



DATE: March 7, 2007

TO: Honorable Mayor and City Councilmembers

FROM: Rosemary R. Jones, City Treasurer

SUBJECT: **APPROVAL OF AMENDMENT 1 IN AN AMOUNT NOT TO EXCEED \$100,000 TO THE MASTER BANKING SERVICES AGREEMENT WITH BANK OF AMERICA, NA, OF LOS ANGELES EXTENDING THE AGREEMENT FOR CITY BANKING SERVICES AND AUTHORIZATION FOR THE CITY MANAGER TO EXECUTE THE AMENDMENT**

SYNOPSIS

Staff recommends that the City Council approve Amendment 1 in an amount not to exceed \$100,000 to the Master Banking Services agreement with Bank of America, NA, of Los Angeles, extending the term of the agreement to March 6, 2008, for City banking services; and authorize the City Manager to execute the amendment.

BACKGROUND

On February 5, 1997, City Council approved a Master Banking Agreement between the City and Bank of America. The agreement was for a term of five years, and included an option to renew the contract by letter any time after the initial five-year period. The City Treasurer renewed the contract for a one-year period that expired on February 28, 2003. On March 19, 2003, City Council approved a Master Banking Agreement between the City and Bank of America for a four-year term, with the option to renew for two additional one-year periods.

ANALYSIS

Since February 1997, the City has held a banking relationship with Bank of America and has been satisfied with the current level of service. The current four-year contract with the bank was due to expire on February 28, 2007, with the option for two additional one-year extensions. The Treasurer requested Bank of America to provide a new pricing proposal in consideration of extending the agreement for one year. Bank of America provided a new pricing schedule (Attachment 3) based on the one-year contract extension. The bank also lowered the City's fees for the last six months of the current contract, providing additional cost savings by agreeing to extend the contract. The new pricing will save the

City approximately \$26,500 per year. Bank fees are calculated based on a mix of monthly transaction volumes and fixed administrative charges, therefore actual annual savings can only be approximated.

FISCAL IMPACT

The current banking contract is for a not-to-exceed amount of \$120,000 per year. Prices are based on monthly transaction volumes as well as fixed administrative fees, therefore fees vary from month to month. According to the Pricing Renewal Proforma (Attachment 3) the City would save approximately \$2,200 per month, which equates to \$26,400 per year in annual savings. Charges for banking services are currently deducted from pooled interest earnings prior to allocation to City funds.

COMMISSION/COMMITTEE REPORT

Does not apply.

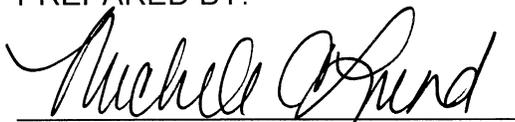
CITY ATTORNEY'S ANALYSIS

The referenced documents have been reviewed by the City Attorney and approved as to form.

RECOMMENDATIONS

Staff recommends that the City Council approve Amendment 1 in an amount not to exceed \$100,000 to the Master Banking Services agreement with Bank of America, NA, of Los Angeles, extending the term of the agreement to March 6, 2008, for City banking services; and authorize the City Manager to execute the amendment.

PREPARED BY:



Michele C. Lund, CCMT
Treasury Manager

SUBMITTED BY:



Rosemary R. Jones, CCMT
City Treasurer

Attachments: Amendment to Master Banking Services Agreement
Attachment 1 – Master Banking Services Agreement (3/19/03)
Attachment 2 – Proposal Letter from Bank of America (06/30/06)
Attachment 3 – Pricing Renewal Proforma

CITY OF OCEANSIDE
AMENDMENT TO
MASTER BANKING SERVICES AGREEMENT

PROJECT: BANKING SERVICES

THIS AMENDMENT TO PROFESSIONAL SERVICES AGREEMENT (hereinafter "Amendment") is made and entered into this 7th day of March, 2007, by and between the CITY OF OCEANSIDE, a municipal corporation, hereinafter designated as "CITY", and BANK OF AMERICA, NATIONAL TRUST AND SAVINGS ASSOCIATION, hereinafter designated as "BANK".

RECITALS

WHEREAS, City and Consultant are the parties to that certain Master Banking Services Agreement dated March 19, 2003, hereinafter referred to as the "Agreement", wherein Consultant agreed to provide certain services to the City as set forth therein;

WHEREAS, the parties desire to amend the Agreement to provide for changes and/or modifications to the Fees and Term of the Agreement.

AMENDMENT

NOW, THEREFORE, as set forth herein, the parties hereto do mutually agree that the Agreement shall be amended as follows:

1. Section 1.2 (a) – The Pricing Schedule shall be as set forth in the Bank Proposal Letter dated June 30, 2006 for one year from the date of execution of this Agreement.
2. Section 2 – The term of this agreement shall be one year from the date of execution hereof.
3. Except as expressly set forth in this Amendment, the Agreement shall remain in full force and effect and is hereby ratified and reaffirmed.

SIGNATURES. The individuals executing this Amendment represent and warrant that they have the right, power, legal capacity and authority to enter into and to execute this Amendment on behalf of the respective legal entities of the CONSULTANT and the CITY.

BANKING SERVICES

IN WITNESS WHEREOF the parties hereto being duly authorized on behalf of their respective entities to execute this Amendment, do hereby agree to the covenants contained in the Agreement, including this Amendment and have caused this Amendment to be executed by setting hereunto their signatures this 7th day of March, 2007.

BANK OF AMERICA

By: *Albert R. Pigeon* SVP
Name/Title SVP

By: *[Signature]* MARKET
Name/Title EXEC

94-1687665
Employer ID No.

CITY OF OCEANSIDE

By: Peter Weiss, Interim City Manager

APPROVED AS TO FORM:

[Signature]
City Attorney

NOTARY ACKNOWLEDGMENTS OF BANK MUST BE ATTACHED

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Los Angeles } ss.

On February 5th 2007, before me, Sheena Malek, Notary Public
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared Alec P. Bigelson
Name(s) of Signer(s)

- personally known to me
 proved to me on the basis of satisfactory evidence

to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/hers/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



Place Notary Seal Above

WITNESS my hand and official seal.

Sheena Malek
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer

Signer's Name: _____

- Individual
 Corporate Officer — Title(s): _____
 Partner — Limited General
 Attorney in Fact
 Trustee
 Guardian or Conservator
 Other: _____

Signer Is Representing: _____

RIGHT THUMBPRINT
OF SIGNER

Top of thumb here

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Los Angeles } ss.

On February 5th, 2007, before me, Sheena Malek, Notary Public
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared Kathleen Mc Cleere - Wright
Name(s) of Signer(s)

- personally known to me
- proved to me on the basis of satisfactory evidence

to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



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WITNESS my hand and official seal.

Sheena Malek
Signature of Notary Public

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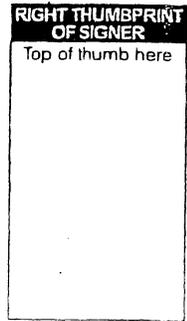
Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

Signer Is Representing: _____



MASTER BANKING SERVICES AGREEMENT

THIS AGREEMENT is made and entered into this **19th** day of **March, 2003**, by and between the CITY OF OCEANSIDE, a municipal corporation, (hereinafter designated as "CITY"; and BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION (hereinafter designated as "BANK").

RECITALS

- A.** CITY desired to continue banking services, and requested a proposal for these services.
- B.** BANK has submitted a proposal dated February 11, 2003, to provide banking services for the CITY in accordance with the terms set forth in this Agreement. A copy of the proposal is attached as Exhibit A.
- C.** CITY desires to contract with BANK as an independent contractor and BANK desires to provide services to CITY as an independent contractor.
- D.** BANK has demonstrated its competence and professional qualifications necessary for the satisfactory performance of the services designated herein.

NOW THEREFORE, THE PARTIES MUTUALLY AGREE AS FOLLOWS:

- 1. SERVICES PROVIDED BY BANK.** The services to be performed by BANK shall consist of but not be limited to the following:
 - 1.1** Work closely with the Treasury Manager in performing work in accordance with this Agreement in order to receive clarification as to the result that the CITY expects to be accomplished by BANK. The Treasury Manager, under the authority of the City Treasurer, shall be the CITY's authorized representative in the interpretation and enforcement of all work performed in connection with this Agreement. The Treasury Manager may delegate authority in connection with this Agreement to the City Treasurer and/or Chief Financial Officer's designees.
 - 1.2** Perform all obligations as set forth in BANK Proposal including but not limited to:
 - (a) The Pricing Schedule shall be as set forth in Addendum One of the Proposal for a term of four years from the date of execution of this Agreement. The fees shall be fixed at the rates set forth in the Proposal referred to in Addendum One. Pricing for services not presently utilized will be based on the BANK'S Current Schedule of Fees and Charges or as otherwise agreed.
 - 1.3** Perform all obligations as set forth in the separate agreements between CITY and BANK. Exhibit B, incorporated herein by reference, lists all separate agreements, which agreements have been executed in conjunction with prior Master Banking Agreement. To the extent that there are inconsistencies between the terms of this Agreement, and the

BANKING SERVICES

terms of any separate agreement, the terms of this Agreement shall prevail.

2. MODIFICATION AND TERMINATION OF AGREEMENT. The term of this Agreement shall be four years from the date of execution hereof. This Agreement may be modified at any time only by a writing signed by the CITY and the BANK, and may be terminated at any time in accordance with the terms of the separate agreements.

In any event either party may terminate this agreement by giving thirty (30) days prior written notice of its intent to terminate.

Further, in the event that the local main branch, located at 702 Mission Avenue, Oceanside, is closed by BANK, the CITY has the option to terminate services.

BANK, subject to the written consent of CITY, may amend the agreements referenced in Exhibit B from time to time according to the terms of such agreements, but any pricing change shall conform to the provisions of paragraph 1.2a above.

3. ENTIRE AGREEMENT. This Agreement, including all separate agreements incorporated herein, comprises the entire integrated understanding between CITY and BANK concerning the banking services to be performed by the CITY and supersedes all prior negotiations, representations, or agreements.

4. INTERPRETATION OF THE AGREEMENT. The interpretation, validity and enforcement of the Agreement shall be governed by and construed under the laws of the State of California.

The CITY and BANK shall be responsible for complying with all Local, State, and Federal laws whether or not said laws are expressly stated or referred to herein.

Should any provision herein be found or deemed to be invalid, the Agreement shall be construed as not containing such provision, and all other provisions which otherwise are lawful shall remain in full force and effect, and to this end the provisions of this Agreement are severable.

5. NOTICES. All notices, demands, requests, consents or other communications which this Agreement contemplates or authorizes, or requires or permits either party to give to the other, shall be in writing and shall be personally delivered or mailed to the respective party as follows:

TO CITY:

Michele C. Lund
Treasury Manager
300 N. Coast Highway
Oceanside CA 92054

TO BANK:

Alec P. Bigelson
Sr. Vice President, CA Government Bkng
555 South Flower Street Suite 800
Los Angeles CA 90071-2385

BANKING SERVICES

Either party may change its address by notice to the other party as provided herein.

Communications shall be deemed to have been given and received on the first to occur of (i) actual receipt at the offices of the party to whom the communication is to be sent, as designated above, or (ii) three working days following the deposit in the United States Mail of registered or certified mail, postage prepaid, return receipt requested, addressed to the offices of the party to whom the communication is being sent, as designated above.

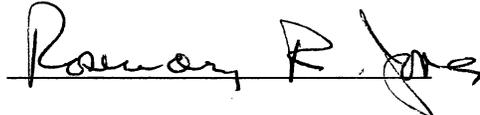
6. SIGNATURES. The individuals executing this Agreement represent and warrant that they have the right, power, legal capacity and authority to enter into and to execute this Agreement on behalf of the respective legal entities of the BANK and the CITY.

IN WITNESS WHEREOF the parties hereto for themselves, their heirs, executors, administrators, successors, and assigns do hereby agree to the full performance of the covenants herein contained and have caused this Master Banking Services Agreement to be executed by setting hereunto their signatures.

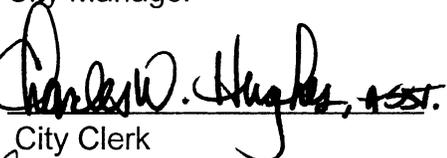
BANK OF AMERICA
BANK

By 
Alec P. Bigelson
Sr. Vice President

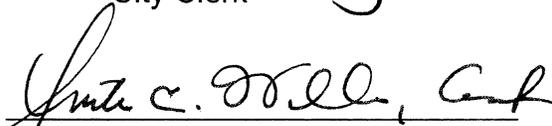
CITY OF OCEANSIDE
CITY

By 
Rosemary R. Jones
City Treasurer

By 
Steven R. Jepsen
City Manager

Attest 
City Clerk

#94-1687665
Federal Employer ID Number


Approved as to Form:
City Attorney

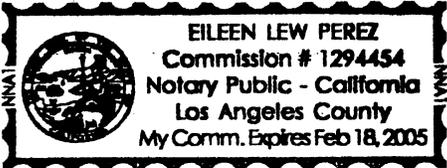
Notary acknowledgments of BANK must be attached.

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

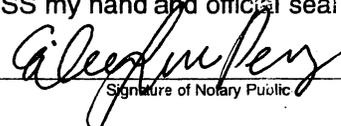
State of California }
 County of Los Angeles. } ss.

On March 3, 2003, before me, Eileen Lew Perez, Notary Public,
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")
 personally appeared Alec P. Bigelson,
Name(s) of Signer(s)

- personally known to me
- proved to me on the basis of satisfactory evidence



to be the person(s) whose name(s) ~~is~~are subscribed to the within instrument and acknowledged to me that ~~he~~she/they executed the same in ~~his~~her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document
 Title or Type of Document: Master Banking Services Agreement City of Oceanside

Document Date: March 19, 2003 Number of Pages: 4

Signer(s) Other Than Named Above: none

- Capacity(ies) Claimed by Signer**
 Signer's Name: Alec P. Bigelson
- Individual
 - Corporate Officer — Title(s): _____
 - Partner — Limited General
 - Attorney in Fact
 - Trustee
 - Guardian or Conservator
 - Other: _____



Signer is Representing Bank of America.



Bank of America NA
333 S. Hope St., 13th Floor
Los Angeles, CA 90071

Alec P. Bigelson
Senior Vice President &
Senior Client Manager
Government Banking
CA9-9-193-13-17
Ph. (213) 621-7132
Fax (213) 621-3606

June 30, 2006

Rosemary R. Jones, CCMT
City Treasurer
City of Oceanside
300 N. Coast Highway
Oceanside, CA 92054

Ref: Banking Services Agreement

Dear Rosemary:

I am delighted to submit an offer to the City of Oceanside to exercise your option to extend your Banking Services Agreement with Bank of America by one year to February 28, 2008. For the sake of good order and to avoid any misunderstanding, I want to note these important terms:

- The base documents governing our Agreement are Bank of America's:
 - ◆ 'Terms and Conditions', Treasury Services (on file)
 - ◆ 'Authorization and Agreement for Treasury Services' (on file)
 - ◆ Contract for Deposit of Money (on file)
- Current unit pricing for depository, cash management, and merchant card services (not including Interchange fees) are reflected in the herewith submitted Pricing Renewal Worksheet. Pricing for services not presently utilized will be based on our Current Schedule of Fees and Charges or as otherwise agreed. The new pricing will take effect August 1, 2006.

We are very pleased to submit this request to the City as we highly value our long standing and mutually beneficial relationship. It is our goal to continue as your banking and financial partner for many years to come.

Rosemary R. Jones

2-

June 30, 2006

Please let me know if you have any questions. If you are agreeable to the extension of the Agreement I would appreciate your confirmation to the principal terms as indicated above by signing and returning to me a copy of this letter.

Sincerely,

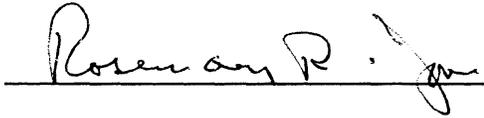


Alec P. Bigelson

Senior Vice President & Senior Client Manager

Acknowledged and agreed upon on behalf of the City of Oceanside:

By:



Date:

7/20/06

Rosemary R. Jones
City Treasurer
City of Oceanside

Enclosures

City of Oceanside - Pricing Renewal Proforma



Comments: Volumes used are based on the City of Oceanside's April 2006 Account Analysis data.

Term: August 1, 2006 - February 28, 2008

Service Description	Volume	Unit Price	Current	Proposed	
			Service Charge	Unit Price	Service Charge
General Account Services					
Account Maintenance	6	13.0000	78.00	10.0000	60.00
ZBA-Depository+Master Maint	1	0.0000	-	0.0000	-
ZBA Subsidiary Account Maint	2	15.0000	30.00	10.0000	20.00
Debits Posted-Other	85	0.0000	-	0.0000	-
Credits Posted-Other	213	0.0000	-	0.0000	-
Direct DDA Statement per account	3	20.0000	60.00	5.0000	15.00
Total General Account Services			168.00		95.00
Depository Services					
Banking Center Deposit-CA	7	1.4000	9.80	1.0000	7.00
QBD/Night Drop Deposit-CA	2	1.1000	2.20	1.0000	2.00
Curr/Coin Dep/\$100-QBD-ND-CA	34	0.1200	4.08	0.1200	4.08
Change Order Bkg Ctr-CA	1	0.0000	-	0.0000	-
Coin Supplied/Roll-Bkg Ctr-CA	7	0.1000	0.70	0.1000	0.70
Currency Supplied/\$100-Bkg Ctr-CA	9	0.1200	1.08	0.1200	1.08
Vault Deposit-CA	7	1.1000	7.70	1.0000	7.00
Curr/Coin Dep/\$100-Vlt-CA	3,535	0.0900	318.15	0.0700	247.45
Coin Deposit-Non Std Bag-Vlt-CA	73	3.0000	219.00	1.5000	109.50
Vault Deposit-Extended Hours-CA	73	2.0000	146.00	1.5000	109.50
Cash Letter/Item Proc Deposits	23	1.1000	25.30	1.0000	23.00
Cks Dep On Us-CA	5,317	0.0400	212.68	0.0400	212.68
Cks Dep Local Clearings-CA	7,565	0.0420	317.73	0.0400	302.60
Cks Dep Select in Dist-CA	9,848	0.0520	512.10	0.0400	393.92
Cks Dep All Other-CA	3,575	0.0550	196.63	0.0400	143.00
Cks Deposited-CA	345	0.0600	20.70	0.0500	17.25
Returns-Chargeback-CA	36	1.5000	54.00	1.2500	45.00
Returns-Reclear-CA	69	1.0000	69.00	1.0000	69.00
Courier/Armored Car Services			3,246.60		3,246.60
Total Depository Services			5,363.44		4,941.36
Paper Disb Services					
General Checks Paid-Truncated	2,623	0.0700	183.61	0.0500	131.15
Stop Pay Automated<=12 Months	9	6.0000	54.00	4.0000	36.00
Check Printing/Supplies			891.13		891.13
Serial Sort w/Recon per item	2,621	0.0300	78.63	0.0150	39.32
Postage			4.58		4.58
CD-ROM Monthly Maintenance	3	8.3300	24.99	5.0000	15.00
CD-ROM per image	2,627	0.0300	78.81	0.0300	78.81
Image Retrieval BA Direct	15	0.2500	3.75	0.2500	3.75
CD-ROM Disk	2	0.0000	-	0.0000	-
Total Paper Disb Services			1,319.50		1,199.74
Paper Disb Recon Services					
Full Recon w/Ppay Maint-Auto	2	60.0000	120.00	45.0000	90.00
Check Issue Input-Transm Media	8	15.0000	120.00	5.0000	40.00
Full Ppay Input Per Item Transm	2,726	0.0500	136.30	0.0300	81.78
Check Issue Input-File Rejects	1	50.0000	50.00	50.0000	50.00
Check Issue-Input Manual	265	0.3500	92.75	0.3500	92.75
Recon Transmission	2	35.0000	70.00	5.0000	10.00
Total Paper Disb Recon Services			589.05		354.53
General ACH Services					
ACH Monthly Maintenance (W)	3	75.0000	225.00	25.0000	75.00
PC Tax Payment	6	2.5000	15.00	2.5000	15.00
Consumer On Us Credits (W)	1,222	0.0560	68.43	0.0400	48.88

Confidential to Bank of America

Other fees may be assessed in accordance with Bank of America's Schedule of Fees or can be negotiated at time of set-up.

Service Description	Current			Proposed	
	Volume	Unit Price	Service Charge	Unit Price	Service Charge
Consumer Off Us Credits (W)	5,365	0.0560	300.44	0.0400	214.60
ACH Account Filters	4	1.0000	4.00	1.0000	4.00
ACH Debit Received Item (W)	31	0.0600	1.86	0.0400	1.24
ACH Credit Received Item (W)	62	0.0600	3.72	0.0400	2.48
ACH Return Item	21	2.2500	47.25	1.2500	26.25
ACH Input-Transmission (W)	25	15.0000	375.00	5.0000	125.00
ACH Notif Of Change (NOC)	3	1.2500	3.75	1.0000	3.00
ACH Optional Reports-Electronic	62	2.0000	124.00	2.0000	124.00
ACH Optional Reports-Fax (W)	84	3.1700	266.28	2.0000	168.00
ACH Standard Reports-Mail (W)	3	0.0000	0.00	0.0000	-
ACH Standard Reports-Electronic	19	2.0000	38.00	0.0000	-
ACH Standard Reports-Fax (W)	27	0.0000	0.00	0.0000	-
Total General ACH Services			1472.73		807.45
EDI Services					
RapidPay Monthly Maintenance	1	125	125.00	100.0000	100.00
RapidPay Core Item Processing	4,863	0.07	340.41	0.0700	340.41
Total EDI Services			465.41		
Wire & Other Funds Trnsf Svcs					
Elec Wire Out-Domestic	30	7.0000	210.00	5.0000	150.00
Elec Wire Out-Book DB	2	4.5000	9.00	4.5000	9.00
Incoming Domestic Wire	12	7.0000	84.00	5.0000	60.00
Cust Maint Template Storage	18	0.5000	9.00	0.5000	9.00
Direct Wire Maintenance Fee	1	35.0000	35.00	25.0000	25.00
Total Wire & Other Funds Trnsf Svcs			347.00		253.00
Information Services					
Direct Previous Day Acct Fee	3	65.0000	195.00	20.0000	60.00
Direct Previous Day Std Item	3,083	0.1500	462.45	0.0600	184.98
Direct Previous Day Maint	1	95.0000	95.00	25.0000	25.00
Total Information Services			752.45		269.98
Total Activity Charges			10,477.58		8,261.47

Confidential to Bank of America

Other fees may be assessed in accordance with Bank of America's Schedule of Fees or can be negotiated at time of set-up.