



Public Agenda Item #18

*Review, Discussion and Consideration of Contract Award
Recommendation for Global Custody Services – (Action)*

March 11, 2020

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Global Custody Services

Background



ERS is currently contracted with The Bank of New York Mellon (BNY Mellon) to provide global custody services.

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Request for Proposals (RFP)



- ERS issued a Request for Proposals (RFP) on July 8, 2019.
- Requested Services include:
 - Maintaining and monitoring settlement, safekeeping, delivery, investment accounting (including acting as ERS's book of record);
 - Income collection;
 - Daily securities valuation;
 - Daily investment performance reporting;
 - Compliance monitoring and reporting; and
 - Other services in connection with the assets of the Trust.

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Request for Proposals (RFP)



- Proposals were due on August 30, 2019.
- The following four entities submitted proposals:
 - BNY Mellon;
 - The Northern Trust Company (Northern Trust);
 - JPMorgan Chase Bank, N.A.; and
 - State Street Bank and Trust Company.

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Staff Recommendation



Based on the evaluation process we will now discuss, staff recommend that the Board of Trustees of the Employees Retirement System of Texas award the Global Custody Services contract to [_____].

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Preliminary Review Phase



ERS's Office of Procurement and Contract Oversight (OPCO) evaluated the following criteria on a pass/fail basis:

- Responsiveness
- Compliance with the RFP and
- Certain vendor performance checks required by the Texas Comptroller of Public Accounts.

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Preliminary Review Phase



OPCO also verified the following Minimum Requirements:

- Each Respondent maintains an office(s) in the United States performing the core business functions (accounting, performance and relationship management functions);
- Each Respondent holds the requisite business and professional licenses and certifications;
- Each Respondent meets certain experience qualifications.

All Respondents passed the Preliminary Review Phase.

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Proposal Review Phase



Two main categories scored:

- Qualifications and Services: 70%
 - Firm Qualifications
 - Staff Qualifications
 - Core Services
 - Other Required Services
 - Transition-Planning and Implementation Services
 - Technology Requirements
- Price Proposal: 30%

Qualifications and
Services
70%

Price Proposal
30%



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Proposal Review Phase



Pass/Fail items:

- Contractibility (initially evaluated);
- Legal Requirements and Regulatory Compliance – Legal Services, Litigation and Regulatory Compliance (initially reviewed);
- Legal Requirements – Standards of Conduct (finally evaluated for all);
- Financial Stability (finally evaluated for all); and
- SOC-2 Requirements (finally evaluated for all).

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Finalists Review Phase



Based on the Pass/Fail items and the scoring of Price Proposals and Qualifications and Services requirements during the Proposal Review Phase, two Respondents were recommended as Finalists:

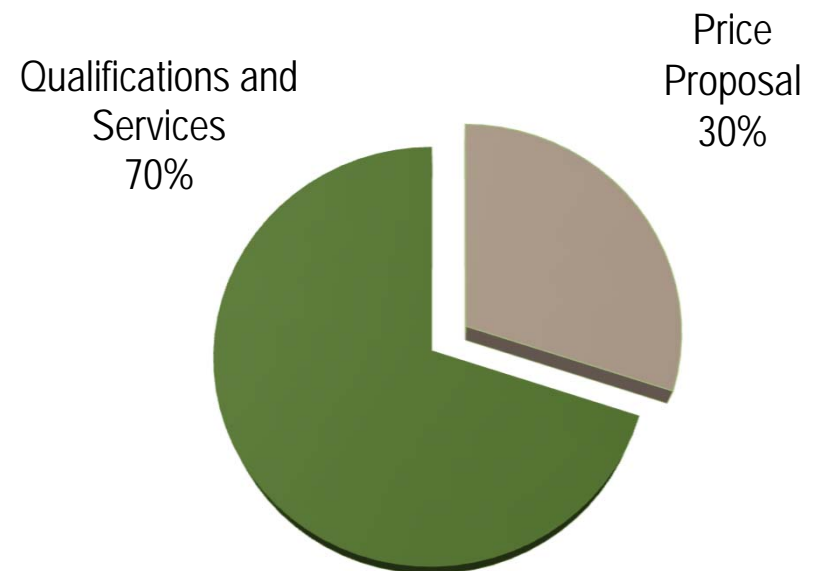
- BNY Mellon and
- Northern Trust.

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Finalists Review Phase



- Finalists Review Phase:
 - Video Conference Interviews
 - Information Technology Site Visits
 - Operational Site Visits
 - Price Best and Final Offers
 - Past Performance
 - Contractibility and Legal Requirements and Regulatory Compliance



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Finalists Review Phase



- Staff met with Executive Office and reviewed RFP evaluation team findings.
- A best-value determination was made.

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Staff Recommendation



Staff recommend that the Board of Trustees of the Employees Retirement System of Texas award the Global Custody Services contract to [_____].

Questions?
Action Item (Board Only)