

# **3Q2014 IAC Meeting Materials**

**IAC Meeting – November 18, 2014**

**Transition Management Presentation**



# Transition Management

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# Agenda

- ▶ Introduction
- ▶ Transition Manager Search Process
- ▶ Recommendation

# Introduction

- ▶ Staff presented an overview of Transition Management at August 2014 IAC meeting
- ▶ State Street Global Markets is currently the only SBI transition manager under contract
- ▶ Staff would like to establish a bench of transition managers
  - Introduce competitive bidding process
  - Address business risks

# Transition Manager Search Process

▶ Sent Requests for Information (RFI) to transition managers and received responses from eleven firms:

- Abel/Noser Corp.
- BlackRock, Inc.
- BNY Mellon
- Capital Institutional Services, Inc.
- Citigroup Global Markets Inc. (Citi)
- Loop Capital Markets
- Northern Trust Investments, Inc.
- Pavilion Global Markets Ltd.
- Russell Implementation Services Inc.
- State Street Global Markets
- Vertas Brokerage Consulting

# Transition Manager Search Process

- ▶ Ability to handle large, complex transitions
- ▶ Experienced and stable staff
- ▶ Minimum annual transition volume over \$20 billion
- ▶ Sufficient transition volume across public market asset classes
- ▶ Sufficient trading capabilities and practices

# Transition Manager Search Process

- ▶ BNY Mellon
  - Exited the business
  
- ▶ Firms that did not meet all of the criteria:
  - Sufficient transition volume, in dollars and across asset classes
  - Sufficient transition staff
  - Ability to handle large, complex transitions
    - Abel Noser
    - Pavilion
    - CAPIS
    - Loop Capital
    - Vertas

# Transition Manager Search Process

## ► Firms that did meet the criteria

- Ability to handle large, complex transitions
- At least 10 experienced staff
- Annual transition volume exceeding \$20 billion
- Sufficient transition volume across public market asset classes
- Sufficient trading capabilities and systems
  - Citi
  - BlackRock
  - Northern Trust
  - State Street
  - Russell

## Recommendation

- ▶ All met the criteria needed to handle the large dollar volume and complexity of the SBI transition management assignments
- ▶ The only cost in establishing a manager bench of five is Staff's time and effort in executing contracts
- ▶ Provides transition manager options even if further contraction in marketplace occurs
- ▶ Allows for multiple bids for each asset class based on transition managers experience and strengths