

# ACTION ITEM

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Finance and Investment Committee Meeting, December 11, 2018  
Board of Governors Meeting, December 12, 2018

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| <b>CONTRACT ID:</b>       | <b>Custodian Banking Services</b><br>ITN No. 18-0029<br>RECOMMENDED VENDOR - THE BANK OF NEW YORK MELLON   |
| <b>BUDGETED ITEM</b>      | Yes  |
| <b>CONTRACT AMOUNT</b>    | The estimated contract amount of \$1.3 million is for the base term of five (5) years and the optional four (4) one year renewals for the contract.  |
| <b>PURPOSE / SCOPE</b>    | <p><b>Purpose:</b> This Action Item seeks Board approval for Citizens to enter into a contract with The Bank of New York Mellon to provide Custodian Banking Service to assist Citizens in its fiduciary responsibility in custody, overseeing and reporting on its invested assets. The Vendor will provide custodian banking services for Citizens' approximately \$8.6 billion portfolio for Citizens' three separate business accounts: PLA, CLA, and Coastal.</p> <p><b>Scope:</b> The engagement will require the Vendor to provide Citizens services that include:</p> <ul style="list-style-type: none"><li>• Maintain currency/cash accounts, effect deposits and withdrawals and manage other cash transactions;</li><li>• Safekeeping assets/securities such as equities, bonds and domestic currency, principal;</li><li>• Maintain all material records relating directly and exclusively to the accounts, including records of account-specific transactions, account activity, cost disbursements, and accounting and financial records, and any other similar account-specific records created by Vendor or its agents in connection with custody services;</li><li>• Provide monthly fair market value pricing of securities and communicate and contest any pricing differences that may arise;</li><li>• Support and further develop Citizens existing fair value pricing model and monthly process for distress, illiquid assets or securities;</li><li>• Collect information on and income from assets and administer related tax withholding documents;</li><li>• Administer voluntary and involuntary corporate actions on securities held such as bond calls;</li><li>• Provide information on the securities and their issuers such as annual general meetings and related proxies;</li><li>• Provide custodial late-day money market sweep services;</li><li>• Support both externally managed and internally managed operations and portfolios.</li></ul> |
| <b>CONTRACT TERM(S)</b>   | The contract term is to be five (5) years, with four (4) optional one-year renewal terms to be exercised at Citizens' sole discretion.   |
| <b>PROCUREMENT METHOD</b> | On July 31, 2018, Citizens released Invitation to Negotiate No.: 18-0029 for Custodian Banking Services. Responses were received and evaluated by an Evaluation Committee.   |

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|                       | <p>The Evaluation Committee recommended award to the following Vendor on November 13, 2018:</p> <ul style="list-style-type: none"><li>• The Bank of New York Mellon</li></ul>  |
| <b>RECOMMENDATION</b> | <p>Citizens' staff recommends that the Finance &amp; Investment Committee approve and recommends:</p> <ol style="list-style-type: none"><li>a) Approve the contract and for five (5) years and the four (4) optional (1) year renewals for a total contract amount not to exceed \$1.3 million for Custodian Banking Services, ITN No.: 18-0029 to The Bank of New York Mellon as set forth in this Action Item;</li><li>b) Authorize staff to take any appropriate or necessary actions consistent with this Action Item;</li></ol> |
| <b>CONTACTS</b>       | Jennifer Montero – Chief Financial Officer   |