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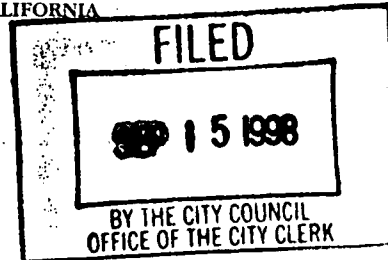
OFFICE OF THE
CITY TREASURER

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August 24 1998
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City Council
Sacramento, California

Honorable Members In Session:

SUBJECT: City Banking Services.

LOCATION/COUNCIL DISTRICT: Citywide

RECOMMENDATIONS: This report is for information only and does not require City Council action.

CONTACT PERSON: Thomas P. Friery, City Treasurer 264-5168

FOR COUNCIL MEETING OF: September 15, 1998

SUMMARY


This report informs the City Council that the City Treasurer has negotiated an extension with the Bank of American (BoFA) for bank services through December 31, 2001 and, negotiated with the Bank of New York Western Trust Company (BNY) for custody services through December 31, 2001.

COMMITTEE/COMMISSION ACTION: None

BACKGROUND INFORMATION

On November 4, 1994, the City Treasurer informed the City Council that the City Treasurer had selected BoFA as the exclusive provider of City banking services through December 1, 1999. Effective March 1, 1996, BoFA sold its custody services to BNY. The sale custody services was transparent to the City due to a subcontractor alliance agreement between BoFA and BNY on

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BACKGROUND - Continued

July 15, 1998. BofA informed the City Treasurer that the subcontractor alliance agreement would terminate on November 30, 1998 and that the BofA would no longer provide custody services via a subcontractor.

The City Treasurer negotiated a separate custody services agreement with BNY that held firm the cost of these services through December 31, 2001. In addition, the City Treasurer negotiated an extension of the banking services agreement with BofA that held firm the current cost of these services through December 31, 2001.

The City Treasurer elected this course of action for three compelling reasons. First, the banking industry is in turmoil due to executed and speculation of more major mergers, downsizing, and increased focus on market merging niches. Second, in hindsight the termination of the BofA banking service agreement effective December 31, 1999 was not a wise decision due to the potential of the year 200 computer problems. Third, the City Treasurer was able to hold firm current banking services and custody services for an additional two years.

FINANCIAL CONSIDERATIONS:

The City Treasurer's actions assures that the City's cost for banking services and custody services will not increase through December 31, 2001.

POLICY CONSIDERATIONS: This report is for information only.


ENVIRONMENTAL CONSIDERATIONS

Ongoing administrative and maintenance activities which are not for purposes of a public works construction project do not constitute a "project" and are exempt from the California Environmental Quality Act (CEQA). CEQA Guidelines, Sections 15061(b)(1), 15378(b)(3).


MBE / WBE EFFORTS

The City Treasurer is unaware of any MBE/WBE providers of these services capable of servicing the City's needs.

Respectfully Submitted,


Thomas P. Friery
City Treasurer

Approved for City Council Information



William Edgar
City Manager

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