

RVK Portland Office
1211 SW 5th Avenue
Suite 900
Portland, Oregon 97204
www.RVKInc.com



Santa Barbara County Employees' Retirement System

Proposal for Custodial Search Services

September 11, 2023

Presented by:

Lindsey Longwell
Investment Operations Consultant
(503) 802 - 6164
Lindsey.Longwell@rvkinc.com



Santa Barbara County Employees' Retirement System (SBCERS)
Proposal for Custodial RFP Consulting Services



September 11, 2023

Rebecca Valdez
Investment Officer
Santa Barbara County Employees' Retirement System
130 Robin Hill Road, Suite 100
Goleta, CA 93117

Dear Ms. Valdez,

Thank you very much for the opportunity to submit a proposal to assist Santa Barbara County Employees' Retirement System (SBCERS) with an RFP-based review of its current custodian and a short list of competitors.

As requested during our phone call last week, we have provided a full-service custodial RFP consulting support proposal, highlighting RVK's qualifications as a consulting partner and best fit for this opportunity as it pertains to our ability to deliver:

- 1. Positive Client Experience and Successful Performance of Similar Scope of Services**
- 2. Qualified Cohesive Team Capable of Supporting SBCERS**
- 3. Effective Project Management and Customized Work Plan**
- 4. Competitive, Reasonable, and Transparent Economics**

We appreciate your consideration of RVK for this opportunity to assist your organization as it conducts this important strategic review of the custodial relationship you maintain with BNY Mellon.

Please do not hesitate to contact Lindsey Longwell directly at Lindsey.Longwell@rvkinc.com or (503) 802-6164 with any questions.

Sincerely Yours,

A handwritten signature in black ink, appearing to read "Jonathan Kowolik".

Jonathan Kowolik
Head of Investment Operations Solutions Group
Senior Consultant, Principal
RVK, Inc.



Client Experience and Successful Performance of a Similar Scope of Services

RVK has extensive experience working closely with both full-retainer and as-engaged project clients on service/contractual review projects as well as search and selection projects related to the various service partners used by our clients, including trustees/custodians. We have also played a critical role in the implementation of services with newly retained vendors as an extension of a client's staff as well as with the ongoing monitoring and evaluation process.

Our firm's custodial banking search activity volume—25 projects for asset owners, with \$847.6 billion in assets over the last 3 years ended 3/31/2023—is meaningful and allows our firm to provide expert commentary on the evolving and developing nature of the custodial banking marketplace.

RVK maintains proprietary analysis templates and database structures customized to the nature and specific requirements of each client project. One of our firm's hallmarks is its ability to provide client-friendly reports that summarize volumes of service-provider data received during the RFP process.

Our team's deep experience and our performance of similar engagements for other clients will allow RVK to leverage market intelligence to inform our advice to SBCERS and to enable the effective and timely completion of this project.

Qualified Cohesive Team Capable of Supporting SBCERS

RVK proposes an experienced and cohesive team of professionals, based out of our Portland Office. Our proposed team is as follows:

Lindsey Longwell – Investment Operations Consultant – Project Lead

Lindsey joined RVK in 2015 and serves as an Investment Operations Consultant in our Portland office. She serves as a core member of the IOSG and leads projects relating to trust/custody, recordkeeping, securities lending, transition management, and other operational aspects of institutional investing.

Lindsey graduated cum laude with a BA in German with a minor concentration in Classical Studies from Texas A&M University. She also earned a Master of Arts in teaching German from Portland State University.

Kristina Richter – Investment Operations Analyst – Primary Support

Kristina joined RVK in 2013 and serves as an Investment Operations Analyst based out of our Portland office. Kristina serves as a core member of the IOSG in supporting research initiatives on investment operations vendors and client/team projects.

Kristina graduated from the University of Oregon with a Bachelor of Science degree in Fine and Applied Arts.



Jonathan Kowolik – Senior Consultant, Principal, Head of Investment Operations Solutions Group – Project Advisor

Located in our New York office, Jonathan joined RVK in 2001 and serves as the practice leader for RVK's Investment Operations Solutions Group (IOSG). This group has primary responsibility for providing project consulting and research, including evaluation and search projects for trust / custody providers, recordkeepers, securities lending programs, transition management, and other operational consulting projects.

Jonathan serves as a dedicated resource to many of the firm's largest client relationships while also possessing a consulting and advisory role within the general RVK consulting organization. He earned his Bachelor of Science degree in Economics with dual concentrations in Management and Finance from the Wharton School at the University of Pennsylvania. Jonathan is a shareholder of the firm.

Additional support will be provided by the broader SBCERS RVK Client Service Team as necessary.

Effective Project Management Approach and Customized Work Plan

RVK's process for custodian searches and reviews is driven by obtaining relevant, comparable data upon which to base a selection and negotiation process.

RVK will work closely with SBCERS and its procurement partners to refine the list of required services to be provided by the custodial providers, as well as points of relative satisfaction, areas of potential improvement, and client-specific requirements for minimum qualifications (particularly relevant if a publicly advertised search is contemplated) and required scope of service. The accurate description of scope for the custodial providers bidding on the opportunity is critical. RVK uses this information to craft a technical proposal or services questionnaire incorporating both traditional differentiating questions and customized inquiries. Such inquiries may include information related to how a proposer can meet specific and relevant needs, such as requesting a proposal with and without commercial banking services. We attempt to strike a balance between seeking sufficient detail for prudent comparison and encouraging brevity/applicability of topics covered.

RVK reviews the data provided by RFP respondents and seeks to verify it for both accuracy and responsiveness. RVK then prepares an evaluation and recommendation document incorporating a qualitative and quantitative review of custodial services, capabilities, and pricing.

RVK structures price proposals to complement the technical proposal and to accurately reflect the client's organizational requirements and transparency expectations. We have experience with



creating both standard fee schedules as well as working with our clients and various providers to develop innovative structures, including performance guarantee and incentive mechanisms.

RVK believes that an on-site review of custodial capabilities and an introduction to the proposed service team is highly useful. We have performed on-site reviews as engaged by clients and find that when done properly, such reviews provide valuable data and impressions to guide the evaluation committee or other selection body.

The findings and recommendations of the search process will be conveyed to SBCERS in a final report and/or presentation.

Upon tentative selection (pending final contract negotiation), RVK will work with SBCERS to verify that the contract fully provides for the service requirements as defined in the RFP document, or as further formally clarified as part of the evaluation process. RVK seeks to take client budgetary considerations and other client directions into account during fee negotiations to the best of the firm's abilities.

As additionally engaged, RVK can also provide ongoing support through a transition and implementation phase with a new custodian. Such support is offered at a client's option for RVK to provide customized services, typically with RVK resources acting as an extension of a client's team within discovery meetings, weekly and as-needed updates, business requirement reviews, acceptance testing, and other functions.

RVK has provided a potential scope of work, project stages, and associated deliverables and work plan for SBCERS. We recognize that as scope requirements are finalized and work commences, this plan is subject to change and affirm our flexibility to make such changes.

RFP Project Plan / Timeline

Provided below is a preliminary eight-month project timeline based on a start date of November 1, 2023 (with selected trust/custody provider contract engagement commencing on January 1, 2025 to allow for effective transition planning and conversion activities). The timeline below can be revised based on SBCERS preferences, to be discussed and agreed upon prior to contracting or as mutually agreed.



**SBCERS
 Custodian RFP
 PROJECT PLAN:**

Deliverables	Estimated Timeline	Responsible Party
1. Development and delivery of finalized discovery questions to SBCERS stakeholders and BNY Mellon and Strategy Meetings	3-4 weeks (10/31/2023 – 11/21/2023)	RVK
2. Discovery question responses to RVK	6 weeks (11/27/2023 – 1/5/2024)	SBCERS
3. Draft materials and recommendation of apparently qualified institutions for short-list to SBCERS for review		RVK/ SBCERS
4. Finalize RFP materials		RVK/ SBCERS
MEETINGS: IN PERSON OR BY PHONE <ul style="list-style-type: none"> • Discuss/approve Apparently Qualified Institutions for RFP short-list or RFP public posting plan of action • Discuss/approve RFP draft • Provision of central point of contact for vendor community or coordination with procurement stakeholders 		
5. RFP issuance (targeting Jan 8, 2024)	4 weeks (1/8/2024 – 2/2/2024)	RVK
6. Receipt of Clarifying Questions		RVK
7. Responses to Clarifying Questions		RVK/ SBCERS
8. Receipt of RFP responses (targeting Feb 2, 2024)		RVK
9. Independent evaluation of RFP responses to SBCERS <ul style="list-style-type: none"> • Matrix summary of RFP responses • Independent assessment of strengths & weaknesses • Assessment of areas for clarification 	5-6 weeks (2/5/2024 – 3/15/2024)	RVK
10. Delivery of RVK finalist recommendations		RVK/ SBCERS
MEETINGS: IN PERSON OR BY PHONE – BAFO PROCESS AND SELECTION FOR CONTRACT NEGOTIATIONS: <ul style="list-style-type: none"> • Discuss independent evaluation of RFP responses • Select Finalist(s) for further review/negotiation 		



Deliverables	Estimated Timeline	Responsible Party
11. Consultative support and coordination of due diligence <ul style="list-style-type: none"> Reference checks for Finalists, if necessary Initial Finalist Interviews at SBCERS or Onsite Due Diligence with up to 2 finalists Negotiation with Finalists Follow-up information requests 	6 weeks (3/18/2024 – 4/26/2024)	RVK/ SBCERS
12. Final preparation of evaluation team findings		RVK
MEETINGS (if necessary): IN PERSON OR BY PHONE <ul style="list-style-type: none"> Final review of Evaluation Team findings Approve selection of Provider 		
13. Notification to Providers, including: <ul style="list-style-type: none"> Selected Provider Other Providers not selected 	6 weeks (4/29/2024 – 6/7/2024)	RVK/ SBCERS
14. Development and delivery of Presentation to SBCERS stakeholders on Conclusion		RVK/ SBCERS
15. Preparation of RVK redlines of proposed contracts and transition plans and high-level consulting review and support related to implementation of the SBCERS plans with new Provider, if necessary.		RVK/ SBCERS
Transition Window to Go Live on New Framework (if applicable)	At least 12-16+ weeks transition expected (TBD June – December 2024)	SBCERS Incremental RVK Support Available Subject to Scope Augmentation

RVK believes that our experience and highly customized approach (as well as previous service to the SBCERS) would make us an excellent project consulting partner for SBCERS.



Competitive, Reasonable, and Transparent Economics

Consistent with the terms of our retainer contract with SBCERS, RVK proposes a fixed fee of \$40,000 with deliverable milestones to complete the services being requested and as more fully detailed in a final Service Agreement.

We further propose that our fee would be billable according to the following schedule:

- \$20,000 billable upon issuance of the RFP (target date 1/8/2024)
- \$20,000 billable upon delivery of final report and opinion (target date 4/26/2024)

RVK is open to discussing modifications to the outlined scope and timeline requirements of the project and/or fees, based on the needs of SBCERS.

Should a change in vendor be indicated and a transition be required, RVK can provide additional implementation services beyond business review of contract documents and fee negotiation assistance. Depending on the nature of additional implementation services, RVK would be pleased to provide a specific quote in response.