

# ROBERT SPRAGUE

OHIO TREASURER

Ohio Retirement Study Council Meeting  
Walter Myers, Director of Trust  
Bill Beagle, Senior Director of Policy and Program Administration  
Office of Ohio Treasurer of State  
June 13<sup>th</sup> 2019

Good morning. Thank you Mr. Chairman, members of the council, for allowing the Treasurer's office a few moments to discuss the process we are implementing this year to solicit RFPs from banks to serve our pension plans, BWC, OTTA and the Southern Ohio Agriculture & Community Development Foundation. Our purpose here today is to explain the process so the Council is aware of it as it proceeds this year.

Treasurer Sprague is committed to being a trusted steward of Ohio's Treasury and to Transparency, and our Director of Trust, Walt Myers, is running this project and will guide you through the details. Then I'll join him at the end and provide some closing remarks, then we'll take any questions.

Our office remains committed to enhancements made during the 2016 custody RFP process that greatly increased opportunities for the funds to participate and provide input and enhance TOS ability to negotiate contracts with custodians. Some of the 2016 enhancements include the following:

- 1. A rewrite of the RFP process to better account for the needs of the Funds via direct engagement including:**
  - Lengthening the time period to allow for Fund feedback to be collected at several different points in the process
  - Direct feedback opportunities created:
    - Funds were asked to give input on the RFP process and timeline ahead of RFP issuance
    - Funds were given a draft of the RFP and given opportunity to give additional feedback prior to issuance
    - Funds were provided all custodial candidates written responses and offered opportunity to give feedback
    - Funds were invited to sit in on custodial candidate oral presentations and give feedback
    - Funds were asked to provide rankings and placement preferences ahead of selection
- 2. TOS also enhanced its negotiating position on behalf of the funds by:**
  - Hired custody consultant which enhanced TOS ability to analyze data and national trends (pricing, technical services provided etc.)
    - resulted in better fee negotiation position
  - Conducting pre-designation legal discussions to allow for some contract elements to be agreed to prior to selection
- 3. New RFP provisions were added to better account for the needs of the Funds including**
  - Defining core custody accounting services to incorporate feedback from Fund

- Including Foreign exchange services within the RFP, resulting in better pricing

TOS is committed to retaining all enhancements made in 2016 and making even more enhancements to the process in 2020, including:

- 1. Performance Evaluations of incumbent service providers**
  - Opportunity for Funds to provide formal evaluation of incumbent service providers
  - Requiring incumbent providers to complete a self-assessment evaluation
- 2. Sharing all evaluations conducted by TOS of RFP respondents measuring their ability to deliver on technical services with the funds**
- 3. Sharing technical evaluation rubrics with the Funds for review**
- 4. Sharing a fee comparison evaluation with the Funds prior to selection**

Decades ago the General Assembly made the wise decision to have the Treasurer or State serve as the statutory custodian of the pension funds, and the assets of the BWC, OTTA and SOACD. As a former legislator himself, Treasurer Sprague takes that fiduciary duty very seriously. At the same time, he is determined to be responsive to the funds and has worked to build on efforts to make the process of vendor selection more inclusive and transparent.

Thank you Chairman Schuring and members of the committee. We would be happy to answer any questions at this time.