

March 20, 2024

Custodial Banking RFP Process Update

Santa Barbara County Employees' Retirement System



RFP Process Review



Timeline Summary

RFP Action	Date
RFPs Issued	January 8, 2024
Q&A	January 12-22, 2024
Responses Received	February 2, 2024
Initial Evaluation Discussion	March 5, 2024
Initial Scoring Discussion and Selection of Finalists	March 8, 2024
Board Meeting to Provide Update on Selected Finalists	March 20, 2024
Notification to Finalists, Questions on Proposals to Respondents and Solicitation of Updated Pricing, as applicable	April 1, 2024
Finalist(s) On-Site Visit(s)	Week of April 15, 2024
Final Selection	May/June 2024 TBD



Custody & Related Services RFP Process Update

- A Request for Proposal (“RFP”) for Global Custody and Related Services was issued on January 8, 2024.
 - RVK provided a short-list recommendation of four candidates to receive courtesy notification, representing the leading providers of requested services for US Asset Owners such as SBCERS.
 - Consistent with this recommendation, the RFP was posted publicly on the SBCERS website, and courtesy notifications were sent to the recommended candidate slate:
 - BNY Mellon (incumbent), JP Morgan, Northern Trust, and State Street
- Responses to the RFP were due on February 2, 2024, and were received from three firms:
 - BNY Mellon
 - Northern Trust
 - State Street
- Details on declinations:
 - JP Morgan was sent a courtesy notification, but they declined to bid, indicating that SBCERS did not reach its minimum asset level.
- Based on the initial evaluation contained within this presentation, it is expected that further due diligence, such as follow-up information requests, virtual interviews, reference checks, and/or additional negotiation, will be conducted with finalist firms as necessary.
- Following consensus scoring, the Evaluation Team designated the following two highest scoring proposers as finalist candidates: BNY Mellon and Northern Trust.
- It is anticipated that a recommended finalist will be presented to SBCERS in May/June 2024 TBD.

RFP Sections Evaluated

RFP Sections
Appendix 1 –Scope of Service Affirmation Summary
Appendix 2 –Contract Terms and Conditions Affirmation Summary
Appendix 3 – Technical/Services Questionnaire (261 questions across 12 Sections)
Custodial Bank Services Questionnaire – Section A: Organization – Corporate (A.1-A.22)
Custodial Bank Services Questionnaire – Section B: Professional Staff (B.23-B.38)
Custodial Bank Services Questionnaire – Section C: Accounts and Assets (C.39-C.43)
Custodial Bank Services Questionnaire – Section D: Technology (D.44-D.75)
Custodial Bank Services Questionnaire – Section E: Custody and Accounting Services (E.76-E.124)
Custodial Bank Services Questionnaire – Section F: Cash Management (F.125-F.133)
Custodial Bank Services Questionnaire – Section G: Foreign Exchange (G.134-G.153)
Custodial Bank Services Questionnaire – Section H: Performance and Analytics Services (H.154-I.193)
Custodial Bank Services Questionnaire – Section I: Compliance Services (I.194-I.206)
Custodial Bank Services Questionnaire – Section J: Alternative Investment Support Services (J.207-J.211)
Custodial Bank Services Questionnaire – Section K: Custodial Securities Lending Support Services (K.212-K.234)
Custodial Bank Services Questionnaire – Section L: (At SBCERS Option) Benefit Payment Services (L.235-L.251)
Custodial Bank Services Questionnaire – Section M: Transition & Conversion Planning (Incumbent – first two questions only) (M.252-M.266)
Appendix 4 – Pricing Tables

RFP Evaluation Discussion



RFP Evaluation Factors and Discussion

The RFP provides for the following evaluation factors:

1. Scope Affirmation, Servicing Approach, and Institutional Credentials (30%)

- a. Respondent's overall ability to provide the scope of services required by the RFP.
- b. Respondent's experience with institutional clients and the depth of its custody products and service deliverables.
- c. The experience and availability of Respondent's key professionals (including the client servicing team to be assigned to serve this relationship).
- d. Respondent's financial condition, credit ratings, and organizational commitment to the custodial business.
- e. The presence of potential or actual material conflicts between Respondent or Respondent's key professionals and the SBCERS.

2. Core and Value Added Services and Technology Platforms (40%)

- a. Respondent's custody and core accounting platform used to meet the SBCERS' needs.
- b. Respondent's reporting system and technology infrastructure.
- c. Respondent's performance measurement, analytical capabilities, and compliance monitoring services.
- d. Respondent's differentiated ability to support the continued securities lending program or reasonable and cost-effective services in the absence of such a program.

3. Quality of Response and Additional Evidence of Capability (5%)

- a. The overall quality of Respondent's written proposal, and oral presentation, if any.
- b. Submitted examples of Respondent's written materials presented to other institutional clients.

4. Competitiveness and Reasonableness of Economics (25%)

- a. Proposed fees as measured relative to the quality of services offered by Respondent. **SBCERS will not be required to select the lowest cost Respondent.** SBCERS intends to evaluate fee proposals within the context of each Respondent's complete response.

One or more finalists may be selected as a result of the evaluation of RFPs. Following the selection of finalist institution(s), SBCERS anticipates requesting onsite finalist interviews at the vendors' headquarters. Expected attendees include the finalist institution(s) and the selection committee comprised of staff, trustees, and external consultants.

RFP Evaluation Process

RVK provided an individual scoring grid to SBCERS Evaluation Team and summarized our initial opinions and viewpoints for the consideration of the group.

The team reviewed and adopted RVK's recommended use of a consensus-based scoring grid which reflects consensus-based feedback from the evaluation group.

RVK recommends that Evaluation Factors be assessed using an adjectival rating based on the following evaluation metrics:

Percentage:	Description:
Fail – 0%	The Bidder failed to respond to the inquiry presented in this section/subsection or provided no evidence of quality or capability in the items reviewed.
Poor – 30%	The Bidder minimally responded to the inquiry presented in this section/subsection or provided minimal evidence of quality or capability in the items reviewed.
Average – 50%	The Bidder responded without distinction to the inquiry presented in this section/subsection or provided only moderate evidence of quality or capability in the items reviewed.
Good – 70%	The Bidder provided good responses to the inquiry presented in this section/subsection or provided greater than average evidence of quality or capability in the items reviewed.
Excellent – 80%	The Bidder provided excellent responses nearly equal to the expectations of the Evaluation Team relative to the inquiry presented in this section/subsection or provided significantly greater than average evidence of quality or capability in the items reviewed.
Outstanding – 100%	The Bidder's response equaled or surpassed the expectations of the Evaluation Team relative to the inquiry or provided outstanding evidence of quality or capability in the items reviewed.

PORTLAND

BOISE

CHICAGO

NEW YORK

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