A(5), A(6), A(7), A(11), and A(12) of this section shall not exceed 20% of the total amount of funds invested on behalf of the Commission.

2. The amount of the Commission's funds invested at any one time in the categories of investments authorized in subsections A(10), A(11), and A(12) of this section shall not, aggregately, exceed 40% of the total amount of funds invested on behalf of the Commission unless the investment is in a mutual fund consisting solely of the investments authorized under subsections A(1), A(2), A(3), A(8), or A(9) of this section, or any combination thereof.

3.No investment shall be purchased for the Commission on a margin basis or through the use of any similar leveraging technique.

4.At the time the investment is made, no more than 5% of the total amount of funds invested by the Commission shall be invested in any one issuer unless:

- a. The issuer is the United States government or an agency or instrumentality of the United States government, or an entity which has its obligations guaranteed by either the United States government or an entity, agency, or instrumentality of the United States government;
- b. The funds invested are in a certificate of deposit or other interest-bearing account as authorized by subsection A(4) and A(5) of this section;
- c. The funds invested are in bonds or certificates of indebtedness of Kentucky and its agencies and instrumentalities as authorized in subsection A(8) of this section; or
- d. The funds invested are in securities issued by a state or local government, or any instrumentality or agency thereof, in the United States as authorized in subsection A(9) of this section.

## VII. DIVERSIFICATION OF INVESTMENTS

The Commission recognizes that some level of risk is inherent in any investment transaction. Losses may be incurred due to issuer default, market price changes, or liquidating an investment prior to maturity due to unanticipated cash flow needs. Diversification of the Commission's investment portfolio by issuer, type of investment instrument, and term to maturity is the primary method to minimize investment risk.

The Commission shall consider diversification objectives when making investment decisions and when reviewing the existing portfolio to ensure the overall investment risk is consistent with the Commission's risk tolerance and investment strategy. With the exception of authorized investments in subsections A(1)-(4) of section VI above and mutual funds holding only such instruments, no more than 20% of the Commission's total investment portfolio shall be invested in a single security type or with a single financial institution.

Generally, the Commission will attempt to match its investments with anticipated cash flow requirements. For those investments maturing more than 5 years from the date of purchase that are not matched to a specific cash flow need, the DOI shall discuss the rationale for such investment with the Finance Committee prior to purchase.

## VIII. AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

All financial institutions and broker/dealers who desire to provide investment services to the Commission shall supply the DOI with information sufficient to adequately evaluate the institution and answer any and all inquiries posed by the DOI or the governing body, which may include the following information:

- A. Audited financial statements
- B. Regulatory reports on financial condition
- C. Written memorandum of agreement for the deposit of public funds or trading resolution, as appropriate.
- D. Proof of National Association of Security Dealers certification and proof of state registration.
- E. Any additional information considered necessary to allow the DOI to evaluate the creditworthiness of the institution.

No financial institution shall be selected as a depository of Commission funds if the Commission funds on deposit will exceed at any time 5% of the total deposits of any particular depository. Deposits will be valued at the end of each business day.

The DOI shall evaluate the financial capacity and creditworthiness of financial institutions and broker/dealers prior to the placement of the Commission's funds. The DOI shall conduct a periodic review of the financial condition and registrations of financial institutions and broker/dealers and, based on the review, make any recommendations regarding investment policy or program changes determined to be necessary. Additionally, the DOI may rely upon the Commission's Investment Adviser to the extent they have a pre-approved list of Broker-Dealer Entities potentially to be used for procurements of eligible securities.

## IX. SAFEKEEPING AND CUSTODY

To protect against potential fraud and embezzlement, investment assets shall be secured through third-party custody and safekeeping procedures. Bearer instruments shall not be held. The DOI and any other officers or employees of the Commission authorized to engage in investment transactions shall be bonded in an amount established by the governing body. The safekeeping procedures utilized in the Commission's investment program shall be reviewed annually by the independent auditor.

**X. COLLATERAL**

- A. Except as set forth in subsection B of this section, it is the policy of the Commission to require that all deposits maintained in any financial institution named as a depository be collateralized. The collateral pledged shall have an aggregate current face value or current quoted market value at least equal to the deposits, provided, however, that amounts insured by the Federal Deposit Insurance Corporation or Federal Savings and Loan Insurance Corporation need not be so collateralized. Collateral shall be limited to the types of instruments authorized as collateral for state funds in KRS 41.240.

Collateral shall always be held by an independent third-party custodian with whom the Commission has a current custodial agreement. The right of collateral substitution is hereby granted.

- B. Subject to the following conditions, the DOI may invest funds in uncollateralized certificates of deposit:

1. The DOI may invest in uncollateralized certificates of deposit only with the specific approval of the governing body.

2. The uncollateralized certificates of deposit must be issued by a bank or savings and loan institution rated in one (1) of the three (3) highest categories by a nationally recognized rating agency.

3. The amount of funds invested in uncollateralized certificates of deposit shall not exceed 20% of the Commission's total investment portfolio.

4. The maximum term to maturity of uncollateralized certificates of deposit shall not exceed 5 years unless approved by the Finance Committee.

**XI. INVESTMENT REPORTING**

The DOI shall prepare and submit to the Finance Committee of the Commission an annual report regarding the status of the Commission's investment program. As to each investment, the report shall include the following information:

- A. Name of financial institution from which the investment was purchased or in which assets are deposited
- B. Type of investment
- C. Certificate or other reference number, if applicable
- D. Percentage yield on an annualized basis
- E. Purchase date, purchase price, and maturity date
- F. Current market value

In addition, the report shall explain the period's total investment return and compare the return with budgetary expectations.

The annual report shall also summarize recent market conditions, economic developments and anticipated investment conditions, indicate any areas of policy concern and suggest revisions of investment strategies as necessary. Copies of the report shall be submitted to each member of Finance Committee of the Commission.

## **XII. AUDIT**

The Commission's independent certified public accountant shall review the Commission's investment program, including internal controls and procedures, as a component of the audit of the Commission's annual financial statements. Any recommended changes as a result of the review shall be included in the Commission's audit.

## **XIII. INVESTMENT POLICY ADOPTION**

The Commission's investment policy shall be adopted by resolution of the Commission and shall become effective on the date set forth in the resolution. The policy shall be reviewed by the Finance Committee as applicable and revised as appropriate. Any amendments to this policy must be made by resolution of the Finance Committee.

Any investment held on the date of initial adoption of this policy which does not meet the guidelines of this policy shall be exempted from its provisions. At maturity or liquidation, the monies so invested, if reinvested, shall be reinvested only in accordance with this policy. The DOI may take a reasonable period of time to adjust the existing portfolio to the provisions of this policy in order to avoid the premature liquidation of any current investment.

## **APPENDIX C**

### **INVESTMENT POLICY – DEBT SERVICE FUND**

#### **I. GENERAL POLICY**

It is the policy of the Louisville and Jefferson County Visitors and Convention Commission (the Commission) to invest proceeds from the transient room taxes dedicated to servicing the Kentucky International Convention Center (KICC) bonds (bond proceeds) in a manner conforming to all state statutes governing the investment of public funds and consistent with the Master Indenture of Trust.

#### **II. SCOPE**

This investment policy applies to all financial assets held on behalf of the Commission in the following funds:

- Debt Service Fund

These financial assets are accounted for in the Commission's annual financial report.

#### **III. INVESTMENT OBJECTIVES**

The Commission's primary investment objectives, in order of priority, are as follows:

A. Security. Security of principal is the foremost objective of the Commission's investment program. Investments shall be made in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required to minimize investment risk from any single security or class.

B. Liquidity. The Commission's investment portfolio shall remain sufficiently liquid to enable the Commission to meet all debt service requirements which might be reasonably anticipated.

C. Return on Investment. The Commission's investment portfolio shall be designed with the objective of attaining a market rate of return throughout the budgetary and economic cycles, taking into account the Commission's investment risk constraints and the cash flow characteristics of the portfolio.

#### **IV. INVESTMENT AUTHORITY**

Management responsibility for the Commission's investment program is hereby delegated to the Vice President of Finance and Administration, who will serve as the Director of Investments (the DOI). The DOI shall have the authority, subject to the disapproval of the President and the governing body, to establish additional specific written procedures for the operation of the investment program which are consistent with the investment policy. The procedures shall include explicit delegation of authority, if any, to persons responsible for investment transactions. No person may engage in an investment program except as provided under the terms of this policy and the procedures established by the DOI. The DOI shall be responsible to the President and the governing body for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials and employees. The controls shall be designed to prevent and control losses of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by officers and employees. The DOI shall maintain all records related to the Commission's investment program.

V. PRUDENT PERSON RULE

The actions of the DOI in the performance of his or her duties as manager of the Commission's funds shall be evaluated using the "prudent person" standard. Investments shall be made with judgment and care under prevailing circumstances which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment considering the probable security of their capital as well as the probable income to be derived.

The DOI acting in accordance with written procedures and exercising due diligence shall be relieved of personal responsibility for an individual security's performance, provided that deviations from expectations are reported in a timely fashion to the governing body and appropriate action is taken to control adverse developments.

VI. AUTHORIZED INVESTMENTS

Authorized officers designated by the Commission, in writing, may invest in the following securities, to the extent legal for investment of the Commission's funds pursuant to KRS 66.480:

A. Authorized Investment Instruments.

1. United States of America Government Obligations or obligations guaranteed by the United States of America;

2. Federal Housing Administration debentures;

3. the listed obligations of government sponsored agencies which are not backed by the full faith and credit of the United State of America: [i] Federal Home Loan Mortgage Corporation (FHLMC) participation certificates (excluding stripped mortgage securities which are purchased at prices exceeding their principal amounts) and senior debt obligations, [ii] Farm Credit Banks (formerly: Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives) consolidated system wide bonds and notes, [iii] Federal Home Loan Banks (FHL Banks) consolidated debt obligations, [iv] Federal National Mortgage Association (FNMA) senior debt obligations and mortgage backed securities (excluding stripped mortgage securities which are purchased at prices exceeding their principal amounts), [v] Student Loan Marketing Association (SLMA) senior debt obligations (excluding securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date), [vi] Financing Corporation (FICO) debt obligations, and [vii] Resolution Funding Corporation (REFCORP) debt obligations;

4. uncollateralized certificates of deposit issued by any bank or savings and loan institution having a physical presence in Kentucky rated in one (1) of the three (3) highest rating categories by a competent rating agency;

5. certificates of deposit or other interest-bearing accounts issued through a bank or savings and loan institution having a physical presence in Kentucky which are insured by the Federal Deposit Insurance Corporation or similar entity or which are collateralized, to the extent uninsured, by any obligations, including surety bonds, permitted by KRS 41.240;

6. commercial paper (having original maturities of not more than 270 days) rated 'A 1' by S&P or 'Prime 1' by Moody's;

7. money market funds rated 'Aam' by S&P, or better, including, without limitation, any mutual fund for which the Trustee or an affiliate of the Trustee serves as investment manager, administrator, shareholder, servicing agent, and/or custodian or subcustodian, notwithstanding that [i] the Trustee or an affiliate of the Trustee receives fees from such funds for services rendered, [ii] the Trustee charges and collects fees for services rendered pursuant to the Indenture, which fees are separate from the fees received from such funds, and [iii] services performed for such funds and pursuant to the Indenture may at times duplicate those provided to such funds by the Trustee or its affiliates, [iv] and such management company of the investment company of the fund shall have been in business for at least 5 years;

8. "State Obligations", which means: [i] direct general obligations of any state of the United States of America or any subdivision or agency thereof to which is pledged the full faith and credit of a state the unsecured general obligation debt of which is rated 'A3' by Moody's and 'A-' by S&P, or better, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is so rated, [ii] direct general short term obligations of any state agency or subdivision or agency thereof described in (i) above and rated 'A 1' by S&P and 'MIG 1' by Moody's, or [iii] Special Revenue Bonds (as defined in the United States Bankruptcy Code) of any state, state agency or subdivision described in (A) above and rated 'AA' or better by S&P and 'Aa2' or better by Moody's;

9. pre refunded municipal obligations rated "A-" by S&P and "A3" by Moody's meeting the following requirements: [i] the municipal obligations are (1) not subject to redemption prior to maturity or (2) the trustee for the municipal obligations has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions; [ii] the municipal obligations are secured by cash or United States Treasury Obligations which may be applied only to payment of the principal of, interest and premium on such municipal obligations; [iii] the principal of and interest on the United States Treasury Obligations (plus any cash in the escrow) has been verified by the report of independent certified public accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on the municipal obligations ("Verification"); [iv] the cash or United States Treasury Obligations serving as security for the municipal obligations are held by an escrow agent or trustee in trust for owners of the municipal obligations; [v] no substitution of a United States Treasury Obligation shall be permitted except with another United State Treasury Obligation and upon delivery of a new Verification; and [vi] the cash or United States Treasury Obligations are not available to satisfy any other claims, including those by or against the trustee or escrow agent;

10. repurchase agreements: with (1) any domestic bank, or domestic branch of a foreign bank, the long term debt of which is rated at least "A-" or "A3" or "A-" by S&P or Moody's or Fitch, respectively; or (2) any broker dealer or a related affiliate thereof which broker dealer has, or the parent company (which guarantees the provider) of which has, long term debt rated at least "A-" or "A3" or "A-" by S&P or Moody's or Fitch, respectively, which broker dealer falls under the jurisdiction of the Securities Investors Protection Corporation or is regulated by FINRA; or (3) any other entity rated "A-" or "A3" or "A-" or better by S&P or Moody's or Fitch, respectively, provided that: [i] the market value of the collateral is maintained at a market value equal to at least 102% of the amount on deposit plus accrued interest; [ii] the Trustee or a third party acting solely as agent therefore or for the Issuer (the "Holder of the Collateral") has possession of the collateral or the collateral has been transferred to the Holder of the Collateral in accordance with applicable state and federal laws (other than by means of entries on the transferor's books); and [iii] the repurchase agreement shall provide that if during its term the provider's rating is withdrawn or suspended or falls below "A " by S&P and "A3" by Moody's and "A-" by Fitch, as appropriate, the provider must either increase collateral to 104% or assign the agreement to a qualifying counterparty, or if it fails to do so, repurchase all collateral and terminate the agreement, with no penalty or premium to the Issuer or Trustee.



**B. Limitations on Investment Transactions**

With regard to the investments authorized in this section, the following limitation shall apply:

1. No investment shall be purchased for the Commission on a margin basis or through the use of any similar leveraging technique.

**C. References to Ratings**

All references to rating levels or agencies above serve as proxies or indications for similar ratings thresholds by the same or other nationally recognized rating agencies. Such replacement rating agencies and thresholds are acceptable upon review by the DOI.

**VII. DIVERSIFICATION OF INVESTMENTS**

The Commission recognizes that some level of risk is inherent in any investment transaction.

Losses may be incurred due to issuer default, market price changes, or liquidating an investment prior to maturity due to unanticipated cash flow needs. Diversification of the Commission's investment portfolio by issuer, type of investment instrument, and term to maturity is the primary method to minimize investment risk.

Pursuant to KRS 66.480(2)(a), the amount invested by the Commission at any time in one (1) or more of the following categories of investments shall not exceed twenty percent (20%) of the total amount of money invested by the Commission:

a. Uncollateralized certificates of deposit issued by any bank or savings and loan institution rated in one (1) of the three (3) highest categories by a nationally recognized rating agency;

b. Bankers' acceptances for banks rated in one (1) of the three (3) highest categories by a nationally recognized rating agency;

c. Commercial paper rated in the highest category by a nationally recognized rating agency;  
and

d. Securities issued by a state or local government, or any instrumentality of agency thereof, in the United States, and rated in one (1) of the three (3) highest categories by a nationally recognized rating agency.

Generally, the Commission will attempt to match its investments with anticipated cash flow requirements. For those investments maturing more than 10 years from the date of purchase that are not matched to a specific cash flow need, the DOI shall discuss the rationale for such investment with the Finance Committee prior to purchase.

**VIII. AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS**

All financial institutions and broker/dealers who desire to provide investment services to the Commission shall supply the DOI with information sufficient to adequately evaluate the institution and answer any and all inquiries posed by the DOI or the governing body, which may include the following information:

- A. Audited financial statements
- B. Regulatory reports on financial condition
- C. Written memorandum of agreement for the deposit of public funds or trading resolution, as appropriate.
- D. Proof of registration as a municipal advisor with the U.S. Securities and Exchange Commission and the Municipal Securities Rulemaking Board.
- E. Proof of National Association of Security Dealers certification and state registration.
- F. Any additional information considered necessary to allow the DOI to evaluate the creditworthiness of the institution.

No financial institution shall be selected as a depository of Commission funds if the Commission funds on deposit will exceed at any time 5% of the total deposits of any particular depository. Deposits will be valued at the end of each business day.

Each financial institution shall be a bank or trust company organized under the laws of any state of the United States or a national banking association having capital stock, surplus and undivided earnings of \$50,000,000 or more.

The DOI shall evaluate the financial capacity and creditworthiness of financial institutions and broker/dealers prior to the placement of the Commission's funds. The DOI shall conduct an periodic review of the financial condition and registrations of financial institutions and broker/dealers and, based on the review, make any recommendations regarding investment policy or program changes determined to be necessary. Additionally, the DOI may rely upon the Commission's Investment Adviser to the extent they have a pre-approved list of Broker-Dealer entities potentially to be used for procurements of Eligible Investments.

#### IX. SAFEKEEPING AND CUSTODY

To protect against potential fraud and embezzlement, investment assets shall be secured through third-party custody and safekeeping procedures. Bearer instruments shall not be held. The DOI and any other officers or employees of the Commission authorized to engage in investment transactions shall be bonded in an amount established by the governing body. The safekeeping procedures utilized in the Commission's investment program shall be reviewed annually by the independent auditor.

#### X. COLLATERAL

It is the policy of the Commission to require that all deposits maintained under this policy be either (1) insured by the Federal Deposit Insurance Corporation; or (2) in the case of monies held in the Bond Fund, continuously and fully secured by the Trustee's depositing, as collateral security for such deposits, with a Federal Reserve Bank, as custodian, such securities as are described in section VI above having a

market value not less than the amount of such monies.

All deposits must be held in such other manner as may then be required by applicable Federal law or the laws of the Commonwealth of Kentucky and the applicable state laws and regulations of the state where such deposits are held; provided, however, that, to the extent permitted by law, it shall not be necessary for the financial institutions to give security under this paragraph for the deposit of any monies with them held in trust and set aside by them for the payment of the principal or redemption price of or interest on any bonds, or any financial institution to give security for any monies which shall be represented by obligations or certificates of deposit purchased as an investment of such monies.

Collateral shall always be held by an independent third-party custodian with whom the Commission has a current custodial agreement. The right of collateral substitution is hereby granted.

#### **XI. INVESTMENT REPORTING**

The DOI shall prepare and submit to the Finance Committee of the Commission an annual report regarding the status of the Commission's investment program. As to each investment, the report shall include the following information:

- A. Name of financial institution from which the investment was purchased or in which assets are deposited
- B. Type of investment
- C. Certificate or other reference number, if applicable
- D. Percentage yield on an annualized basis
- E. Purchase date, purchase price, and maturity date
- F. Current market value

In addition, the report shall explain the period's total investment return and compare the return with budgetary expectations.

The annual report shall also summarize recent market conditions, economic developments and anticipated investment conditions, indicate any areas of policy concern and suggest revisions of investment strategies as necessary. Copies of the report shall be submitted to each member of Finance Committee of the Commission.

#### **XII. AUDIT**

The Commission's independent certified public accountant shall review the Commission's investment program, including internal controls and procedures, as a component of the audit of the Commission's annual financial statements. Any recommended changes as a result of the review shall be included in the Commission's audit.

#### **XIII. INVESTMENT POLICY ADOPTION**

The Commission's investment policy shall be adopted by resolution of the Commission and shall become effective on the date set forth in the resolution. The policy shall be reviewed by the Finance

Committee as applicable, or sooner if conditions warrant, and revised as appropriate. Any amendments to this policy must be made by resolution of the Finance Committee.

Any investment held on the date of initial adoption of this policy which does not meet the guidelines of this policy shall be exempted from its provisions. At maturity or liquidation, the monies so invested, if reinvested, shall be reinvested only in accordance with this policy. The DOI may take a reasonable period of time to adjust the existing portfolio to the provisions of this policy in order to avoid the premature liquidation of any current investment.