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OFFICE OF THE CITY CLERK
OAKLAND

2018 MAY 10 PM 1:58

AGENDA REPORT

TO: Sabrina B. Landreth
City Administrator

FROM: Katano Kasaine
Director of Finance

SUBJECT: Contracts for Primary Depository and
Custodial Banking Services

DATE: April 30, 2018

City Administrator Approval

Date:

5/9/18

RECOMMENDATION

Staff Recommends That The City Council Adopt:

- 1) A Resolution Authorizing The City Administrator To: (1) Negotiate And Execute An Agreement With MUFG Union, Bank N.A. To Provide Primary Depository Services For The City At An Estimated Annual Cost Amount Of \$275,000 For A Five-Year Period With Two One-Year Options To Renew Commencing January 1, 2019; And (2) Negotiate With MUFG Union Bank, N.A. For Such Additional Banking Services As She May From Time To Time Deem Appropriate, At Costs She Deems Reasonable; And (3) Negotiate And Execute An Extension Through December 31, 2018 Of The Current Agreement With J.P. Morgan Chase, N.A. To Provide Primary Depository Services At An Estimated Annual Cost Amount Of \$275,000; And (4) Waiving The Requirements Of The Living Wage Ordinance And Of The Linked Banking Services Program Ordinance; And
- 2) A Resolution Authorizing The City Administrator To: (1) Negotiate And Execute An Agreement With MUFG Union Bank, N.A. To Provide Primary Custodial Services For The City At An Estimated Annual Cost Amount Of \$25,000 For A Five-Year Period With Two One-Year Options To Renew Commencing January 1, 2019; And (2) Negotiate With MUFG Union Bank, N.A. For Such Additional Banking Services As She May From Time To Time Deem Appropriate, At Costs She Deems Reasonable; And (3) Negotiate And Execute An Extension Through December 31, 2018 Of The Current Agreement With BNY Mellon Trust, N.A. To Provide Primary Custodial Services At An Estimated Annual Cost Amount Of \$25,000 And; (4) Waiving The Requirements Of The Living Wage Ordinance And Of The Linked Banking Services Program Ordinance.

EXECUTIVE SUMMARY

Depository and custodial banking services are integral to supporting the City's daily cash management operations and thereby serving Oakland's residents and businesses. Currently, J.P. Morgan Chase, N.A. ("JP Morgan") is the City's depository banking services provider and Bank of New York Mellon Trust Company, N.A. ("BNY Mellon") is the City's custodian banking

Item: _____

Finance and Management Committee
May 22, 2018

services provider. It is prudent financial practice to periodically obtain proposals for banking services to ensure that the City is receiving the best banking services at a competitive price.

On September 15, 2017, staff issued a request for proposals ("RFP") for depository and custodial banking services. A panel of finance professionals, including City staff and outside associates were selected to review the proposals and interview the finalists based on criteria detailed in the RFP. Based on the proposal, interview and client references, staff proposes that the City enter into two new agreements for the separate portions of its banking services with MUFG Union Bank, N.A. ("Union Bank"): (1) a new agreement to provide the City's primary depository banking services at an estimated annual cost of \$275,000 and (2) a new agreement to provide the City's primary security custodial banking services at an estimated annual cost of \$25,000. Staff proposes that each agreement be for a period of five years, commencing January 1, 2019, with the ability to renew for two periods of one year each at the City's option. This type of long-term award for banking services is reflective of other cities due to the intense process and resources incurred by the City when changing bank providers.

In addition, staff requests that the City Council authorize an extension of the current agreements with JP Morgan for depository banking services and BNY Mellon for custodial banking services through December 31, 2018 to allow continuity of services while staff completes implementation and transitions to the new bank, Union Bank.

BACKGROUND / LEGISLATIVE HISTORY

Depository and custodial banking services are essential to the daily operations of the City and its ability to serve Oakland's residents and businesses. Currently, the City uses two types of banking services: (1) depository services and (2) custodial services. The City's depository bank's primary responsibility is to process cash transactions, enabling the City to make, receive and account for payments. This includes but not limited to providing balanced reporting, detailing debit/credit information, performing fund transfers, direct deposit for citywide payroll, electronic file transfer, issuing stop payments, obtaining reports, etc. The City's custodian bank's primary responsibility is to provide for the safekeeping of the City's securities, enabling the City to invest its cash for safety, liquidity and yield. The City's banking operations are high volume, quite complex and require sophisticated institutions offering a wide array of services with expert customer service representatives to manage the City's account. JP Morgan currently provides depository and BNY Mellon provides custodial banking services to the City with contractual agreements expiring on June 30, 2018.

The City's banking services is complex for a number of reasons. The City currently maintains fifty-nine (59) accounts. Thirty-six (36) of these accounts are zero balance subaccounts whose balances sweep into the general account on a daily basis. On a monthly basis, the City utilizes countless numbers of banking services including but not limited to account maintenance, lockbox services, depository services, online reporting, paper disbursement services, paper disbursement reconciliation services, general Automated Clearing House (ACH) services, merchant card services, web services and wires. The depository bank is responsible for secure, timely and accurate processing and reporting of these transactions. In addition, the City has over twenty-five (25) merchant accounts related to Visa/MasterCard, American Express and Discover transactions. Therefore, only sophisticated banking institutions

are best suited to handle the City's high volume of activities as well as being able to provide a designated representative knowledgeable of each of the areas of service.

On September 15, 2017, the City issued an RFP for depository and custodial banking services to thirty-eight (38) banking institutions listed in Attachment A, as well as, published on iSupplier. The City's primary objective is to evaluate the current banking services offerings and market environment, to execute new agreements with financially secure banks that are best suited to meet the business needs and offer the highest quality of services at a competitive price to the City.

Responses to the RFP were received on November 13, 2017. Four (4) banks submitted proposals to provide depository services – Bank of America, N.A. ("Bank of America"), JP Morgan, Union Bank, and Wells Fargo. Four (4) banks submitted responses to provide custodial services – BNY Mellon, Union Bank, Wells Fargo and Wilmington Trust, N.A. ("Wilmington Trust").

After careful evaluation of the proposals, staff selected five finalists – Bank of America, BNY Mellon, JP Morgan, Union Bank and Wilmington Trust to move forward to the interview process with an evaluation panel comprised of City staff from the Finance Department, Treasury Bureau, Revenue Bureau, Controller's Office, and Information Technology Department, as well as finance professionals from the Port of Oakland, East Bay Municipal Utility District (EBMUD) and the City of Berkeley. The panel conducted an extensive evaluation based on a detailed consideration of overall qualifications, scope and level of services, pricing, other commitments and services, additional questions from panel and reference checks. The interview panel has ranked the banks proposing to provide depository banking services and custodian services as follows:

Depository Services	Custodial Services
1. Union Bank	1. Union Bank
2. JP Morgan	2. BNY Mellon
3. Bank of America	3. Wilmington Trust

ANALYSIS AND POLICY ALTERNATIVES

General Considerations: The interview panel considered the overall quality of each bank's proposal and interview, along with its services, costs, and references. Each bank that was interviewed met the City's general requirements for financial strength and capability. Client references for the banks were generally positive. However, Union Bank stands out for having longstanding relationships and was praised for their high quality of customer service.

Each of the bank expressed that they will devote significant resources in their commitment to serving the City. Locally, Bank of America and JP Morgan have ten (10) and eight (8) branches in Oakland, respectively; Union Bank has one (1) branch. However, Union Bank indicated they are in the final stages of negotiating a student run banking center at Laney College. While these negotiations are not complete, if they can mutually agree on provisions with the college, they intend to open the center in fall of 2018. The Community Reinvestment Act (CRA) ratings

of the bank are "Outstanding" for Bank of America and Union Bank and "Satisfactory" for JP Morgan.

Depository Services:

The recommendation to select Union Bank is based on several factors, including its high-quality services and customer service, local lockbox services, competitive pricing, and streamlining of depository services:

- *Quality of Services.* Each proposing bank demonstrated that it can provide a full range of standard banking and depository services currently utilized by the City, including reporting, accepting credit and debit cards, providing expedited lockbox processing for certain revenue streams, implementing electronic data transfers with anti-fraud measures, and providing direct deposit of payroll. However, the City has recently experienced some declines in the quality of services with JP Morgan which has impacted the daily banking operations and affecting City staff in various departments, though JP Morgan is actively addressing these.

The City has programs that require the use of paycards for youth who are under the age of 18, as well as, employees who do not have access to bank accounts, which is a key staff considerations.

Union Bank – Skylight One allows individuals who either do not qualify for or choose not to have traditional bank accounts to direct deposit funds onto the paycard. This payroll solutions are secure, convenient and cost effective, decreasing the dependency of paper-based systems while reducing exposure to lost and stolen checks, as well as check fraud. Skylight One is a Visa or Mastercard banded card that provides access to funds at millions of ATM and retail locations, as well as, online and over the phone. In addition, the Skylight One Program offers flexibility, convenience and numerous features and benefits such as access to funds free of charge through multiple channels.

All paycards will be issued at the direction of the City via the automated enrollment process by uploading a batch file. Union Bank will not perform credit checks on cardholders as they understand that they are not extending any credit in connection with their paycard programs. Skylight One program enrollment process only requires staff to provide demographic information (name, address, social security number and date of birth) which can be done either automated through a batch file process or on-line through the web based platform. This is especially convenient for minors that the City hires for summer internship programs who do not have access or cannot provide copies of certain documents. The enrollment process is seamless and easy for staff through Skylight One. Their paycard program will meet the City's needs to pay its employees especially minors.

Bank of America paycard program is only a Visa branded card with less flexibility, features and benefits. JP Morgan does not provide paycard services.

- *Customer Service.* All three banks will designate a customer service representative to the City. It is imperative that the team assigned to the City's account is knowledgeable and responsive because banking related issues are time sensitive. Any miscommunication or delayed response will impact the City's daily banking operations.

After careful evaluation and checking the bank's provided references, staff concluded that Union Bank will offer superior banking services and is highly recommended for their customer service and commitment to the customer. The team assigned to the City's account is made up of highly experienced industry veterans who focus on the best practices and leading solutions for government banking clients. In addition, the team members have vast knowledge of the City's banking operations from past experience with the City so staff is confident that Union Bank will provide excellent customer service and can meet the City's banking needs.

- *Lockbox Services.* While lockbox services (wholesale and retail lockbox) are a basic component required by the City, but the City's retail lockbox structure is very complex. The processing instructions require intensive manual input and vary depending on the types of declarations. If the declarations are not processed at the lockbox processing center per the instructions associated with the specific declaration, errors occur which must then be manually corrected by staff. It takes tremendous resources and staff time to review each declaration individually and process the returned items (declaration and checks), as well as, reconcile the incorrectly-processed items in the system. An additional feature that the City needs is for any checks received at the lockbox center without declarations be sent back to the City. This would reduce the lengthy refund process to the owner of the check if the check was not intended for the City.

It is important to note that only Union Bank has their lockbox facility located locally in Alameda, while JP Morgan's is in Pasadena and Bank of America's is in Los Angeles, and as a result, payments mailed from Oakland would likely be received and credited later than at a local lockbox. Another advantage of having a local lockbox will allow the City to address issues as they arise by visiting the physical facility to understand the processing procedures and propose changes as needed. The quality and timeliness with which Union Bank can provide these services were key staff considerations. In addition, Union Bank can accommodate the City with returning any check received at lockbox without declaration back to the City, which the current bank (JP Morgan) cannot accommodate.

- *Pricing.* Among other criteria, staff carefully analyzed the specific service costs proposed by the three finalists. Union Bank is the lowest cost proposer based on the volume of banking operations provided in the RFP. However, pricing alone was not the leading factor in forming staff's recommendation to Council, the recommendation was made in view of the quality, scope, and complexity of the required depository services. Union Bank will bring efficiencies and new solutions to the City's banking operations that will be more cost effective in the future.

All banks' merchant card fee rates are comparable at approximately 2.8% per transaction. This rate includes bank authorization fees and pass through charges from the payment brand (Visa/Mastercard, Discover, America Express, etc.).

Table 1 below presents the estimated annual cost pricing excluding any credits. **Table 2** takes into account the Earnings Credit Rate (ECR), an earning allowance based on the City's average investable balance.

Table 1
Estimated Annual Cost
(without ECR Earnings)

	JP Morgan	Union Bank	Bank of America
Monthly Charges	\$ 27,995	\$ 24,439	\$ 25,725
Annual Total	\$335,943	\$293,273	\$308,705

Table 2
Estimated Annual Cost
(with ECR Earnings)

	JP Morgan	Union Bank	Bank of America
Monthly Charges (12 mths)	\$335,943	\$293,273	\$308,705
Earning Credits	(\$96,164)	(\$110,959)	(\$118,356)
Annual Total	\$239,779	\$182,314	\$190,349

Union Bank will provide the City with a \$180,000 transition allowance to be used to offset all bank related start-up costs for the first year of the contract which is not factored into the estimated annual costs above because for the first six (6) months, the City will be operating with two banks.

- *Community Presence/Involvement.* All three banks demonstrated a high level of commitment to the City of Oakland. **Table 3** below presents the different investment activities for each bank:

Table 3
Lending and Community Activities

Year 2016	Bank of America	JP Morgan	Union Bank
Affordable Housing Lending-Single Family	\$399.5M	\$328.2M	\$154.8M
Affordable Housing Lending-Multifamily	- (1)	191.7M	23.7M
Small Business Lending	11.9M	12.7M	8.8M
Community Development Investments	45.6M	68.7M	55.5M
Grants to Nonprofits	- (2)	2.2M	2.8M

(1) Bank of America did not have any applications/originations in 2016

(2) Bank of America do not track grants specific to Oakland, however, \$20.2 million for California

Source: Linked Banking Survey

When analyzing the data in the table above, staff must consider the overall activities and the different factors that go into each category such as the benefits to Oakland citizens, business, and bank profits.

Residential Lending:

As shown in the table above, Bank of America has the most activities in residential lending, followed by JP Morgan and Union Bank in Oakland. However, one challenge the City still faces is disparity in lending activities to minority and disadvantaged communities. The City encourages each bank to meet its fair share goals of lending activity in disadvantaged communities and commit to a plan to address identified disparities in lending services experienced by minority communities.

The City desires to have a relationship with a banking institution that provides not only exceptional banking services at a cost effective rate but also has a positive presence in the City and its community. Union Bank has demonstrated the support and willing to continue proactively work with the City to provide solutions to the community.

Union Bank offers low down payment mortgage products such as Fannie Mae and Freddie Mac affordable lending products, FHA, VA and portfolio loans. In addition, to help address the challenge with low down payment, Union Bank work with down payment assistance program (DAP) offered by housing finance agencies such as CalHFA, Golden State Finance Authority Platinum Program, FHLB of San Francisco Workforce Initiative Subsidy for Homeownership (WISH) Program and other state/local programs. Today, Union Bank is one of the largest user of WISH funds in the state.

Union Bank's Economic Opportunity Mortgage (EOM) which offers a 97% loan-to-value ratio and does not require private mortgage insurance, which can be costly to the homeowner. The EOM program is designed for low to moderate income household. The program allows for alternative non-traditional credit items to be considered when making a decision for a loan.

To better serve the African America communities, Union Bank engaged the Carol H. Williams Agency in Oakland in 2015 to bring awareness, establish trust and grow with Union Bank.

In 2016, Union Bank Foundation issued RFP for Homeownership Counseling to help individuals and families broaden their knowledge of the home purchasing process, begin or continue home buying steps, understand the foreclosure process and how to avoid it, loan modification, first time homebuyer education and counselling program. Of the 12 organizations selected for a three year commitment (2015-2018) for a total of \$1.5 million, two are working with clients in Oakland, Community Housing Development Corporation and ASIAN, Inc.

Bank of America indicated they have worked closely with customers and advocacy groups to develop products specifically tailored to meet the needs of low-and-moderate-income (LMI) customers. They have made changes to their products and services to address those that have the potential to disproportionately impact LMI communities, such as overdraft and

payday lending. Beside the standard mortgage offerings, Bank of America offers alternatives such as Affordable Loan Solution mortgage for homebuyer unable to make a larger down payment.

JP Morgan introduced two affordable home loan products, Agency 97% and an enhanced version of DreaMaker, the original low down-payment product, that offer as little as three percent down to help reduce upfront costs and monthly payments. In addition, to lower down payment products, JP Morgan also launched grant and incentive programs to customers who apply for an affordable loan with JP Morgan. They indicated they have increased their marketing efforts towards low-to-moderate income customers and have engaged non-profits partners on their enhanced affordable lending offerings.

In April 2016, JP Morgan provided \$2.1 million grant to PRO Oakland, a joint partnership of The Northern California Loan Fund and the Main Street Launch. PRO Oakland supports nonprofits and small businesses impacted by AC Transit's proposed Bus Rapid Transit construction in East Oakland.

Small Business Lending:

All three banks small business lending activities are comparable to each other with JP Morgan of approximately \$12.7 million, Bank of America of approximately \$11.9 million and Union Bank of approximately \$8.8M.

In an effort to better serve the minority business owners, Union Bank established Business Diversity Lending Program (BDL). BDL seeks to increase access of business financing for women, minority and veteran-owned businesses. In 2016, the bank provided 433 loans, averaging \$72,537, for a total commitment of \$31,408,521.

Grants to Nonprofits/Community Development Investments:

Staff considered this category to be the most important and beneficial to the Oakland community at this time. Based on the figures given, JP Morgan and Union Bank is very comparable in community development investment activities. Union Bank's grant contribution to non-profit is slightly higher than JP Morgan with a total of \$2.8 million and \$2.2 million respectively.

Union Bank has been a leader in supporting affordable housing development in Oakland since 1995 with over \$284 million invested through tax credits, construction loans and permanent loans. These investments have led to the creation of 1501 units of affordable housing throughout the City. Recent investments in Oakland includes the project at 94th & International, MacArthur Family Apartments and Lion Creek Crossing Phase V. In addition, Union Bank is committed to empowering youth and strengthening the communities through financial education. They have opened four student-run bank branches in California. Currently, they are working with the City and Oakland Unified School District to open a student run-bank center at Laney College anticipating to open in fall of 2018.

Based on their figures and track record, Union Bank's Community Development Investments will continue to grow in Oakland.

Safekeeping/Custodial Services: Custodian banking services for the City's securities and investments were considered separately, as they are distinct from depository services, and need not be provided by the same banking institution. Three finalists offered custodial services: Union Bank, Wilmington Trust and BNY Mellon. In considering a custodial service provider, staff analyzed all of the same considerations as with the depository service provider, including the range of services provided, quality/capability of customer service, technological capability, and pricing. All of the finalists demonstrated that they were capable of offering the general services and customer support that the City would require.

As with staff's analysis for depository services, the recommendation for Union Bank is based on a number of factors, including the quality and scope of services offered, pricing and customer service. There are several advantages to having the same bank for both depository and custodial banking services. These advantages include the cost and ease of transferring of funds, coordinated account services, and comprehensive attention by the bank for the overall relationship. In particular, cash proceeds resulting from asset sales, income payments, and maturities in the City's custody account can be automatically transferred to the City's deposit account using DDA Sweep function, eliminating the need for daily wire transfers. In addition, cash required for asset purchases can be transferred from the City's deposit account to the custody account in the same automated fashion.

As a West Coast provider, Union Bank operates in the same time zone as the City, and the custody team is based in San Francisco.

In addition, Union Bank was the only bank that indicated they can assist the City with streamlining the process by providing an interface with SymPro, eliminating the current manual process of entering the data into SymPro by staff. Staff is confident that BNY Mellon can provide excellent service and can meet the City's custodial needs and provide cost reductions as well.

Local/Small Local Business Enterprise ("L/SLBE") Program: The City's Local and Small Local Business Enterprise Program has been waived for this project. However, banks are encouraged to utilize the services of L/SLBE firms where appropriate.

Living Wage Ordinance: Each of the banks confirmed that full compliance with the language of the City's Living Wage Ordinance would not be possible. Due to the extremely large number of different employees who could be involved with servicing the City's day-to-day cash handling, securities custody, and processing services, it would be extremely difficult, if not impossible, to identify all of the employees who would actually handle the work for the City. However, in all cases, the bank staff directly related to the City's accounts are in compliance with the Living Wage levels, and the banks each stated their willingness to comply as much as legally possible with the records-access requirements of the Living Wage Ordinance.

Therefore, in order to obtain the necessary depository and custodial services, staff requests that Council continues to waive the requirements of the ordinance.

Other City of Oakland Contract Conditions: All proposals submitted meet the required contract conditions (City of Oakland Campaign Contribution Limits and Project Consultant Team

Listing) set by the City's Contract and Compliance Department at the time of submittal. Other City contract requirements will be submitted prior to full contract execution.

- Arizona Resolution (Schedule B-2)
- Ownership, Ethnicity and Gender Questionnaire (Schedule D)
- Pending Dispute Disclosure Policy (Schedule K)
- Declaration of Compliance (Schedule N)
- Equal Benefits Declaration of Non-Discrimination (Schedule N-1)
- Combined Form: Declaration of Compliance with Americans with Disabilities Act; Nuclear Free Zone Disclosure: Compliance Commitment Agreement: and an Affidavit of Non-Disciplinary or Investigative Action (Schedule C-1, P, U, V)
- Independent Consultant Questionnaire, Parts A (Schedule M)
- Insurance Requirement: Schedule Q (proof of compliance must be submitted).

Linked Banking Ordinance: On April 24, 2017, the Housing and Community Development Department ("HCD") mailed out the Linked Banking Survey to a least 30 banking institutions. On June 27, 2017, City Council adopted an Ordinance amending the required eligible depository criteria under the Linked Banking Services Program. On July 7, 2017, a supplemental survey was sent to the banks, HCD only received 5 responses (Bank of America, JP Morgan, Union Bank, Wells Fargo and CitiBank). The responses were evaluated by the HCD and it was determined that currently no bank qualifies as an "Eligible Depository" per the specific criteria of the Linked Banking Ordinance. On September 14, 2017, a letter was issued to the five banks advising that no banks met the requirement per the Linked Banking Services Program Ordinance. **Therefore, in order to obtain the necessary banking services which are critical to the daily operation of the City, staff requests that the City Council waive the requirements per section 5 of Ordinance No. 12066.**

FISCAL IMPACT

The current fiscal year budget includes \$275,000 for depository services and \$25,000 for custodial services. The actual future costs will depend largely on the volume of services provided to the City and on the levels of offsetting cash balances in the City's accounts. Staff estimates that the proposed costs for each of these services will remain at or be below the estimated annual costs of \$275,000 and \$25,000 for depository and custodial services respectively and to be included in future budgets for the term of the contracts.

PUBLIC OUTREACH / INTEREST

This item did not require public outreach other than the required posting on the City's website.

COORDINATION

This report has been prepared by the Treasury Bureau in coordination with the Finance Department, Housing and Community Development Department, City Attorney's Office and Budget Bureau.

SUSTAINABLE OPPORTUNITIES

Economic: There are no economic opportunities associated with this report.

Environmental: There are no environmental opportunities associated with this report.

Social Equity: There are no social equity opportunities associated with this report.

ACTION REQUESTED OF THE CITY COUNCIL

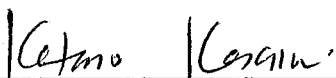
Staff Requests That The City Council Adopt:

- 1) A Resolution Authorizing The City Administrator To: (1) Negotiate And Execute An Agreement With MUFG Union, Bank N.A. To Provide Primary Depository Services For The City At An Estimated Annual Cost Amount Of \$275,000 For A Five-Year Period With Two One-Year Options To Renew Commencing January 1, 2019; And (2) Negotiate With MUFG Union Bank, N.A. For Such Additional Banking Services As She May From Time To Time Deem Appropriate, At Costs She Deems Reasonable; And (3) Negotiate And Execute An Extension Through December 31, 2018 Of The Current Agreement With J.P. Morgan Chase, N.A. To Provide Primary Depository Services At An Estimated Annual Cost Amount Of \$275,000; And (4) Waiving The Requirements Of The Living Wage Ordinance And Of The Linked Banking Services Program Ordinance; And

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For questions regarding this report, please contact Katano Kasaine, Director of Finance, at (510) 238-2989.

Respectfully submitted,



KATANO KASAINÉ
Director of Finance, Finance Department

Reviewed by:
David Jones, Treasury Administrator
Treasury Bureau

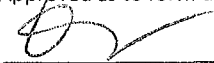
Prepared by:
Dawn Hort, Principal Financial Analyst
Treasury Bureau

Attachment (1):
Attachment A – List of Banking Institutions

Item: _____
Finance and Management Committee
May 22, 2018

ATTACHMENT A
LISTS OF BANKING INSTITUTIONS

1. Bank of America, N.A.
2. Bank of Marin
3. Bank of Hope
4. Bank of the Orient
5. Bank of the West
6. Bank of New York (BNY)
7. Bay Commercial Bank
8. BBCN Bank
9. Beneficial state bank
10. Bridge Bank
11. California Bank & Trust
12. Cathay Bank
13. CitiBank NA
14. City National Bank
15. Comerica Bank
16. Community Bank of the Bay
17. Deutsche Bank National Trust Co
18. East West Bank
19. Far East Bank
20. Far East National Bank
21. First FS&LA of San Rafael
22. First Foundation Bank
23. First Republic Bank
24. Gateway Bank FSB
25. HSBC Bank USA NA
26. Industrial and Commercial Bank of China (USA), National Association
27. JPMorgan Chase Bank NA
28. Mechanics Bank
29. MUFG Union Bank
30. New Resource Bank
31. Northern Trust
32. State Street Global Services
33. Summit Bank
34. U S Bank NA
35. United Business Bank, FSB
36. Western Alliance Bank
37. Wilmington Trust, N.A.
38. Zion, National Association



2018 MAY 10 PM 1:58

OAKLAND CITY COUNCIL

RESOLUTION NO. ___ C.M.S.

RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO: (1) NEGOTIATE AND EXECUTE AN AGREEMENT WITH MUFG UNION, BANK N.A. TO PROVIDE PRIMARY DEPOSITORY SERVICES FOR THE CITY AT AN ESTIMATED ANNUAL COST AMOUNT OF \$275,000 FOR A FIVE-YEAR PERIOD WITH TWO ONE-YEAR OPTIONS TO RENEW COMMENCING JANUARY 1, 2019; AND (2) NEGOTIATE WITH MUFG UNION BANK, N.A. FOR SUCH ADDITIONAL BANKING SERVICES AS SHE MAY FROM TIME TO TIME DEEM APPROPRIATE, AT COSTS SHE DEEMS REASONABLE; AND (3) NEGOTIATE AND EXECUTE AN EXTENSION THROUGH DECEMBER 31, 2018 OF THE CURRENT AGREEMENT WITH J.P. MORGAN CHASE, N.A. TO PROVIDE PRIMARY DEPOSITORY SERVICES AT AN ESTIMATED ANNUAL COST AMOUNT OF \$275,000; AND (4) WAIVING THE REQUIREMENTS OF THE LIVING WAGE ORDINANCE AND OF THE LINKED BANKING SERVICES PROGRAM ORDINANCE

WHEREAS, the City on July 2, 2009, entered into an agreement with Wells Fargo Bank, N.A. to provide depository services for a period of three years, with annual renewals at the City's option; and

WHEREAS, the City on March 17, 2014, entered into an agreement with J.P. Morgan Chase, N.A. to provide depository services for a period of three years, with annual renewals at the City's option; and

WHEREAS, the City on March 17, 2017, extended the agreement with J.P. Morgan Chase, N.A. to provide depository services through June 30, 2018; and

WHEREAS, the City on September 15, 2017, issued a Request for Proposals (RFP) for depository services; and

WHEREAS, four banking institutions – Bank of America N.A. (“Bank of America”), MUFG Union Bank, N.A. (“Union Bank”), J.P. Morgan Chase, N.A. (“JP Morgan”), and Wells Fargo Bank, N.A. (“Wells Fargo”) – responded to this RFP; and

WHEREAS, a City selection committee, after considering these banks' respective capabilities and quality and cost of service, has determined that Union Bank is the institution best fitting the criteria for primary depository services; and

WHEREAS, Union Bank has indicated that it can provide the currently required services for an estimated annual amount of \$275,000; and

WHEREAS, an extension through December 31, 2018 of the current agreement with JP Morgan to provide primary depository services is necessary to allow for continuity of services while staff completes implementation and transition to Union Bank; and

WHEREAS, The City's Local and Small Local Business Enterprise Program has been waived for this project; and

WHEREAS, no banks fully meet the specific requirements of the City's Linked Banking Services Program; and

WHEREAS, no bank's proposal fully meets the specific requirements of the City's Living Wage Ordinance; now therefore be it

RESOLVED, that the City Council finds and determines that the foregoing recitals are true and correct; and be it

FURTHER RESOLVED, that the City Administrator be authorized to negotiate and execute an agreement with Union Bank to provide primary depository services for the City for a five-year period with two one-year options to renew commencing on January 1, 2019, for an estimated annual amount of \$275,000 for current service levels; and be it

FURTHER RESOLVED, that the City Administrator be authorized to negotiate and execute an extension through December 31, 2018 of the current agreement with JP Morgan to provide primary depository services for the City for an estimated annual amount of \$275,000 for current service levels; and be it

FURTHER RESOLVED, that the City Administrator be authorized to negotiate with Union Bank for such additional banking services as may from time to time be deemed appropriate, at costs which shall be deemed reasonable; and be it

FURTHER RESOLVED, that the City Council finds and determines that in order to secure these services it is in the best interest of the City to waive the requirements of the Living Wage Ordinance; and be it

FURTHER RESOLVED, that the City Council finds and determines that in order to secure these services it is in the best interest of the City to waive the requirements of the Linked Banking Services Program per section 5 of Ordinance No. 12066; and be it

FURTHER RESOLVED, that this resolution shall take effect immediately upon passage.

In Council, Oakland, California, _____, 2018.

PASSED BY THE FOLLOWING VOTE:

AYES: BROOKS, CAMPBELL-WASHINGTON, GALLO, GIBSON MCELHANEY, GUILLÉN, KALB, KAPLAN AND PRESIDENT REID

NOES:

ABSENT:

ABSTENTION:

ATTEST:

LA TONDA SIMMONS
City Clerk and Clerk of the City Council
City of Oakland, California