SBCERS

Santa Barbara County Employees' Retirement System

DATE: April 16, 2025

TO: Greg Levin, CEO

CC: Rico Pardo, Controller

FROM: Daylin Weston, Accountant, Project Lead

RE: General Ledger Accounting Project – Bank Recommendation

Summary

As part of our due diligence process in selecting a new bank for SBCERS to run pension and administrative transactions, the Accounting Division has interviewed the following six banks: American Riviera Bank, Bank of America, Bank of New York Mellon, City National Bank, JP Morgan Chase, and Montecito Bank & Trust.

After interviewing key bank personnel, obtaining bank portal demos, and reviewing banking services proposals, SBCERS' Accounting Division is recommending American Riviera Bank for the System's future banking needs. When compared to the other banks vetted during this due diligence process, American Riviera Bank:

- Proposed the lowest prices and, additionally, indicated that they would waive 100% of SBCERS' monthly fees,
- Offers the highest interest rate on bank balances,
- Provides exceptional customer support, as was evident throughout each of our meetings,
- Has local branches throughout North and South Santa Barbara County, and
- Will provide SBCERS with an in-office deposit system and an in-person trainer to assist throughout implementation.

The sole area of potential concern for American Riviera Bank is the size of the bank. Being a small regional bank, the total assets under management are $1.4B compared to a larger bank such as JP Morgan Chase with $4.0T total assets under management. American Riviera Bank may not have the same banking status as a larger bank.

SBCERS' Accounting Division recommends JP Morgan Chase as a second choice, reflected in their fees and overall services offered.

Estimated Monthly Fees Provided by Banks

Charges per Month	ARB	CHASE	MB&T	CNB	BNYM	B OF A
Acct Maintenance	$ 105.00	$ 90.69	$ 240.00	$ 427.00	$ 525.00	No response
One-time Set up Fee	$ -	$ -	$ -	$ -	$ 1,862.00	
Prenote	$ -	$ -	$ -	$ -	$ 1,007.00	
Per Check or Debit	$ 20.40	$ 27.93	$ 13.30	$ -	$ -	
Per Deposit	$ 15.40	$ 15.00	$ -	$ 183.10	$ -	
ACH Origin	$ 25.00	$ 159.00	$ 536.20	$ 1,040.90	$ 2,120.00	
Wires Origin	$ 25.00	$ 10.00	$ 70.00	$ 45.00	$ 110.00	
Wires Dom	$ 20.00	$ 6.00	$ -	$ -		
Check Image Capture	$ -	$ -	$ 61.25	$ -	$ 4.80	
Positive Pay	$ -	$ -		$ -	$ 146.00	
Account Recon	$ -	$ 21.18	$ 300.00	$ 496.65	$ 265.00	
Remote Deposit:						
Monthly Base Fee	$ 40.00	$ -	$ -	$ -	$ 75.48	
Mach Supp/Maint	$ 50.00	$ -	$ -	$ -	$ -	
Elec Bank Service	$ -	$ -	$ -	$ -	$ 350.00	
Reporting Services	$ -	$ 274.74	$ -	$ 957.10	$ -	
Grand Total Mo. Fees	**$ 300.80**	**$ 604.54**	**$ 1,220.75**	**$ 3,149.75**	**$ 6,465.28**	
	Fees 100% waived	$10k Credit for 1st year				

Information Technology and Security Due Diligence

As part of the banking due diligence, SBCERS' Information Technology ("IT") expert, Aaron Skinner, met with our top 3 candidates to discuss security protocols. Aaron was able to confirm that all candidates met our baseline IT & security requirements. He was unable to recommend or disqualify any bank based on the information provided during these meetings and in subsequent email discussions and materials. Please see Aaron's summarized findings attached.

Attachments

- IT & Security Overview - 04-11-25 Email from Aaron Skinner

From:	Aaron Skinner
Sent:	Friday, April 11, 2025 3:17 PM
To:	Rico Pardo; Daylin Weston; Chris George; Brenda Morales; Greg Levin; Brian Richard
Subject:	Finance bank project

Hello all,

Thank you for involving me in the bank selection process. I really enjoy hearing what other organizations are doing to solve the security challenges we all face.

The purpose of my involvement is to make sure our 3rd party vendor meets our minimum standards as defined by DOL, and to raise any red flags identified during the interview or submission process.
To be fair in the evaluation, we used the same Department of Labor 3rd party security program standard listed below for all of the candidates:

1.   Have a formal, well documented cybersecurity program.
2.   Conduct prudent annual risk assessments.
3.   Have a reliable annual third party audit of security controls.
4.   Clearly define and assign information security roles and responsibilities.
5.   Have strong access control procedures.
6.   Ensure that any assets or data stored in a cloud or managed by a third party service provider are subject to appropriate security reviews and independent security assessments.
7.   Conduct periodic cybersecurity awareness training.
8.   Implement and manage a secure system development life cycle (SDLC) program.
9.   Have an effective business resiliency program addressing business continuity, disaster recovery, and incident response.
10.   Encrypt sensitive data, stored and in transit.
11.   Implement strong technical controls in accordance with best security practices.
12.   Appropriately respond to any past cybersecurity incidents.

All of the candidates met the DOL minimum security requirements!

American Riviera has a limited footprint of assets to secure on-prem, leaving most assets and attack surfaces to 3rd party vendors like Azure and FIS. FIS provides a security statement that exceeds the DOL standards. The Security Manager has long tenure with the bank and interviewed well.

City National did not provide a SOC2 but provided a security statement that exceeds our DOL standards. In the interview we learned they have been acquired a few years ago. The IT director was fairly new to his position at the bank the team did not seem as confident and relaxed as I would have expected. They agreed a SOC2 would be helpful for customers like us.

JP Morgan provided a SOC2 report that exceeds our DOL standards. The SOC2 report has 1 exception, although it was significant, is great for an org of that scale. The IT staff seemed confident and relaxed in the interview.

From what I have seen and heard, all of the candidates have a security program meeting our minimum standards. In addition, no candidate surfaced significant red flags.

Best regards,
Aaron