

ADDENDUMS - Request for Proposals – Investment Advisory Services

March 6, 2023

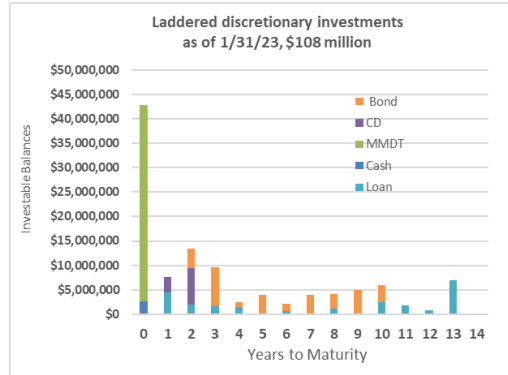
1. Does MHP use an investment advisor now?
 - a. **No, MHP does not currently use an investment advisor.**

2. The introduction of the RFP states MHP is looking for an advisor to provide investment advice to support MHP's investment strategy in conformance with its policy.
 - a. Are you looking for an advisor to provide discretionary investment management services, where the advisor will buy and sell investments on behalf of MHP, or are you looking for an advisor to review what MHP is doing internally, and provide advice on MHP's investment practices moving forward? **The latter, MHP is seeking an advisor to review and advise on MHP's current investment practices, investment policy, and investment decisions with a specific focus on increasing fixed income returns and adding higher yielding municipal debt to the ladder (we do not currently hold municipal debt). At this time, we do not expect the advisor will actively trade investments on MHP's behalf. MHP's current strategy is buy and hold. We do not intend to actively trade and anticipate executing trades on a quarterly basis.**

 - b. Typically, Omnicap provides investment management services, where we would work with MHP on the strategy, and then we execute the strategy moving forward, buying and selling permitted investments, etc. However, from the scope of work, it looks like MHP is looking for an advisor to advise on MHP's investment practices and strategy, and MHP will execute the strategy with the advice of the advisor. We can do the latter as well, but it is a much different service, and I would like to clarify the intention. **At this time, MHP is looking for an advisor to advise on MHP's investment practices and strategy, MHP will execute the strategy based on that advice. MHP is currently in the process of opening a brokerage account with Fidelity and plans to execute trades and hold investments in that account. If you would like to propose an alternative that will enhance yield and is cost effective, we would consider a different approach.**

3. The RFP references that the proposal should be based on \$110-\$150 million in discretionary cash and investments over a three-year period. **The "three-year" period is in reference to the fee proposal, please estimate your annual fee for the next three years. Discretionary investable balances could range from \$110 to \$150 million annually.**
 - a. Page 25 of the audit report details \$109 million of uninsured funds and another \$40 million in insured bank accounts under cash and equivalents as of June 30, 2022 – are these the funds that make up the \$110-\$150

million? **The \$110 million referenced represents discretionary funds as of 1/31/23 and is currently held in bank accounts, CD's, money market accounts including MMDT, agency bonds, and balance sheet loans. The bonds and loans are laddered over a ten-year period.**



- b. The Investment Policy states that not more than 50 percent of the cash and investment portfolio can be invested in MMDT, and we would like to know if MHP intends to keep the entire \$108 million (as of 6/30/2022, from page 15 of the audit report) invested in MMDT? **As of 1/31/22, about \$110 million is held at MMDT. Of that, about \$40 million in discretionary funds is currently held at MMDT. MHP is willing to invest its discretionary funds in other investments that meet its cash flow needs and are within policy guidelines.**
- c. And whether this is within current policy? **Yes, as of 6/30/22, the \$108 million held at MMDT was within policy guidelines. Custodial funds held on behalf of the Commonwealth are excluded from the MMDT 50% limit on discretionary cash and investments that generate income for the benefit of MHP.**
- d. We would like to know if balances invested in MMDT are intended to fall under the investment advisors' umbrella, or if those balances will not be part of the advisory services. **The MMDT balances referenced above "\$40 million in discretionary funds currently held at MMDT" would fall under the investment advisor's umbrella.**

4. At what institution/bank are the assets under consideration held? **The assets currently under consideration are highlighted in the chart.**

MHP's total cash and investments as of 1/31/23 by bank/investment class.

CASH & INVESTMENTS (incl custodial funds)	Discretionary investments f/b/o of MHP	Custodial and Restricted Funds	TOTAL CASH & INVESTMENTS
Citizens Bank (fully collateralized)	\$1,050,000	\$1,880,000	\$2,930,000
Fidelity Money Market	\$0	\$81,150,000	\$81,150,000
Federated - MMDT Money Mkt	\$40,160,000	\$70,030,000	\$110,190,000
CD's & Money Mkt	\$10,470,000	\$26,420,000	\$36,890,000
MHP balance sheet loans	\$23,770,000	\$0	\$23,770,000
Agency Bonds (First Horizon)	\$30,960,000	\$0	\$30,960,000
JP Morgan (Homeowner Assistance Fund)	\$0	\$29,880,000	\$29,880,000
Other bank accounts, pledged collateral (debt covenant obligation)	\$820,000*	\$90,000	\$910,000
BOA - Money Market (pledged collateral)	\$820,000*	\$0	\$820,000
Pledged collateral (loan participations, debt covenant obligation)	\$0	\$17,100,000	\$17,100,000
TOTAL CASH & INVESTMENTS	\$108,050,000	\$226,550,000	\$334,600,000

*restricted to specific accounts by covenant, but income earned f/b/o MHP

QUESTIONS CAN BE DIRECTED TO:

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