



To: David Billingsley, Chief Procurement Officer, OBFS
From: Katrina Laudeman, Treasurer, OBFS *[Signature]*
CC: Michelle McCrimmon, Deputy CFO, OBFS; Diane Wetherington, Purchasing Agent III, OBFS
Date: 7/20/18
Re: Request to extend contract with BNYMellon – RFP13-0513

Treasury Division is requesting the extension of the existing contract with BNYMellon. BNYMellon is the Investment custodian for the City as well as the Police and Fire Pension Plans. For economies of scale, one Custodian is engaged to provide master custody services on City Operating, OPEB, Defined Contribution, General Employees Defined Benefit, Police Defined Benefit, and Fire Defined Benefit funds.

Requesting to see if the contract could be extended by two years to September 30, 2020. Treasury staff are currently working on the procurement process and implementation of a new Pension Administration System (PAS). That selection and implementation cycle for the PSA will take over a year to complete. As such, we do not have the resources at the current time to manage the procurement for custodial services. Additionally, if that solicitation were to result in a change of custodian, it will take a tremendous amount of time and effort to transition the City's \$2 billion of investment assets to a new custodian.

The extension agreements have to be separated by each benefit plan. Estimated annual spend with BNYMellon is noted below. The Fire and Police Pension Boards approve their portion which is why it's listed separately. The estimated annual spend with BNYMellon that the Mayor would have to sign in his capacity as Mayor or as City Council serving as the Board of Trustees is approximately \$315,000. This is an estimate based on how much we paid BNYMellon over the last year. Fees can vary based on investment activity.

As the total spend exceeds \$100,000, this will need to be approved by City Council.

Thank you for your consideration.

General Employees DB	\$60,000
OPEB Fund	\$70,000
City's Operating Portfolio	\$185,000
TOTAL	\$315,000
Police DB	\$150,000
Fire DB	\$105,000
GRAND TOTAL EST-BNYMellon	\$570,000