



County of San Mateo

Inter-Departmental Correspondence

Department: TREASURER

File #: 21-564

Board Meeting Date: 6/29/2021

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors
From: Sandie Arnott, Treasurer - Tax Collector
Subject: Amendment to the Agreement with Bank of New York Mellon Trust Company, National Association to provide custody services.

RECOMMENDATION:

Adopt a resolution authorizing an amendment to the agreement with Bank of New York Mellon N.A. to provide custody services for the San Mateo County Investment Pool, extending the term through July 31, 2022, and increasing the agreement's not to exceed amount by \$125,000, to an amount not to exceed \$725,000.

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 custody services.

In April 2015, the Treasurer-Tax Collector determined that it was in the best interest of the County to issue a Request for Proposals (RFP) for custody services to ensure competitive pricing and to receive the most efficient service. An RFP was published on the Treasurer's website and the County's Public Purchase website. After careful consideration and evaluation, Bank of New York Mellon was selected as the successful proposer due to 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).

Bank of New York Mellon continues to provide excellent services to the Treasurer's Office, 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. 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, with the primary objective of preserving principal and maintaining sufficient liquidity to meet the financial needs of the County at all times while receiving a competitive yield.

The Treasurer's Office currently processes an average of 6 investment transactions daily and over 1,500 transactions annually on the Bank of New York Mellon settlement platform. At this time, there are no other asset management providers that can fulfill this level of activity on a daily basis.

Bank of New York Mellon is offering to maintain the current fee schedule for the extended term of the agreement. Renewing the agreement with Bank of New York Mellon is in the best interest of the County as it ensures continuation of the service level that is required by the Treasurer's Office. In addition, considering the current pandemic climate, it would not be feasible to initiate an RFP process and transition the County's business elsewhere without incurring unnecessary startup costs or risking the selection of an entity who may not be well equipped to handle the County's needs in daily investment transactions. With a one-year amendment to the current contract, the Treasurer's office will have time to proactively prepare and execute an RFP. This RFP should not be rushed as it will require time for discussion between the County and potential service providers to discuss the Treasurer's needs and validate the service provider's capacity and ability to handle our anticipated transaction load.

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 one additional year.

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

PERFORMANCE MEASURE:

Measure	FY 2017-18	FY 2018-19	FY 2019-20
Transactions processed with The Bank of New York Mellon	1,315	1,656	1,377
Percentage of successful transactions	100%	100%	100%

FISCAL IMPACT:

Funds for these services have been included in the Treasurer - Tax Collector's FY 2020-21 Adopted Budget, FY 2021-22 Recommended Budget, and FY 2022-23 Preliminary Recommended Budget.