



INSTITUTIONAL CUSTODY AGREEMENT

City Council Meeting
May 21, 2019

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Chief Financial Officer, Finance Department

CURRENT

- Since 2010, the City has contracted with Bank of New York Mellon for institutional custody services.
- The City contracts for several financial services relative to Institutional Custody Services.

CURRENT (Cont.)

- These services include sales and purchases of securities per the direction from the City's investment advisor (PFM Asset Manager), as well as executes trades, wires funds as needed for securities/operational needs, and generates monthly/quarterly statements.

PROPOSAL PROCESS

- A Request for Proposals (RFP) was issued on October 31, 2017 for Institutional Custody Services.
- The City engaged the services of PFM Asset Management, LLC, to work with staff to develop the RFP and evaluate the proposals.
- Significant outreach was made to local financial institutions to ensure they knew to submit a proposal.
- A total of seven proposals were received for institutional custody services.

GENERAL BANKING SERVICES

- US Bank, N. A., submitted a proposal that scored the highest in both the qualitative and quantitative evaluation.
- US Bank, N. A., demonstrated a robust online platform, and proposed the lowest fees of all vendors.

FISCAL ANALYSIS

- This contract will have zero impact to the General Fund.
- Institutional Custody fees under this contract will be the higher of \$7,500 or .50 basis points (.005%) of the invested assets.
- This represents a potential savings of \$39,000 per year to the Pooled Investment Fund.

RECOMMENDATION

- It is recommended by the Finance Department that the Council, by resolution, approve an ongoing professional services agreement (PSA) with US Bank, N. A., Minneapolis, MN, for institutional custody services.

QUESTIONS?