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CITY OF SACRAMENTO

OFFICE OF THE TREASURER

800 10TH STREET
SUITE 1

SACRAMENTO, CA 95814
TELEPHONE (916) 449-5318

THOMAS P. FRIERY
TREASURER

DONALD E. SPERLING
ASST. TREASURER

June 13, 1985

Budget and Finance Committee
Sacramento, California

Honorable Members in Session:

SUBJECT: Competitive Checking Account Bid - City of Sacramento

SUMMARY

The City of Sacramento Competitive Checking Account Bid proposal and attachments are being submitted for the review of the Committee.

RECOMMENDATION

The attached informational report requires no action by the Committee.

Respectfully submitted,

THOMAS P. FRIERY
City Treasurer

TPF/lv:bid-cncil

Attachments

APPROVED FOR COMMITTEE INFORMATION:

Solon Wisham, Jr., Assistant City Manager



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Sacramento City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: Competitive Checking Account Bid - City of Sacramento

SUMMARY

The Office of the City Treasurer will conduct a competitive bank bid process for purposes of awarding the checking account and acquiring the necessary banking services for the City of Sacramento. Historically, there is no record of a competitive bank bid for purposes of awarding the City's checking account. Wells Fargo Bank has been the City's bank for over 25 years. During this time period the banking services have been satisfactory and the cost has been substantially lower than what was attainable elsewhere.

Recently Wells Fargo raised their cost for lockbox services to a level more comparable to those of the rest of the banking system and the Treasurer can no longer clearly demonstrate that the cost of the banking services provided by Wells Fargo is the most cost effective. Further, Wells Fargo unexpectedly withdrew from fiscal agent paying duties related to our outstanding General Obligation Bonds and Revenue Bonds and the security clearance/safekeeping divisions which are integral to conducting the City investment programs. Two months ago Wells Fargo announced they would be dropping their Master Custodial Services in the Trust Department. This department is responsible for all of the investments belonging to the Sacramento City Employees Retirement System.

The Treasurer has coordinated with the Finance Department and the Data Processing Department to develop a competitive bank bid proposal that will provide all the necessary bank services to the City. Additionally, this process is documented in the 1985/86 Proposed Budgets of the Treasury and Finance Departments. Further, the Treasurer has conducted informal discussions with Wells Fargo Bank as well as other banks to inform them of the City's intentions and banking needs.

The government code provides for the Treasurer to determine the bank of deposit. Further, the City Attorney has opined (see Attachment A) that it is permissible for the Treasurer to conduct the competitive bid for purposes of selecting the City's checking account.

This report is provided for your information. Further, attached is an action plan detailing the steps that will be followed in the bank bid process (see Attachment B).

BACKGROUND

Over the last six years various City Council members requested information relative to the City's checking account bank as well as banking services. Preliminary studies in response to these requests revealed the cost of banking services as well as the quality of banking services provided by Wells Fargo Bank were superior to other banks.

Approximately three years ago, Wells Fargo Bank raised their cost for lockbox services for the first time since 1981, from \$.07 per item to \$.12 per item. The average cost for just this service at that time period by other banks was \$.15 per item. Subsequent to this action, Wells increased their fee on two other occasions to \$.25 per item which cannot clearly be documented as the lowest cost for this service.

In 1983/84 Wells Fargo informed all their institutional banking customers that they no longer would provide fiscal agent paying duties related to our outstanding General Obligation Bonds and Revenue Bonds and security clearance/safekeeping services. Further, they notified customers they would no longer provide Master Trustee services effective approximately October 1, 1985 for the Sacramento City Employees Retirement System investments.

For the last several months the Office of the City Treasurer has conferred with the City Finance Department and Data Processing Department to inform them of the concerns and potential banking change. Furthermore, these departments coordinated their efforts to develop the attached competitive bid proposal which will provide banking services and be compatible with the City's needs and goals (see Attachment C).

The Treasurer has determined that a full service bank is the most cost efficient way to meet the banking service needs of the City. To fragment banking services to numerous banks increases the cost of services and causes the City to lose leverage with a bank in providing services.

FINANCIAL

To define the actual cost of City banking services at this time would not be in the City's best interests as it may establish a floor for other banking institutions to develop their bid responses.

The practice of the City of Sacramento has historically been the use of compensating balances as opposed to direct fee charges. However, the banking proposal submitted will consider fees for both methods for payment.

However, it is important to define those banking services that are needed by the City. The following very briefly describes some of the banking services needed:

Lockbox - The use of a lockbox provides a fast efficient way to collect and process the City's remittances for utility bills and special assessments. All payments are sent to a post office box of a bank as opposed to the City of Sacramento. This service speeds up collection time of deposits 2-3 days providing for faster investment availability and reduces staffing and equipment needs in the City Finance Department to process remittances.

Safekeeping and Security Clearance - The safekeeping function provides for the bank to hold the investments owned by the City of Sacramento and Retirement System. Also, the bank collects and deposits investment income and disburses this income to the City. Finally, this function assigns the responsibility for the actual payment and/or receipt of monies for City investments to the bank.

Parking Meter Collection - This service provides for the bank to collect and deposit City parking meter coins annually which are estimated to be in excess of 50 tons. This process eliminates staffing and other apparatus at the City to collect, count and weight these deposits.

Armored Car Service - Currently there are over 6,000 armored car pick-ups or deliveries made annually for the various divisions and departments of the City of Sacramento. The pick-up or delivery of cash at various locations within the City eliminates the need for employees to make cash deposits. These pick-ups or deliveries of cash at various locations within the City are critical. This action increases the security for City monies and eliminates substantial risk to City employees by not having to physically carry substantial sums of cash on their person.

Institutions generally provide for payment of these banking services in one of the following manners:

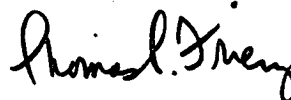
- (1) Compensating Balance - A prescribed amount of money left in the checking account on which hypothetical interest earnings is intended to pay the bank for the services performed as opposed to actual cash payments.
- (2) Direct Fee Basis - Actual cash payments to the bank for services received.

Sacramento City Council
June 13, 1985
Page 4

RECOMMENDATION

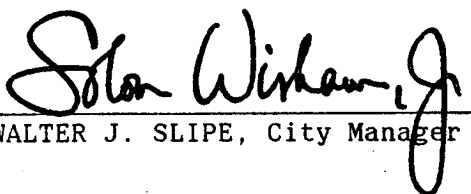
This is an informational report and will be presented to the Budget and Finance Committee on June 25, 1985.

Respectfully submitted,



THOMAS P. FRIERY
City Treasurer

FOR CITY COUNCIL INFORMATION



For: WALTER J. SLIPE, City Manager

TPF/lv:bid-cncil

Attachments



CITY OF SACRAMENTO

DEPARTMENT OF LAW

812 TENTH STREET

SUITE 201

SACRAMENTO CA 95814

TELEPHONE (916) 449-5346

May 20, 1985

JAMES P. JACKSON
City Attorney
THEODORE H. KOBAY, JR.
Assistant City Attorney
SAMUEL L. JACKSON
WILLIAM P. CARNAZZO
LAWRENCE M. LUNARDINI
DIANE B. BALTER
RICHARD F. ANTOINE
Deputy City Attorneys

MEMORANDUM

TO: Debbie Fonseca

FROM: Theodore H. Kobey, Jr., Assistant City Attorney

RE: Contracts With Depository Banks

This will follow up our recent telephone conversation regarding the above subject. I believe that the City Treasurer has the authority to enter into contracts with banks as depositories of City funds.


Section 73 of the City Charter provides in pertinent part as follows:

"The City Treasurer shall be responsible for the deposit and investment of all funds of the city treasury not made subject to control of others pursuant to this Charter. The City Treasurer shall keep the City Council fully advised as to the deposit and investment of funds subject to his control."

Thus, the Treasurer has control of who the City deposits its money with, subject to keeping the Council advised in that respect. A corollary of this is that the Treasurer ought to have the authority, then, to contract with depositories. This is borne out, not in the City Charter, but in state law. Government Code Section 53648 specifically gives the Treasurer authority to enter into contracts with depositories. Charter Section 10 states that "Where the general laws of the State provide a procedure for the carrying out... of any rights or powers belonging to the City, said procedure may be followed unless a different procedure is provided or required by the Charter, ordinance or resolution." Here, the Charter does provide generally that the City Manager is to execute all contracts, which is required by an officer of the City, when authorized to do so by the Charter or by ordinance or resolution [Charter Section 61(h)]. However, this procedure is general in nature and would conflict with the Charter's giving of the power to decide regarding depositories to the City Treasurer, if it were construed to require that the City Manager or City Council enter into the contract on behalf of the City.

Debbie Fonesca
May 20, 1985
Page Two

Therefore, it seems to me that the Charter is clear in setting the duties of the Treasurer to include selection of depository banks, and such being the case, it is only logical that the power to enter into contracts therefore resides with the City Treasurer.


THEODORE H. KOBAY
Assistant City Attorney

THK/jmv

TIMETABLE FOR BANK BID PROPOSAL

Scheduled
Completion
Date

DRAFT OF RFP

April 3 A) INPUT BY EDP PROVIDING NECESSARY REQUIREMENTS
 FOR BANK TO INTERFACE WITH CITY

April 24 B) REVISION FOR SCERS CUSTODIAL SERVICE - 2ND DRAFT
 COMPLETED

April 26 SENT TO OTHER DEPARTMENTS

April 30 ADVISE WELLS FARGO OF BANK BID PROCESS

May 15 2nd RESPONSE TO OTHER DEPARTMENTS
 --DATA PROCESSING
 --REVENUE & COLLECTIONS
 --ACCOUNTING

May 22 CHANGES TO 2ND DRAFT COMPLETED
 INVITE BANKS TO BIDDERS CONFERENCE ON JUNE 6, 1985

May 23 ON SITE PRESENTATIONS BY FIRST INTERSTATE BANK & SECURITY
 PACIFIC BANK OF LOCK BOX FACILITIES

June 25 INFORMATIONAL MEMO TO BUDGET & FINANCE/COUNCIL

July 12 MEETING WITH BANKS TO INFORMALLY DISCUSS PROPOSAL

July 29 MAKE FINAL DRAFT/SEND OUT TO BID

Aug. 29 BID AWARDED BY TREASURER

Aug 29 -
 Oct. 30 TRANSITION PERIOD

Sept. 10 REPORT TO COUNCIL OF BID AWARD

6/13/85



CITY OF SACRAMENTO

Attachment C

OFFICE OF THE TREASURER

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SACRAMENTO, CA 95814
TELEPHONE (916) 449-5318

THOMAS P. FRIERY
TREASURER

DONALD E. SPERLING
ASST. TREASURER

6/12/85

DRAFT 10

BID PROPOSAL - CITY OF SACRAMENTO COMPLETE BANKING SERVICES

INTRODUCTION

You are invited to submit a proposal to serve as the central depository and service bank for the City of Sacramento. Please submit your bid addressed to the attention of Thomas P. Friery, City Treasurer, 800 10th Street, Suite 1, Sacramento, California, 95814. The deadline for submission of all proposals will be _____ at 9:00 a.m. at the City Treasurer's Office. This contract award will have an undetermined expiration date, and may be voided upon receipt of written notice by either party within 90 days. The fees established in this proposal are to be guaranteed for a two year period from inception by the bank performing such services.

Proposals will be evaluated and announcement of the bid award will take place within five (5) business days from the bid proposal deadline date. The Treasurer reserves the right to reject any or all proposals received which are incomplete. Attached is a timetable listing the scheduled completion dates for the award of this contract. Any questions concerning the specifications of this proposal should be directed to Donald Sperling or Deborah Carter at (916) 449-5168.

The City is requesting that all interested banks submit their bids by: (1) Compensating balance requirement for services; and, (2) Charges for services paid on a direct fee basis. Services for the Master Custody Account will be paid for quarterly on a direct fee basis.

SUMMARY

The City of Sacramento cashiers in excess of \$2.1 billion annually through its demand account. Of this amount, \$240 million represents normal City business and \$1.9 billion represents investment transactions.

The City's general business requires 4 demand accounts of which 3 perform as revolving or clearing accounts. The City of Sacramento Treasurer's General Account performs as the centralized account for cashiering purposes. Funding for the three remaining accounts is on a when needed basis as determined by the City Treasurer.

In addition, counting and wrapping of coins (parking meters) will be required. This phase represents approximately \$1.5 million annually in coin collection of an estimated 50 tons. City employee payroll checks as well as accounts payable checks which are issued by the City will require full automated reconciliation. A lock box service is required for processing City utility billings and assessment billings. The City requires: 1) messenger service for deposits once a day; 2) arrangement of armored car service contracts; 3) two large safety deposit boxes; 4) issuance of savings bonds for employees; 5) a daily computerized cash balance and reporting system; 6) and, the ability to provide coin and currency when needed for various cashiering outlets.

The City's General Investment account averages \$90 million daily. The annual volume of investment activity approximates \$1.9 billion and includes approximately 750 transactions. The City will require safekeeping services with the ability to settle transactions in New York, Chicago, San Francisco, Los Angeles, the Federal Reserve System for book entry transactions and DTC when such settlement is appropriate.

The City also requires a Non-Managed Institutional Master Custody Account for Multiple Managers for the funds of the Sacramento City Employees Retirement System(SCERS). Custodian will be holding various types of securities. These securities are, but not limited to, stocks, options, corporate and foreign bonds, government bonds, mortgage-backed securities and other government securities. Total value of these securities is approximately \$200,000,000.

DESCRIPTION OF BID REQUIREMENTS

The City requires a full service bank. The following represents the services required by the City. Failure to provide a bid for all of these items or completion of questionnaire (Attachment B) are grounds to dismiss the entire bid.

DEMAND ACCOUNT SERVICES

- I. All banks submitting a bid proposal must have an operations center or have a correspondent bank with an operations center in the State of California, be a member of the Federal Reserve System, and have branch offices located within the City of Sacramento or within a 25 mile radius of the City and meet all California government codes pertaining to depository requirements.
- II. The City will compensate the bank for all charges either through maintenance of compensating balances or fees paid. You are encouraged to submit bids on the basis of each. A written detail should be included which explains the bank's procedures for the calculation of collected balances, calculation of charges for funds advanced, and a written explanation on how deposit float will be calculated. The bank will also provide a report of all adjusting entries to the account analysis to include detailed as-of adjustments which have been made to the collected balance during the month.

III. The City's requirement for a cash management system is to have a main or Treasurer's general account and revolving/clearing accounts. The bank account descriptions are:

--Treasurer's General Account

Semi-monthly statement

Daily account balance describing all charges, credits, and the average daily collected balance on a month-to-date basis

III. --City Payroll Revolving Account

Monthly statements adapted to the City's accounting month and a full reconciliation

--Accounts Payable Revolving Account

Monthly statements adapted to the City's accounting month and a full reconciliation

--Returned Item Clearing Account

A) Semi-monthly statement

Very briefly, all receipts will flow into the Treasurer's General Account and be transferred (electronically or through check to the appropriate Revolving or Clearing Account as determined by the City Treasurer's Office). Additionally, the City will require:

- The capability to encode deposit slips in order to identify the source(s) of revenue flowing through the general account.
- The capability to provide a computerized cash balance and reporting system with wire transfer capability. The system must have account balance reports which identify the ledger and collected balance of the City's accounts; a summary report of debits and credits for all accounts; and a detailed listing of debits and credits for the City's General account.
- The ability to provide the City with toll-free or a WATS telephone line to the servicing banks operations, investment, and custody clearance department.
- The ability to process the City of Sacramento's magnetic tape files used for automated check reconciliation (five) and savings bond issuance (one).
- To provide evidence of insurance and bonding to protect City assets held in safekeeping.

-- The City requires the bank to process returned checks a second time if item is initially dishonored due to "non sufficient funds" or "refer to maker". The City receives approximately 110 returned checks a month. All items will be charged against a Returned Item Clearing Account. The City requires the bank to collect on checks submitted to them for collection.

IV. The City requires the weighing, counting, and depositing of coins involved with the parking meter program. The annual revenues collected approximate \$1.5 million and the coins weigh approximately 50 tons. The coins from parking meter operations are delivered loose to the bank. There are eight to ten bags of coins (consisting mostly of quarters and no pennies) delivered daily throughout the day for counting and deposit. The City will accept the banks count of coin.

V. The City requires lock box services for the receipt of Utility billings and Special Assessment billings. The annual number of Utility billings are about 478,000 with the annual dollar amount over \$40 million and the Special Assessment billings approximate 22,000 items with a dollar amount of around \$2.5 million. Samples of lock box forms are attached. (See Attachment D). The information that needs to be provided to the City are the matching amounts paid and the account or parcel number. Specify the address that would be used for the lock box. Any payment exceptions should be forwarded daily by the bank to the City for processing.

VI. The bank shall arrange a daily messenger service by 10:00 a.m. to accommodate deposits (no cash) at the City Department of Finance (City Hall).

VII. The bank shall arrange for the payment of armored car service provided under contract to the City either through compensating balance or through direct charges. The City utilizes armored car delivery for the transmittal of cash and checks from outlying areas such as swimming pools, golf courses, zoo, etc. to the bank. Currency and coin are wrapped in standard amounts for deposit.

The City occasionally uses this service for the delivery of change to certain locations.

VIII. The bank shall provide night depository services in the City.

IX. A separate demand account will be established for the Community Center (Box Office). When requested, the bank shall provide for large cash withdrawals (\$50-60 thousand) from this account. Such cash withdrawals are required when promoters request cash as opposed to checks at the conclusion of a performance. There will generally be two to three days notice of these withdrawals. This account has been maintaining an average daily balance of approximately \$80-100 thousand.

- X. The City requires issuance of Series E Savings Bonds for employees. Approximately 1,600 bonds per year are issued totaling \$60,000. Bonds are issued every two weeks.
- XI. City Data Processing Requirements - Automated cash accountability and account(s) reconciliation.
- A) Bank shall identify bank's data processing liaison personnel, and bank shall provide data processing support during conversion and implementation of data processing banking service requirements.
 - B) The bank shall detail the costs for installing and training personnel in the use of optional hardware/software required by bank to fulfill the requirements of this proposal.
 - C) The bank shall detail the costs for guaranteed same day data processing support.
- XII. Current automated "City Data Processing"/Banking Requirements
- A) Check Reconciliation
 - 1) Bank shall accept and process magnetic tapes for the five (5) types of City files for check reconciliation, using City of Sacramento specifications, as defined by the City of Sacramento's Data Processing Department. The five files are:
 - Senior citizen rebate
 - Accounts payable checks on-line
 - Accounts payable checks
 - Workman's compensation
 - City payroll(See attachment 1)
 - B) Savings Bond Processing
 - 1) Bank shall accept and process magnetic tape for one (1) City file for savings bond deduction processing and issuance of Series "E" savings bonds for City employees. (See attachment 2).

SAFEKEEPING & CLEARING FUNCTION

- I. Safekeeping services for the City Investment funds which average approximately \$90 million per day are required. Federal Fund wires will be involved with these transactions and the City requires the ability to accept delivery of securities in either New York, Chicago, San Francisco, Los Angeles, Federal Reserve System for book entry transactions and/or DTC when such settlement is appropriate. Approximately 75% of these transactions are Fed or NY. The remaining 25% are SF, Chi, DTC, or Los Angeles.

Approximately 750 transactions represent an annual volume of \$1.9 billion. See Attachment A-3 for the estimated volume of transactions. Monthly reports must include a summary of investment activity, interest income received, and a current summary of assets held. The current mix of security holdings consists of: U.S. Treasury and Agency securities - \$48.8 million; GNMA Mortgage-backed securities - \$5 million; Domestic and Foreign Banker's Acceptances - \$23.5 million; and Negotiable Certificates of Deposit and Private Placements - \$14.5 million.

SCERS - MASTER CUSTODIAL AGREEMENT

The Sacramento City Employees' Retirement System (SCERS) requires that a Non-Managed Institutional Master Custody Account with Multiple Managers be provided to facilitate the custody of securities (total assets in excess of \$200,000,000). These services will be paid for on a fee basis quarterly by SCERS. The requirements for this service are described below. (See Attachment B for annualized volume).

- I. The Bank must be able to provide nine separate accounts for each of the following types of investments:
 - A) The Fixed Income Assets include: Corporate Bonds, Foreign Bonds, and U.S. Government Securities. All of the fixed income assets are managed in-house.
 - B) A Fixed Income Account for handling the Mortgage-backed securities which include GNMA, B of A, and Home S & L.
 - C) There are three Core Equity Accounts managed by Alliance Capital, Batterymarch, and Lehman Capital Management.
 - D) The Buy/Write Options program is managed by Loomis Sayles. In this program, Loomis Layles purchases only optionable stock and then sells options against this stock.
 - E) The Overwrite Options program is managed by Loomis Sayles. They write options on optionable stocks held in the portfolio's managed by two of our equity managers, Alliance Capital and Batterymarch. We require that these options be held in two separate accounts.
 - F) The Real Estate Mortgages account consists of the receipt of payments and acknowledgement of each loan balance.
- II. The bank must be able to provide monthly reports stating assets at par, cost, market, and include estimated income. There should be a monthly activity statement which lists the purchase and sales of securities, the gain on sale, and all interest or dividends received. In addition, the bank should also provide a detailed listing and a summary of activity by broker.

- III. The bank must be able to process and account for Mortgage-backed securities or other investments which have monthly principal and interest payments. In addition, the bank should promptly notify the City of any calls, tender offers, or rate changes in any securities.
- IV. The bank must be able to process and account for any stock dividends or splits.
- V. The bank must provide a money market account for investing all short-term cash. All the Equity Accounts would keep uninvested cash in the money market fund. However, for the Fixed Account all interest and principal payments made would be accumulated in the money market fund and transferred once a month to the City's General Demand Account.

TABLE OF CITY SERVICES REQUIRED

Attachment A contains the City demand and safekeeping services required and an estimate of the monthly volume of transactions.

SCERS - MASTER CUSTODIAL SERVICES

Attachment B contains the SCERS services required and an estimate of the monthly volume of transactions.

REQUIREMENTS OF PROPOSAL

GENERAL QUESTIONNAIRE

In order to help us evaluate your bank's ability to perform the required services, we are asking you to fill out the General Questionnaire in Attachment C.

FULL SERVICE BANK BID

As established in the proposal, the City requests the bank to submit bids as follows:

1) Normal Compensating Balance

This procedure requires the bank to cost out the services, establish the methodology for determining collected funds (float, reserve requirements, etc.) and finally the index or appropriate earning fee the bank will use to establish the compensating balance required, and

2) SCERS - Master Custodial Account

These services will be paid for on a fee basis and will be paid quarterly.

TABLE OF CITY SERVICES REQUIRED

| | <u>City Estimated Monthly Activity</u> | <u>Bank unit Cost</u> |
|--|--|---------------------------|
| <u>DEMAND ACCOUNT SERVICES</u> | | |
| --MAINTENANCE FEE FOR DEMAND ACCOUNTS | 2 | _____ |
| --MAINTENANCE FEE FOR FULL RECONCILIATION OF REVOLVING ACCOUNTS | 2 | _____ |
| --DEPOSITS TO DEMAND ACCOUNTS | | |
| --Treasurer's General Account | | |
| -- Number of Deposits | 1,000 | |
| -- Number of Items Deposited | 49,000 | |
| -- Amount of Deposits | \$ 10 million | _____ |
| -- Amount of Currency and Coins | \$ 150 thousand | _____ |
| -- Number of Currency and Coins | 600,000 | _____ |
| -- Amount of Lock Box Trans. | \$ 2.7 million | _____ |
| -- Number of Lock Box Transactions | 42,000 | _____ |
| -- Number of Wires In | 10 | _____ |
| -- Amount of Wires In (Immediate Funds) | \$ 10 million | _____ |
| --Night depository cost | | _____ |
| --City Payroll Revolving Account | | |
| -- Number of Deposits | 12 | _____ |
| -- Amount of Deposits | \$4.5 million | _____ |
| --City Accounts Payable Revolving Account | | |
| -- Number of Deposits | 20 | _____ |
| -- Amount of Deposits | \$ 7.5 million | _____ |
| --Returned Item Account | | |
| -- Number of Deposits | 10 | _____ |
| -- Amount of Deposits | \$ 3 thousand | _____ |
| <u>--DISBURSEMENTS FROM DEMAND ACCOUNTS</u> | | |
| --Treasurer's General Account | | |
| -- Number of debits | 40 | _____ |
| -- Number of Wires-Out | 12 | _____ |
| -- Amount of Wires Out | \$ 10 million | _____ |
| --City Payroll Revolving Account | | |
| -- Number of checks (issued by City) | 8,000 | _____ |
| -- Amount of checks | \$ 4.5 million | _____ |
| -- Number of stop payments | 5 | _____ |
| --City Accounts Payable Revolving Account | | |
| -- Number of checks (issued by City) | 3,000 | _____ |
| -- Amount of checks | \$ 4.5 million | _____ |
| -- Number of stop payments | 5 | _____ |

TABLE OF CITY SERVICES REQUIRED (cont'd)

| | <u>City Estimated Monthly Activity</u> | <u>Bank unit Cost</u> |
|--|--|---------------------------|
| --Returned Item Account | | |
| -- Number of checks returned | 60 | |
| -- Fee for collection | | |
| -- Amount of checks | \$ 3 thousand | |
| -- Fee for cashiers check | | |
| --Daily Messenger Service to City of Sacramento, Finance Department | | |
| -- Number of trips | 22 | |
| --Issuance of Series "E" Employee Savings Bonds | | |
| -- Number of Bonds | 130 | |
| -- Par Value of bonds Issued | \$ 5 thousand | |
| --Lock Box Service | | |
| -- Credit same day, provide computer tape of activity to Finance Department | | |
| -- Utility billing (bi-monthly) | | |
| -- Assessment District Billing (Semi-annually) | | |
| --Count and wrap parking meter coins | | |
| -- Number of coins | 500,000 | |
| -- Amount of Coins | \$ 115,000 | |
| -- Processing of Parking Meters | 63 hours | |
| --Currency Requests (Finance Department/Convention Bureau) | | |
| -- Number of Requests | 10 | |
| -- Amount of Requests | 3,000 | |
| --Community Center (Box Office) DEMAND ACCOUNT | | |
| Costs related to the maintenance of this account | | |

TABLE OF CITY SERVICES REQUIRED (cont'd)

| | <u>City Estimated Annualized Estimate</u> | <u>Bank unit Cost</u> |
|--|---|---------------------------|
|--|---|---------------------------|

SAFEKEEPING FUNCTION

--Safekeeping Services

-- (Approximately \$90 million total value)
(Provide monthly summaries of activity,
holdings, and investment income)

| | | |
|--|----|-------|
| -- Physical number of issues held | 30 | _____ |
| -- Physical number of issues received | 12 | _____ |
| -- Physical number of issues delivered | 12 | _____ |
| -- Federal book entries | 40 | _____ |
| -- Federal book entries received | 18 | _____ |
| -- Federal book entries delivered | 20 | _____ |

--Please list fees for any related services that
may not have been included in this schedule

TOTAL OF BANK UNIT COSTS(Attachment A)

WHAT IS THE RATE YOU USE TO CALCULATE THE
EARNINGS CREDITED FROM COMPENSATING BALANCES?

SCERS - MASTER CUSTODIAL SERVICES

| | <u>SCERS Estimated Monthly Activity</u> | <u>Bank unit Cost</u> |
|--|---|---------------------------|
| FIXED INCOME ASSETS(In-house management) | | |
| Purchases & Sales (DTC) | 40 | _____ |
| Purchases & Sales (Other non-DTC) | 4 | _____ |
| MORTGAGE-BACKED (GNMA's, BofA, Home S&L) | | |
| Purchases & Sales | 5 | _____ |
| Mortgage-backed Paydowns | 250 | _____ |
| EQUITY | | |
| CORE EQUITY (ALLIANCE CAPITAL) | | |
| Purchases & Sales | 300 | _____ |
| CORE EQUITY (BATTERYMARCH) | | |
| Purchases & Sales | 150 | _____ |
| EMERGING GROWTH EQUITY (LEHMAN MANAGEMENT) | | |
| Purchases & Sales | 800 | _____ |
| BUY-WRITE OPTIONS(Loomis Sayles) | | |
| Stock Purchases & Sales | 80 | _____ |
| Option Sales | 200 | _____ |
| Option Purchases | 100 | _____ |
| Exercises | 50 | _____ |
| OVERWRITE OPTIONS(Loomis Sayles/Alliance Capital) <u>1/</u> | | |
| Option Sales | 100 | _____ |
| Option Purchases | 50 | _____ |
| Exercises | 25 | _____ |

1/ Loomis Sayles manages the overwrite option program; however, the underlying stocks are managed by either Alliance or Batterymarch.

SCERS - MASTER CUSTODIAL SERVICES

| | <u>SCERS Estimated Monthly Activity</u> | <u>Bank Unit Cost</u> |
|---|---|---------------------------|
| OVERWRITE OPTIONS(Loomis Sayles/Batterymarch) | <u>1/</u> | |
| Option Sales | 100 | _____ |
| Option Purchases | 50 | _____ |
| Exercises | 25 | _____ |
| TRUST/CUSTODIAN FEES BASED ON: | | |
| Market Value, or | \$200 million | _____ |
| Account Administrative Fee | <u>2/</u> | _____ |
| REAL ESTATE MORTGAGE | | |
| Monthly Principal & Interest | | |
| Paydown | 24 | _____ |
| TRANSFERS TO DEMAND ACCOUNT | 100 | _____ |
| Please list fees for any related services that may not have been included in this schedule | | |
| | | _____ |
| | | _____ |
| | | _____ |
| | | _____ |
| | | _____ |
| | | _____ |
| TOTAL UNIT COST FOR SERVICES(Attachment B) | | |
| | | _____ |

1/ Loomis Sayles manages the overwrite option program; however, the underlying stocks are managed by either Alliance or Batterymarch.

2/ Please attach a fee schedule.

GENERAL QUESTIONNAIRE

This questionnaire is a required part of the bid for the City's account. An implementation schedule must be included defining the estimated time for completion of each phase.

DEMAND ACCOUNT

1. List several institutions or customers you provide lock box services for.
2. How soon are lock box payments credited to our account?
3. What is your funds availability schedule for demand account deposits?

SAFEKEEPING FUNCTION

1. List several institutions for whom you currently provide safekeeping services (include assets total for each institution).
2. List any institutions which have terminated safekeeping services with you in the last 2 years.
3. Provide the name(s) of your correspondent bank in New York, Chicago, San Francisco, and Los Angeles.
4. How soon will dividends and interest income from the investment portfolio be credited to our account?
5. When will we be notified of a fail or d'kd trade settlement?
6. Will you provide a fail float account?

MASTER CUSTODIAL

1. List several institutions for whom you currently provide custodial or master trustee services (include assets total for each institution).
2. List any institutions which have terminated custodial or master trustee services with you in the last 2 years.

GENERAL QUESTIONNAIRE (CONT'D)

MASTER CUSTODIAL

3. Can your bank process and inventory real estate mortgages (ie. collection only)? If so, please explain process and provide sample report.
4. Provide the name(s) of your correspondent bank in New York, Chicago, San Francisco, and Los Angeles.
5. What kind and how much casualty insurance is carried on the securities you hold in custody.
6. When will we be notified of a fail or d'kd trade settlement?
7. Will you provide a fail float account?
8. How soon will dividends and interest income be credited to our account?
9. How will we be notified of interest, principal, and dividend payments (ie. daily advices, monthly statements, or telecommunications, etc.)?
10. Will there be a key officer assigned to our account to handle any day-to-day operation problems and is there support backup? How many years of experience does this person have?
11. Provide samples of monthly statements of assets held related to par, cost, market value, and interest income. Are you able to provide multiple statements?
12. Are your statements in a format that can readily be used by performance measurement companies such as SEI?
13. What are your long term goals toward the custody Trust Service? Do you have the support from Senior Management on these long term goals? We would like to have comments from Senior Management.

GENERAL QUESTIONNAIRE (CONT'D)

MASTER CUSTODIAL

14. How soon after the end of a reporting period(month) can we expect to see hard copies of your reports?
15. On an annualized basis, over the last three years, what has your money market fund earned?
16. What communication devices do you have for transmitting daily transaction activity (ie. on-line system, dec writer, or other)?

Application WORKMANS COMP

* TRAN CODE = 320 VALID WARRANT
 ↓
 430 VOIDS

DATE _____

| 80X8 | CHECK NUMBER | CHECK DATE | ACCOUNT NO. | TRAN CODE | AMOUNT |
|---------------|--------------|------------|-------------|--------------|---------|
| DETAIL RECORD | 0000 | MMDDYY | 9339575102 | + | 9(8)U99 |
| | X(4) | X(6) | X(10) | XX | |
| LAST RECORD | | | TOTAL COUNT | TOTAL AMOUNT | |
| | | | 9(5) | 9(8)U99 | |

FILE ID: Z28T4060FRGORECON

SENIOR CITIZENS REBATE
ON LINE CHECK WRITE
COMMERCIAL CHECK WRITE

DATE 3/27/85

| Application | CHECK NO. | ISSUE DATE | ACCOUNT NO | * TRAN CODE | AMOUNT | COMMENTS |
|------------------------|-----------|---------------|----------------|----------------|---------|----------|
| 80450 DETAIL RECORD | 9(10) | 9(6) | 9339575102 | 999 | 9(8)099 | X(19) |
| LAST RECORD | SPACES | CONTROL COUNT | CONTROL AMOUNT | | | |
| | | 9(5) | 9(8)099 | | | |

FILE ID'S :

- 20171500 COMMERCIAL ACCOUNT - SENIOR CITIZENS
- 21771100 COMMERCIAL ACCOUNT - ON-LINE CHECK
- 23571030 COMMERCIAL ACCOUNT - COMMERCIAL CHECK

Detail Format

| POSITIONS | CONTENTS |
|-----------|---|
| 1-10 | Serial Number (Numeric Only) |
| 11-16 | Issue Date (MMDDYY) |
| 17-26 | Account Number |
| 27-29 | Tran Code Register = 320 Cancel = 370 Void = 430 |
| 30-39 | Amount |
| 40-51 | Optional Information (Alpha or Numeric) |
| 52-80 | Blank |

Control Format (End of Tape)

| POSITIONS | CONTENTS |
|-----------|----------------------|
| 1 | Ampersand (&) |
| 2-15 | Blank |
| 16-20 | Input Control Count |
| 21-23 | Blank |
| 24-33 | Input Control Amount |
| 34-80 | Blank |

Tape Format Specifications

| TYPE OF TAPE | TYPE OF LABEL | DENSITY |
|--------------|---------------|----------------|
| 9 track | OS SL | 1,600 or 6,250 |

System CAPRS SYSTEM - PAYROLL COMPUTE PHASE Application SAVINGS BOND REPORT RECORD

| | | | | | | |
|------|------------------|---------------------------|-------|--------|-----|---|
| 1-50 | REPORT ID 140 | SORT KEY EMPLOYEE NAME | | | | X |
| | | LAST | FIRST | MIDDLE | FOA | |

| | | | | | | |
|--------|---------------------------------|----------|--|--|--|--|
| 51-100 | EMPLOYEE SOCIAL SECURITY NUMBER | FIG FUND | EMPLOYEE ADDRESS | | | |
| | | F/G FUND | STREET ADDRESS / POST OFFICE BOX (FREE FORM) | | | |

| | | | | | | | | | | | | |
|---------|------------------------------|-------|----------|--|--|---|---------------------------|-----------------|------------------|-------------------|--------------------|-------------|
| 101-150 | EMPLOYEE ADDRESS (CONTINUED) | | | | | X | DENOM. LD NO. OF BONDS | PURCHASE AMOUNT | PREVIOUS BALANCE | CURRENT DEDUCTION | AMOUNT OF PURCHASE | NEW BALANCE |
| | CITY | STATE | ZIP CODE | | | | | | | | | |
| | | | | | | | | | | | | |

| | | | | | | |
|---------|---|---------------------------|-----|-------|--------|---|
| 151-200 | BENEFICIARY/CO-OWNER SOCIAL SECURITY NUMBER | BENEFICIARY/CO-OWNER NAME | | | | X |
| | | LAST | FOA | FIRST | MIDDLE | |

| | | | | | | | | | | | |
|---------|------------------------|--|--|--|--|--|--|--|--|--|--|
| 201-350 | FILLER TO POSITION 350 | | | | | | | | | | |
|---------|------------------------|--|--|--|--|--|--|--|--|--|--|

CITY OF SACRAMENTO
RECORD LAYOUT

ATTACHMENT 1-4

Page 1 of 1

| System CAPPS SYSTEM (PAYROLL COMPUTE) | | | | Application WELLS FARGO INTERFAC | | | |
|---|--------------------|----------------|---------------|----------------------------------|-------------------|---------|--|
| DETAIL RECORD | WELLS FARGO FILLER | WARRANT NUMBER | ISSUE DATE | WELLS FARGO ACCOUNT NUMBER | WELLS TRANS CODE | NET PAY | |
| | 0-0 | | MO DY YR | 9339575110 | *3 | 9(8)V99 | |
| FILLER | | | | | | | |
| TOTAL RECORD | FILLER | | WARRANT COUNT | X | PAYROLL NET TOTAL | | |
| | | | | | 9(8)V99 | | |
| FILLER | | | | | | | |
| * WELLS FARGO TRANS CODE DEFINITIONS: '320' = VALID WARRANT '430' = VOIDED OR ZERO BAL. WARRANT | | | | | | | |