



CITY OF MERCED

ADDENDA NO: 2

SOLICITATION NO: **05172024**

SOLICITATION NAME: **RFP for Institutional Securities Custody Services**

DATE: **05/10/2024**

The additions, omissions, clarifications, and corrections herein shall be made to the bid and shall be included in the bid submittal if necessary. The remainder of the documents remain unchanged.

1. Please note that the **new deadline** for proposal submissions will be **May 22nd at 5:00 p.m.**
2. Find below the **Q&A:**

- Q/A 1** Provide *the number of accounts*, as applicable, maintained in the portfolio, including:
- a. Separately managed accounts using an outside investment manager
 - b. Separately managed accounts directed by the City
 - c. Mutual Fund Accounts
 - d. Commingled Fund Accounts
 - e. Alternative Accounts (limited partnerships, private equity etc.)
- City manages portfolios through a single account.*
- Q/A 2** Provide a detailed list of holdings in the portfolio (Excel if possible).
City requires custodian services for a range of securities, including US Treasury Bills & Notes, Commercial Paper, Federal Agency Securities, Collateralized Mortgage Obligation, Corporate Bonds, and Asset-backed securities.
- Q/A 3** Provide the average daily overnight cash balances for the portfolio and the overnight sweep vehicle (name and CUSIP) that the City is using for these balances.
The daily cash balance of the investment account is approximately \$500,000.
- Q/A 4** Provide details on repurchase agreement trades including the type of repo (overnight, reverse, tri-party), an estimate of the number of repo trades per month and the average market value of the repo purchases.
City is not currently utilizing repurchase agreements; see investment policy for details.
- Q/A 5** Provide the estimated number of all applicable transactions and indicate applicable timeframe (per month, quarter or annual):
- a. DTC/Fed Trades
 - b. Physical Asset Trades
 - c. Options/Futures
 - d. Principal Paydowns
 - e. P&I Payments



CITY OF MERCED

MERCED

f. Outgoing Wires

There are approximately 3-5 transactions per month, mostly DTC/Fed Trades.

Q/A 6 Provide the number of each of the following held in the portfolio and total estimated market value of each:

- a. Mutual Funds (# and total market value)
- b. Commingled Funds (# and total market value)
- c. Alternatives (# and total market value)
- d. Physical assets (# and total market value)

City holds all individual securities. Please provide information on a "sweep vehicle" eligible for a money market fund.

Q/A 7 Do you require trade date or settlement date reporting?

Settlement date.

Q/A 8 Identify any unique assets/reporting needs that are of particular interest/"hot buttons".

City should be able to review its securities at a cost base at any time, and the custodian must be able to track pay downs on asset-backed securities.

Q/A 9 Identify current custodian and provide a current invoice.

BMO is City's current custodian and currently deducts fees from the investment cash account.

Q/A 10 If responses to this RFP will be made public, can we also provide a redacted version to protect confidential and proprietary information that may be in our response?

All information in the RFP is public record; Mark any proprietary or confidential information in accordance with applicable California Public Records Act guidelines.

Q/A 11 When is the fiscal year end?

City's fiscal year end is June 30th.

Q/A 12 Are there any assets not on record with the current custodian?

No

Q/A 13 When do you think, you would like to transition to a new custodian?

City anticipates awarding the contract in July 2024.

Q/A 14 How do you pay manager fees today?

The investment manager invoices City monthly.

Q/A 15 How do you wire cash out today?

The custodian receives communications from the investment manager for purchases or sales to initiate and approve wires. For other cash transfers not related to the purchase or sale of securities, City initiates and approves wires.

Q/A 16 Can you provide number of holdings and a market value breakdown by security type?

City holds between 100 to 150 securities.

Q/A 17 What is the estimate of the monthly, quarterly or annual transactions – purchases and sales?

There are 3-5 purchase and sale transactions monthly, varying with market conditions and the investment manager's planning.



CITY OF MERCED

MERCED

- Q/A 18** How many cash wires are sent or received from and to the accounts?
An average of 3-5 transactions occur monthly.
- Q/A 19** What is an average cash sweep balance held at the custodial bank?
See answer to question number 3 above.
- Q/A 20** Section 9.b asks bidders to provide any contract language the firm requires to be included in a contract for the services described in this RFP. Can we submit our custody agreement as an addendum for a response to this question?
Yes.
- Q/A 21** Why are you seeking a new custodian?
Bank of the West was originally selected as the custodian in 2015, but it was acquired by BMO. After more than 9 years, City decided to explore the market for enhanced services at a reasonable fee.

JULIO C. MARQUEZ, CPPB
Purchasing Supervisor

End of Addendum