



County of San Mateo

Inter-Departmental Correspondence

Department: TREASURER

File #: 18-510

Board Meeting Date: 6/19/2018

Special Notice / Hearing: None

Vote Required: Majority

To: Honorable Board of Supervisors

From: Sandie Arnott, Treasurer-Tax Collector

Subject: Amendment to Agreement with Bank of New York Mellon Trust Company, N.A. to Provide Trust and Custody Services

RECOMMENDATION:

Adopt a resolution authorizing an amendment to the agreement with Bank of New York Mellon N.A. to provide trust and custody services for San Mateo County Investment Pool, extending the term through July 31, 2021, and increasing the agreement's not to exceed amount by \$305,000 to an amount not to exceed \$600,000.

BACKGROUND:

On August 1, 2015, the San Mateo County Treasurer's Office entered into an agreement with Bank of New York Mellon Trust Company, N.A. to provide trust and custody services.

In April 2015, the Treasurer-Tax Collector determined that it was in the best interest of the County to issue a Request of Proposals (RFP) for trust and custody services to ensure competitive pricing and to receive the most efficient service. An RFP was published on the Treasurer's website and Public Purchase website. After careful consideration and evaluation, Bank of New York Mellon was selected as the successful proposer. Favorable attributes for the Bank of New York Mellon were their high institutional ratings including long and short debt ratings from S&P A/A-1, Moody's A1/P-1, and Fitch AA-/F1+. Additionally, they have extensive custodial experience, competitive pricing and practices that are consistent with the department's Continuity of Operation Plan (COOP).

Excellent services are being provided to the Treasurer's Office from Bank of New York Mellon including trust and safekeeping, portfolio and fund reconciliation, account analysis, cash management and security movement, clearing services, online information delivery, and support services for investment management. The Bank of New York Mellon provides support services through a team structure with specific specialists assigned based on the specific needs of the Treasurer's Office.

DISCUSSION:

The Treasurer is responsible for the receipt, custody, and investment of all monies placed in the County Treasury for all County departments, schools, special districts and voluntary participants. The Treasurer's Office oversees the county investment pool and the primary objective is to preserve principal, and maintain sufficient liquidity to meet the financial needs of the County at all times. The Treasurer's Office currently processes an average 26 investment transactions daily and over 6,500 transactions annually on the Bank of New York Mellon settlement platform. At this time, there are no other asset management providers that can fulfill the level of activity we are processing on a daily basis.

The Treasurer's Office wishes to continue the agreement with Bank of New York Mellon for three additional years to prevent significant transition costs. Bank of New York Mellon is offering to maintain the fee schedule for the extended term of the agreement. Renewing the service with Bank of New York Mellon will be in the best interest of the County because it will provide most efficiently the service level required by the Treasurer's office.

The agreement and Resolution have been reviewed and approved by County Counsel as to form.

The County Compliance Committee has approved a waiver request to extend the contract three additional years.

The amendment contributes to the Shared Vision 2025 outcome of a Collaborative Community by allowing the Treasurer's Office to manage the financial assets of the County and maintain the value of the investment pool for County departments, special districts, schools, and voluntary participants through professional and efficient administration.

The Board is being asked to authorize the Treasurer-Tax Collector to execute subsequent amendments which do not exceed an aggregate \$25,000.

PERFORMANCE MEASURE

Measure	FY 2014-15	FY 2015-2016	FY 2016-17
Transactions processed with the Bank of New York Mellon	3992	5094	6502
Percentage of successful transactions	100%	100%	100%

FISCAL IMPACT:

Funds for these services have been included in the Treasurer-Tax Collector's FY 18-19 Recommended Budget. Similar arrangements will be made for future budget years.