

CITY OF GARDEN GROVE
INTER-DEPARTMENT MEMORANDUM

To: Matthew Fertal
Dept: City Manager
Subject: AWARD OF CONTRACT TO UNION BANK N.A. FOR BANKING SERVICES

From: Kingsley Okereke
Dept: Finance
Date: June 12, 2012

OBJECTIVE:

To obtain City Council approval to award a contract for City banking services to Union Bank, N.A. (Union Bank), for the performance period from July 1, 2012 through June 30, 2017.

BACKGROUND:

Effective July 1, 2006, the City awarded a banking service contract to its current bank, Union Bank for a term of five years. It is prudent practice to completely reevaluate banking services needs and contracts approximately every five years. Due to time constraints last year, staff requested and the City Council approved a one-year extension of the Union Bank contract, which will expire on June 30, 2012. The extension was necessary to allow staff sufficient time to comprehensively review the City's banking needs and setup, and conduct a Request for Proposal. It also ensured adequate time for a smooth transition from one bank to another if necessary.

The City's banking requirements have grown over the years and require a certain level of financial institution resources to adequately service its eight separate accounts. The City relies heavily on services such as online banking, wires, transfers, e-statements, various reporting requirements, etc.

DISCUSSION:

After analyzing the needs and requirements of the City's banking services, a Request for Proposal (RFP) for Banking Services was advertised on November 30, 2011 and re-advertised on December 7, 2011. The proposal document was posted on the City's website on November 30, 2011, via the Planet Bids online bidding system. A mandatory pre-proposal meeting was held on December 14, 2011 with nine (9) banks in attendance. Two addendums were issued to answer follow up questions regarding the RFP.

Five (5) proposals were received and opened on January 5, 2012. The five institutions were Bank of America, Bank of the West, JP Morgan Chase, Union Bank, and Wells Fargo. A Source Selection Committee (the committee) of City staff evaluated the proposals based on cost, project plan and the qualifications of the institutions. To be considered in the selection process proposing banks needed to have the following minimum qualifications:

- Be a State or National bank as defined in Government Code Section 53630.5
- Meet all California Government Codes pertaining to depository institution requirements
- Be sufficiently capitalized to accommodate the City's cash/investment management needs
- Demonstrate ability of the financial institution to service the accounts of the City.
- Having a full-service branch located within the City of Garden Grove was also a consideration

After the initial vetting of the proposals, three of the banks emerged as solid contenders in the process. Disqualification letters were sent to the two banks eliminated from the RFP process. The committee agreed to contact the remaining three banks and request Best and Final Offers as their qualifications were very similarly matched. Best and Final Offer requests were emailed to Bank of America, Union Bank, and Wells Fargo Bank on February 15, 2012. After reviewing the Best and Final offers, the committee unanimously selected Union Bank as the highest scoring proposal. Union Bank demonstrated the ability to best meet the current banking needs of the City, and provided the most competitive pricing.

Union Bank, is a federally chartered U.S. banking institution, and is subject to oversight by U.S. regulatory agencies, including the Federal Reserve and the Federal Deposit Insurance Corporation (FDIC). Union Bank is a full-service commercial bank providing an array of financial services to individuals, small businesses, middle-market companies, and major corporations. Union Bank operates 414 branches in California, Washington, Oregon, Texas, New York, and Illinois as well as two international offices. Union Bank has solid investment grade credit ratings at each of the major rating agencies. Union Bank's long-term rating at Standard & Poor's is A+ and at Moody's it is A2, both with a stable outlook.

The term of the agreement is for five years with an option to extend said agreement for one additional year. Also, as provided in the contract, the City may terminate the agreement at any time without cause.

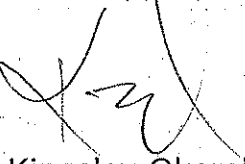
FISCAL IMPACT:

This agreement is based on fixed unit pricing for the length of the contract along with an Earnings Credit Rate on bank balances that will help offset the cost of providing these services. The City has the flexibility to make adjustments between "fee based" and "balance compensation" for settlement. Based on current volumes the monthly fees could be approximately 10% less than they are now, which runs approximately \$4,200 per month. The costs for banking services are already included in the budget; therefore, there will be no additional impact.

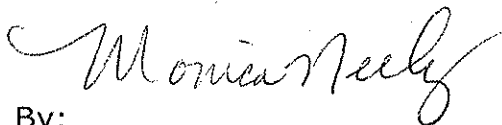
RECOMMENDATION:

It is recommended that City Council:

- Award a Contract to Union Bank, N.A. to provide City banking services for the period of July 1, 2012 to June 30, 2017; and
- Authorize the City Manager and/or the Finance Director to execute the contract on behalf of the City, and make minor modifications as appropriate.



Kingsley Okereke
Finance Director



By:

Monica Neely
Revenue Manager

Attachment:

Professional Services Agreement

Recommended for Approval



Matthew Ferial
City Manager

PROFESSIONAL SERVICES AGREEMENT

THIS AGREEMENT is made this _____ day of _____, 2012, by the **CITY OF GARDEN GROVE**, a municipal corporation, ("CITY") and **Union Bank, N.A.**, here in after referred to as "CONTRACTOR".

RECITALS

The following recitals are a substantive part of this Agreement:

1. This Agreement is entered into pursuant to Garden Grove COUNCIL AUTHORIZATION, DATED _____.
2. CITY desires to utilize the services of CONTRACTOR to Provide Banking Services for the City of Garden Grove.
3. CONTRACTOR is qualified by virtue of experience, training, education and expertise to accomplish services.

AGREEMENT

THE PARTIES MUTUALLY AGREE AS FOLLOWS:

1. **Term and Termination.** The term of the agreement shall be for the period of July 1, 2012 through June 30, 2017, with an option to extend said agreement for one additional year, for a total performance period of six (6) years. Option years shall be exercised at the sole option of the CITY. This agreement may be terminated by the CITY without cause. In such event, the CITY will compensate CONTRACTOR for work performed to date in accordance with Proposal, Attachment "B". Contractor is required to present evidence to support performed work completion.
2. **Services to be Provided.** The services to be performed by CONTRACTOR shall consist of tasks as set forth in the Proposal, which is attached as Attachment "B" and is hereby incorporated by reference. The Proposal and this Agreement do not guarantee any specific amount of work.
3. **Compensation.** CONTRACTOR shall be compensated as follows:
 - 3.1 **AMOUNT.** Total Compensation for this agreement shall be per the attached schedule which is attached as Attachment B, and in accordance with Scope of Work and RFP No. S-1088, which is attached as Attachment A, and is hereby incorporated by reference.

- 3.2 Payment. For work under this Agreement, payment shall be made per invoice for work completed. For extra work not a part of this Agreement, a written authorization by CITY will be required, and payment shall be based on schedule included in Proposal (Attachment B).
- 3.3 Records of Expenses. CONTRACTOR shall keep complete and accurate records of all costs and expenses incidental to services covered by this Agreement. These records will be made available at reasonable times to CITY.
- 3.4 Termination. CITY shall have the right to terminate this agreement, without cause, by giving thirty (30) days written notice of termination. If the Agreement is terminated by CITY, then the provisions of paragraph 3 would apply to that portion of the work completed.
4. Non-Liability of Officials and Employees of the City. No official or employee of CITY shall be personally liable to CONTRACTOR in the event of any default or breach by CITY, or for any amount, which may become due to CONTRACTOR.
5. Non-Discrimination. CONTRACTOR covenants there shall be no discrimination against any person or group due to race, color, creed, religion, sex, marital status, age, handicap, national origin, or ancestry, in any activity pursuant to this Agreement.
6. Independent Contractor. It is agreed to that CONTRACTOR shall act and be an independent contractor and not an agent or employee of the CITY, and shall obtain no rights to any benefits which accrue to CITY'S employees.
7. Compliance with Law. CONTRACTOR shall comply with all applicable laws, ordinances, codes, and regulations of the federal, state, and local government.
8. Notices. All notices shall be personally delivered or mailed to the below listed address, or to such other addresses as may be designated by written notice. These addresses shall be used for delivery of service of process.
- a. CONTRACTOR
Union Bank, N.A
530 "B" Street, Suite 535
San Diego, CA 92101
- b. (Address of City) (with a copy to):
City of Garden Grove Garden Grove City Attorney
11222 Acacia Parkway 11222 Acacia Parkway
Garden Grove, CA 92840 Garden Grove, CA 92840

9. **CONTRACTOR'S PROPOSAL.** This Agreement shall include CONTRACTOR'S proposal or bid which shall be incorporated herein by reference. In the event of any inconsistency between the terms of the proposal and this Agreement, this Agreement shall govern.
10. **Licenses, Permits, and Fees.** At its sole expense, CONTRACTOR shall obtain a Garden Grove Business License, all permits, and licenses as may be required by this Agreement.
11. **Familiarity with Work.** By executing this Agreement, CONTRACTOR warrants that: (1) it has investigated the work to be performed; (2) it has investigated the site of the work and is aware of all conditions there; and (3) it understands the facilities, difficulties, and restrictions of the work under this Agreement. Should Contractor discover any latent or unknown conditions materially differing from those inherent in the work or as represented by CITY, it shall immediately inform CITY of this and shall not proceed, except at CONTRACTOR'S risk, until written instructions are received from CITY.
12. **Time of Essence.** Time is of the essence in the performance of this Agreement.
13. **Limitations Upon Subcontracting and Assignment.** The experience, knowledge, capability, and reputation of CONTRACTOR, its principals and employees were a substantial inducement for CITY to enter into this Agreement. CONTRACTOR shall not contract with any other entity to perform the services required without written approval of the CITY. This Agreement may not be assigned voluntarily or by operation of law, without the prior written approval of CITY. If CONTRACTOR is permitted to subcontract any part of this Agreement, CONTRACTOR shall be responsible to CITY for the acts and omissions of its subcontractor as it is for persons directly employed. Nothing contained in this Agreement shall create any contractual relationship between any subcontractor and CITY. All persons engaged in the work will be considered employees of CONTRACTOR. CITY will deal directly with and will make all payments to CONTRACTOR.
14. **Authority to Execute.** The persons executing this Agreement on behalf of the parties warrant that they are duly authorized to execute this Agreement and that by executing this Agreement, the parties are formally bound.
15. **Indemnification.** CONTRACTOR agrees to protect, defend, and hold harmless CITY and its elective or appointive boards, officers, agents, and employees from any and all claims, liabilities, expenses, or damages of any nature, including attorneys' fees, for injury or death of any person, or damage to property, or interference with use of property, arising out of, or in any way connected with performance of the Agreement by CONTRACTOR, CONTRACTOR'S agents, officers, employees, subcontractors, or independent contractors hired by CONTRACTOR. The only exception to CONTRACTOR'S responsibility to protect, defend, and hold harmless CITY, is due to the sole

negligence of CITY, or any of its elective or appointive boards, officers, agents, or employees.

This hold harmless agreement shall apply to all liability regardless of whether any insurance policies are applicable. The policy limits do not act as a limitation upon the amount of indemnification to be provided by CONTRACTOR.

IN WITNESS THEREOF, these parties have executed this Agreement on the day and year shown below.

Date: _____

"CITY"
CITY OF GARDEN GROVE

By: _____

ATTESTED:

City Clerk

Date: _____

"CONTRACTOR"
Union Bank, N.A.

By: *Randy Ungersma*

Name: **Randy Ungersma, Vice President**

Title: _____

Date: 3/22/2012

Tax ID No. 94-0304228

If CONTRACTOR is a corporation, a Corporate Resolution and/or Corporate Seal is required. If a partnership, Statement of Partnership must be submitted to CITY.

APPROVED AS TO FORM:

James H Eggert for
Garden Grove City Attorney

3-28-12
Date

ATTACHMENT "A"
RFP NO. S-1088

CITY OF GARDEN GROVE

FINANCIAL INSTITUTION SERVICE PROPOSAL
SCOPE OF WORK/RESPONSE

Proposal Submitted by:

Bank:

Address:

**THIS SECTION MUST BE COMPLETED AS OUTLINED BELOW AND
RETURNED WITH THE PROPOSAL
PLEASE DO NOT CHANGE THE FORMAT
PLEASE INCLUDE THE REQUIRED SAMPLE REPORT**

Customer Service The City of Garden Grove places a strong value on excellent customer service and requires a commitment to it from both its own staff and the companies with which it does business.

- The bank will be required to respond to audit confirmations and other requests for data at least annually or as needed from the City's outside auditors. The bank may be requested to permit the auditors to conduct on-site inspection of transactions or review the Bank's internal control system. Define the roles and responsibilities associated with handling this task at your bank.
- Will there be a special person assigned to our account for inquiries, day-to-day communications and problem resolution? If no, how would these items be handled?
- Are there toll-free numbers for customer service and technical support? What hours is live phone assistance available?
- Provide a report/statement indicating system downtime for the past year, including how many hours and types of services that were affected. How were these problems communicated to the clients?
- Describe your emergency back-up procedures.
- Describe any short-term plans to enhance services.

Compensation A "Bid Sheet" is included as part of this RFP process to assist you in detailing the fees charged by your institution and to provide you an estimate of the volume of the City's banking activities. Monthly the financial institution shall provide a statement to the City showing the average collected balance for all the accounts as of the end of the month, the average aggregate of the collected balances, the earnings based on the 91-day T-Bill prior monthly average or better rate if available, a statement itemizing costs for the various activities in the account, net over/short for the month, and the amount of collected balance needed to cover \$1.00 of service. The completed Response sheet will become an exhibit to the final contract for the selected bidder.

- Can the City compensate your Bank by hard dollar fees, compensating balances, or a combination of the two? Are there price differences related to the method of payment? Describe any policies or limitations related to the compensation methods. Describe the Bank's calculation of collected balances, and calculation of charges for funds advanced. Also describe the methodology that would be used to give credit to the City for bank balances.
- Explain in detail if/how and when you charge the FDIC assessment.
- Are Account Analysis reports available on-line?
- How long will the Bank's pricing as indicated in this proposal be fixed?
- Describe any charges for overdrafts and/or negative collected balances. Explain how the charge is computed.
- Detail what charges can be included on the account analysis statement.
- Include a description/definition of all items and codes that could appear on the Bank's analysis statements and their current prices.
- Provide the following formulas:
 - Daylight Overdraft
 - Overnight Overdraft
 - FDIC Insurance
 - Service Charge Credit

Information Reporting The City requires the ability to obtain information and conduct book and wire transfers via an on-line system. The Bank must have an electronic communication/file transmission system to allow the City to receive, no later than 8:00 a.m. Pacific Standard Time, previous day balance and transaction information for each designated account. The Information must be available by computer via secure internet access. The system must also have wire transfer capability. Describe the balance reporting system offered by the Bank, its' features, including "user-friendliness".

- Describe the Bank's on-line information reporting system. How long is data available?
- Provide a sample of the standard reports that are available.
- Is current day information available? If so, how often is it updated?
- What are the hardware and software specifications for the Bank's on-line system?
- Are images of paid items and positive pay exceptions available on-line? If so, please describe.

- Describe the level of detail available on the information reporting service for each type of wire transfer service offered.

On-Line Security/Services

- Describe the security features of your on-line system.
- How are transaction access and permission granted, maintained and changed?
- What is your notification process for changes?

Collections/Deposit Processing Currently almost all of the City's deposited funds are delivered to the Bank via armored courier, with an occasional large check deposit being made at a local branch. Financial Institution will provide Monday through Thursday and every other Friday armored car pickup (except holidays of the financial institution/or City) at City Hall (11222 Acacia Pkwy., Garden Grove), and delivery to the financial institution. The City currently sends checks and cash. Cash averages \$10,000 to \$15,000 per day with the coin being less than \$1.00 on average. Usually once per month the cash is higher due to a deposit from our property and evidence division of the Police Department. The City has the right to review the bids received by the financial institution for armored car service. In addition, the City shall have the right to refuse service by any carrier and may negotiate a contract with an armored car service. If the City selects the armored car service, the cost of the service shall be billed to the City and paid directly to the armored car service by the City.

- Provide the location of the branch closest to Garden Grove City Hall (11222 Acacia Parkway, Garden Grove, CA 92840) that can be used for large dollar deposits that missed the courier, emergency cash withdrawals, supplies, etc.
- What time is the same-day ledger credit cut-off for over-the-counter deposits? Is there a later deadline at other branches or processing centers?
- Describe the Bank's deposit requirements, including coin, currency and check deposits. Who is responsible for the cost of deposit supplies (bags, deposit slips, etc.)?
- Does the financial institution support Check 21 Act procedures for electronic check clearing? Describe the financial institution's service including what forms or security will be employed to address this medium and the cost differential for using Check 21.
- How is the daily float calculated? What ways can the Bank offer to maximize availability of funds?
- Provide the location for your cash vault for armored car deliveries. What are the required delivery times to ensure same day credit? Are there extended hour charges? If so, what are the normal hours vs. extended hours?
- Describe the Bank's procedure for handling deposit adjustments. What documentation is provided on discrepancies? How quickly is it provided?
- Deposited Items Returned average 50 per month and are automatically re-deposited the first time returned, then forwarded to the City the second time the item is returned. Describe the Bank's returned items handling and notification

procedures. Are items automatically re-cleared? How quickly are the returned items sent to the City? Is this information available on-line?

Disbursements The City of Garden Grove mainly uses a general account for disbursement of payroll, accounts payable and housing with a positive pay service protection. Separate accounts are maintained for Worker's Comp., Liability, Petty Cash, Housing Authority, Housing Escrow and one for HUD/HOME - ACH Deposits only. City will supply City approved warrants and payroll checks. These checks will be reviewed and approved by the financial institution prior to final order.

Pre-issued Checks are issued daily. Regular checks are issued three times per month, once a month there is a housing check run, and payroll checks are issued every other week. There is a payroll direct deposit every other week and a housing direct deposit once a month.

- Does your system offer automated, repetitive and non-repetitive domestic wire transfer capabilities? Are there different controls for repetitive vs. non-repetitive? If so, please describe. If the system is not working, can the wire process be done by phone?
- Describe your procedure for notifying us when a wire transfer fails. How soon is notification made?
- Describe the setup of a positive pay file transmission. What format does the Bank require? Is technical support assigned to the project? If so, is there an additional cost?
- Describe the Bank's positive pay operation, including timelines for paying or returning exception items. Are images of the exceptions available on-line?
- How are stale dated (more than 6 months old) items handled?
- Describe the process for placing a stop payment. Does the City have the option to determine the length of time for which the stop payment is in effect? How long does it take for a stop payment to become effective once it has been entered in your system?
- Can a stop payment be cancelled on the same day as it was issued?
- What is the Bank's policy regarding recourse on an item on which a stop payment has been placed, but was subsequently cashed?
- What responsibility will the Bank assume in researching and correcting errors on paid items? (i.e. encoding errors)?
- Describe the Bank's documentation requirements for processing claims of forged items from the City.
- Will the Bank guarantee to pay all items even if it results in the account being temporarily overdrawn for the day? Describe the fees the City would be charged if that were to occur.
- What are your cutoff times for delivery of a direct deposit file?

- Do you require or recommend pre-notifications for every transaction prior to actual transfer? How are returned pre-notifications handled?

Payroll/Wires/ACH The City has approximately 800 full-time and fluctuating part-time staff. Currently the City offers direct deposit to the employees' deposit account. Payroll occurs bi-weekly.

- Describe how returned direct deposits are handled.
- Describe the acknowledgements you provide when you receive a file transmission, including the level of detail, the information required and the reconciliation procedures involved.
- Would you provide personal banking incentives for City of Garden Grove employees?

Full Account Reconciliation: The City utilizes full account reconciliation services for the City's main (General) account. The Bank must provide monthly account reconciliation reports, bank statements, account analysis statements, confirmations, and other report related features. Check images are to be provided to the City monthly on a CD. The City will need two copies so that one copy can be stored off site. In addition, at the end of the fiscal year (June 30) one or more CDs containing the entire year will need to be provided to the City. The Bank must be able to provide various reports and statements in a computer media and also provide specialized reports, where feasible, as needed. In addition, the Bank must be able to provide full account reconciliation services and positive paycheck protection services for the City's main account. Financial institution will also send a list of paid checks on CD or electronic file with the format approved by the City's Information Systems Division. Describe the account reconciliation services offered by the Bank.

Subvention Payments from the State, County, HUD and Local Agency Investment Fund and transfers The City receives subvention payments from the State and County and does LAIF transfers on a regular basis.

- Describe the LAIF transfer process. Are the transfers done by telephone, fax, wire ACH, e-mail, etc.:
- Does the Bank have an office in Sacramento that maintains a direct DDA banking relationship with the State Treasurer's Office and the State Controller's Office?
- Is there a charge per transfer to LAIF? From LAIF?
- Is it possible to set up the transfers in advance? If so, how far in advance can a transfer be set up?
- Describe the method used by the Bank for processing subvention payments.

City Credit Cards Financial institution will issue City Visa and/or MasterCard credit cards for Council members, Central Management, and other designated staff, (10-20) as requested (with no monthly or annual fee). The City does not pay late fees or service fees on any charge account.

Safekeeping Services Finance institution will provide safekeeping services for U.S. Government securities or other securities.

1. All investments shall be held in a separate account in the name of the City of Garden Grove.
2. Safekeeping by the financial institution shall in fact be legally the same as safekeeping by a third party. The instruments shall be held to ensure the investments will be classified as Investment Category 1 as outlined in Government Accounting Standards Board (GASB) Statement 3
3. The City requires safekeeping yearly (as of July 1 of each year of the contract) to provide proof that the City investments are insured including errors and omissions up to \$250,000,000.00.
4. The Safekeeping entity and the financial institution, its officers, directors and employees are responsible for any losses, liabilities, demands, claims, and expenses, any attorney's fees and taxes (other than those based on Financial institution's net income) arising out of or in connection with the safekeeping agreement for any action which is not authorized in writing by the City or action which is caused by the financial institution's negligence or willful misconduct. In addition, the financial institution's agents and contractors approved in advance in writing may also be held responsible for any losses, liabilities, demands, claims, and expenses, any attorney's fees and taxes arising out of or in connection with this agreement. This provision shall survive the termination of this agreement and shall be binding upon each party's successors, assigns, heirs and personal representatives. This clause shall be in the contract with the safekeeping entity of the financial institution.
5. Safekeeping shall only credit or debit the City's main bank account. A debit to the main account shall only be approved through written authorization by the City.

In order to ensure accurate communications between the financial institution and the City, the City requests an individual be assigned as the primary contact for each of the following sections of the financial institution.

1. Local Branch
2. Government Services Division (If Applicable)
3. Investment Division
4. Trust Division

Implementation Describe the overall plan your Bank would coordinate to ensure a smooth transition from the current provider. The Bank must also provide on-site training to our personnel for the operation and use of the Bank's services and automated systems for all areas of service.

- How long does a typical conversion to your Bank take?
- Provide a detailed implementation schedule, including assigned responsibilities.
- What costs are involved in an implementation?
- Do you provide written user manuals for all services? How often are they updated? Is there a cost for the update?
- Provide a listing of all contracts and other documentation that is required. Including samples.

- The bank must identify the cost (if any) to the City for: depository bags, endorsement stamps, deposit slips, standard commercial currency supplies such as currency wrappers, deposit tickets, labels, endorsement and routing rubber stamps, lead seals, and other necessary supplies.
- Any services, in addition to the basic services above, provided by the financial institution should be listed on an attached sheet using the following format:

Name of the Service
Description of the benefit of this service to the City

Monthly Charge for the Service or Collected Balance requirement of no less than the 91-Day T-Bill prior month average.

- The City reserves the right to choose which services it may desire and select the method of payment for the service

Other Information

Uncollected Funds Rate (%) _____

Overdraft Rate (%) _____

Fixed Pricing Guarantee (#years) _____

I hereby certify that I am authorized by the financial institution to meet all proposal requirements listed above and that this financial institution can conform with Section 53638 of the Government Code.

Name of Financial Institution Name: _____

Signature: _____

Typed Name: _____

Title: _____

Bank Officer's E-Mail Address: _____

Date: _____

Section 53638 of the Government Code reads as follows:

(a) The deposit shall not exceed the total of the paid-up capital and surplus of any depository financial institution. For the purposes of this subdivision, paid-up capital shall be deemed to include capital notes and debentures.

(b) The deposit shall not exceed the total of the net worth of any depository savings and loan association, except that deposits not exceeding a total of five hundred thousand dollars (\$500,000) may be made to a savings and loan association without regard to the net worth of that depository, if such deposits are insured or secured as required by law."

ATTACHMENT "A"
RFP NO. S-1088

CITY OF GARDEN GROVE

FINANCIAL INSTITUTION SERVICE PROPOSAL
SCOPE OF WORK/RESPONSE

Proposal Submitted by: RANDY J. UNGERSMA, VICE PRESIDENT

Bank: UNION BANK, N.A.

Address: 530 "B" STREET, SUITE 535 SAN DIEGO, CA 92101

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RETURNED WITH THE PROPOSAL
PLEASE DO NOT CHANGE THE FORMAT
PLEASE INCLUDE THE REQUIRED SAMPLE REPORT**

Customer Service The City of Garden Grove places a strong value on excellent customer service and requires a commitment to it from both its own staff and the companies with which it does business.

- The bank will be required to respond to audit confirmations and other requests for data at least annually or as needed from the City's outside auditors. The bank may be requested to permit the auditors to conduct on-site inspection of transactions or review the Bank's internal control system. Define the roles and responsibilities associated with handling this task at your bank.

Union Bank will respond to audit confirmations and/or other requests for data at least annually or as needed from the City's outside auditors. We will work with the City's outside auditors to perform any on-site inspections of transactions or review the Bank's internal control system if required.

- Will there be a special person assigned to our account for inquiries, day-to-day communications and problem resolution? If no, how would these items be handled?

Yes. Your primary relationship manager will continue to be Randy Ungersma, who will be supported by Rebecca Sherrick, Vice President & Treasury Management Consultant, and the Government Customer Service Unit to ensure the City receives the best possible customer service.

The City will contact a Government Commercial Customer Service Associate to handle any of their day-to-day banking and treasury management issues or handle any problem resolution. Our Government Commercial Customer Service associates provide a superior level of responsiveness and commitment. One telephone call gives the City access to highly qualified, experienced associates who support your banking needs—from expediting accurate processing to providing fast, helpful responses to your daily inquiries.

- **Are there toll-free numbers for customer service and technical support? What hours is live phone assistance available?**

Yes. Our Commercial Customer Service associates may be reached Monday through Friday from 5:00 a.m. to 6:00 p.m. PST by dialing a toll free number (800-798-6466).

- **Provide a report/statement indicating system downtime for the past year, including how many hours and types of services that were affected. How were these problems communicated to the clients?**

Union Bank has a formal quality improvement program in place for all cash management services. We use the BAI critical quality indicators and internal indicators to measure performance. We also review statistics to identify areas where we can improve performance.

We monitor and report on performance every day, and make recommendations to improve quality on a monthly basis. Key technical, product management, relationship management, systems, and executive management personnel participate in these monthly quality meetings to ensure improved quality initiatives are implemented and followed.

System Availability has been 99% in the last quarter.

Union Bank will notify the City through a message on our Online Business Center about delays and when the data will become available.

- **Describe your emergency back-up procedures.**

Union Bank has diversified its operations and supporting technology services through geographically dispersed service centers in different states. The centers are inter-connected through high-speed telecommunication links and are able to process in both stand-alone and connected states. The matrix below highlights the strength of the Bank's technology infrastructure:

Category	Number of Redundant Systems	Contingency Capacity	Notes
Main computing complex	2	100%	
Cash vault operations	3	100%	3 locations
Wire systems	2	100%	
Item processing systems	2	100%	2 locations
ACH systems	2	100%	
Check image archive	2	100%	2 locations
Check 3890 locations	3	100%	2 locations
Internet banking services	2	100%	2 ISPs/2 active telecom paths to applications
Communications backbone (Third-party telecommunications)	9	100%	2 external paths, network backbone triangular infra-structure with auto recovery and re-routing

Union Bank's other core services (ATM, international, cash management, lockbox, payment processing, and others) are all redundantly backed up. Internet services include intrusion detection and firewalls that are tested by third parties.

Summary

The Bank oversees its disaster program by proactively:

- Establishing and testing all core services, systems and applications
- Summarizing annual contingency programs for the Bank's Audit Division and the Board Audit Subcommittee review and approval annually

Union Bank actively augments its Operations and Technology infrastructure. All deployed core applications have built-in redundant telecommunications, server, storage, and software recoverability. All core applications are tested for recoverability prior to deployment. The Bank operates an Operations, Technology, and Networking infrastructure to provide continuity of services and timeliness of delivery through all reasonable scenarios.

The continuity of operations has been tested repeatedly through telecommunications failures, earthquakes, civil disturbances, and other disruptions. The Bank's geographically dispersed service centers provide multiple backup locations to any one point of failure. Network connections to these centers are redundant and network vendor diverse, with multiple telecommunications vendors servicing each site.

- **Describe any short-term plans to enhance services.**

Developing and implementing new services and enhancements is a top priority. Our experienced product management staff actively participates on industry councils to remain at the forefront of industry trends and changes. The product plans for treasury management services are reviewed on an ongoing basis to reflect the needs of our customers, new technology developments, environmental and regulatory changes, and other changing market conditions.

In addition to monitoring and implementing new technologies, we constantly enhance information reporting features and functionality to provide the highest levels of service in the industry.

We pay special attention to our customers' experiences to help us identify and develop new and enhanced services. We actively conduct proof of concepts and pilot implementations to gain customer feedback so that we can continue to create quality products.

Our team members also participate in the following conferences, seminars, and workshops to remain at the forefront of industry trends:

- BAI Payments Forum
- Global Concepts Check Forum
- Check Float Roundtable
- BITS Financial Services Roundtable

- Electronic Payments Network Business and Rules Committees
- Western Payments Rules and Education Committees
- NACHA Corporate Payments Council (Steering Committee member)
- NACHA Internet Council and NACHA Electronic Check Council

We use the information we gain from these sources to formulate strategic product plans to ensure cutting-edge product development, innovation, and expansion. We are always seeking new and better ways to serve our customers with the latest technology and systems available.

Compensation A "Bid Sheet" is included as part of this RFP process to assist you in detailing the fees charged by your institution and to provide you an estimate of the volume of the City's banking activities. Monthly the financial institution shall provide a statement to the City showing the average collected balance for all the accounts as of the end of the month, the average aggregate of the collected balances, the earnings based on the 91-day T-Bill prior monthly average or better rate if available, a statement itemizing costs for the various activities in the account, net over/short for the month, and the amount of collected balance needed to cover \$1.00 of service. The completed Response sheet will become an exhibit to the final contract for the selected bidder.

Union Bank's monthly analysis statement provides all the required information as described above. Please find the completed "response sheet" as *Attachment B* in **Tab A – Cost Proposal**. In addition, we have included the Government Schedule of Fees for any fees not shown on *Attachment B*.

- **Can the City compensate your Bank by hard dollar fees, compensating balances, or a combination of the two? Are there price differences related to the method of payment? Describe any policies or limitations related to the compensation methods. Describe the Bank's calculation of collected balances, and calculation of charges for funds advanced. Also describe the methodology that would be used to give credit to the City for bank balances.**

The proposed Compensation method to pay for banking services used during the next contract period will provide the City with complete flexibility to chose which combination of hard dollar verses balance compensation to use that best suites the City's needs throughout the duration of the contract period. The account charge settlement process will also be more efficient for both the City and the Bank. The pricing proposal is a "fixed unit price" contract with guaranteed "fixed unit pricing" for the duration of the contract that is the industry norm for government banking contracts.

- Bank will provide the same detailed analysis statement format as done today and City will only pay for the volume of services used during the prior month.
- Soft dollar earnings on balances based on Earnings Credit Rate will be applied to the total cost of services delivered during prior month.
- Remaining net cost of services will be charged to the City's settlement checking account on a monthly basis around the 26th of the following month after services have been delivered.
- Bank will immediately provide City with provisional credit for any disputed product charges.

Calculation of Earnings Allowance

Each month the Bank sets its earnings credit rate based on the prior month's 91-day Auction Treasury Bill and on current market conditions. The reserves are deducted from the available balance before the earnings credit rate is applied. To provide the City with additional savings we will establish a "minimum ECR at .40%". The earnings credit rate is applied to the balance available to support activity, which is calculated as follows:

Average adjusted ledger balance
- Average uncollected funds (float)
 Average collected balance

Average collected balance
 +Funds advanced to cover any uncollected position
 -Reserves
-Any compensating balances
 Balance available to support activity

Average collected balance
 Plus Funds advanced to cover any uncollected position
 -Less Reserves
 -Less Any compensating balances
 Equals Balance available to support activity (BAL)
 Times Earnings Credit Rate (ECR)
 Times Calendar days in the month (DIM)
 Divided by Days in the year equals (DIY)

Earnings Credit Allowance = $\frac{(BAL) \times (ECR) \times (DIM)}{(DIY)}$

(Minimum ECR will be set at .40% to provide additional earnings on balances)
 Gross Earnings Credit
 -Less: Charges for Balance Compensated Services
 Equals: Net Earnings or Deficit - Settlement Period To Date

Calculations of Charges for Funds Advanced

Customer usage of uncollected funds (UCF) or advanced funds is charged the Union Bank Reference Rate plus 4.0% per annum, computed on the average daily usage of uncollected funds for the month in question.

- Explain in detail if/how and when you charge the FDIC assessment.

FDIC and other Federal Regulatory assessments are not guaranteed to be fixed as they can change as regulations can change at any time. Union Bank is charged an assessment by the Financing Corporation (FICO) and another assessment by the Federal Deposit Insurance Corporation (FDIC). We pass on these assessments on analyzed accounts to our customers at no markup.

As of October 2011, the FICO assessment is \$.0071 per \$1,000 of the prior quarter's ending ledger balance per month. The FDIC assessment is \$0.0947 per \$1,000 of the average monthly adjusted ledger balance. Deposit Insurance will be billed as one line item on the analysis statement as "Deposit Insurance" at \$.1018 per \$1,000.

- **Are Account Analysis reports available on-line?**

Yes. Account Analysis statements are available on-line.

- **How long will the Bank's pricing as indicated in this proposal be fixed?**

As part of our long-term commitment to the City we agree to a fixed unit price contract period of five (5) years, with the option to renew annually thereafter.

- **Describe any charges for overdrafts and/or negative collected balances. Explain how the charge is computed.**

Union Bank realizes it is not the intent of the City to overdraw its account. An overdraft is checks or other transactions presented against insufficient funds, whether paid or unpaid. The Bank's relationship with the City is paramount in our overdraft decisioning. Should an overdraft occur, overdraft balances and related fees are charged the Union Bank reference rate plus 4% per annum, calculated using a 360-day year and computed daily, with a minimum daily charge of \$10.00, assessed from the time such overdraft balances are created and related fees are incurred. NSF fees for checks or other transactions presented against insufficient funds whether paid or unpaid are assessed at \$5.00 per item.

- **Detail what charges can be included on the account analysis statement.**

The Bank will allow the City to utilize excess account analysis earnings credits to pay Reg Q approved vendor bills if there is sufficient excess earnings credit to offset these costs. The Reg Q approved costs are for items and services that are directly related to banking services or financial services provided for the benefit of Union Bank. Reg Q approved costs include: Check Stock and Bank Supplies; Union Bank Institutional Custody and Corporate Trust Services; Computer Equipment (Hardware and Software for internal processing of normal banking services); Courier and Armored Car Services; payroll processing fees. Merchant Card service fees can not be paid through account analysis.

Vendor bills requiring mark-up are listed as follows:

- Pricing for Courier Service/Armored Car will be passed through analysis at cost with the proposed "direct charge" settlement process. If "invoice" settlement is chosen transportation vendor invoices may still be passed through analysis with a 10% markup.
- Any other approved 3rd party (approved Req Q) vendor bills from outside Union Bank - cost plus 20%.

- **Include a description/definition of all items and codes that could appear on the Bank's analysis statements and their current prices.**

Please refer to **Exhibit 1 – Service Charge Code definition**. Please refer to the completed **Attachment B** in **Tab A – Cost Proposal** and the **Government Schedule of Fees**.

- **Provide the following formulas:**

- o **Daylight Overdraft**

The Bank does not currently charge customers for these overdrafts.

- o **Overnight Overdraft**

Union Bank reference rate plus 4% per annum, calculated using a 360-day year and computed daily, with a minimum daily charge of \$10.00, assessed from the time such overdraft balances are created and related fees are incurred. NSF fees for checks or other transactions presented against insufficient funds whether paid or unpaid are assessed at \$5.00 per item.

- o **FDIC Insurance**

As of October 2011, the FDIC assessment is \$.0071 per \$1,000 of the prior quarter's ending ledger balance per month. The FDIC assessment is \$0.0947 per \$1,000 of the average monthly adjusted ledger balance. Deposit Insurance will be billed as one line item on the analysis statement as "Deposit Insurance" at \$.1018 per \$1,000.

- o **Service Charge Credit**

Please refer to the Earnings Credit Allowance formula on page 14.

Information Reporting The City requires the ability to obtain information and conduct book and wire transfers via an on-line system. The Bank must have an electronic communication/file transmission system to allow the City to receive, no later than 8:00 a.m. Pacific Standard Time, previous day balance and transaction information for each designated account. The Information must be available by computer via secure internet access. The system must also have wire transfer capability. Describe the balance reporting system offered by the Bank, its' features, including "user-friendliness".

- **Describe the Bank's on-line information reporting system. How long is data available?**

With **Information Reporting on the Web**, the City can continue to manage their funds through the use of our secure Web channel. The City can continue to check account balances, view transaction detail, and determine their cash position for all of their U.S. dollar and foreign currency accounts. With this level of information, the City will continue to improve financial decision-making, capitalize on investment opportunities, and reduce loan balances as needed.

Information Reporting on the Web enables you to:

- Download data files and standard reports on a set schedule or on-demand
- View front and back images of paid checks and deposit tickets
- Analyze and adjust balance levels
- Concentrate surplus cash
- Identify your total cash-pool by size, location, and funds availability

In addition, you can easily customize the summary and detail reports to get the precise information you need for your business decisions.

Current Day and Prior Day Reports

Access U.S. dollar and foreign currency account activity on your Union Bank prior and current day reports. Historical information is available online for 45 business days.

Prior day information is available at **5:00 a.m.**, Pacific Time, Monday through Friday. Current day wire transactions are updated in real-time, and other transactional information data is updated throughout the business day from midnight to 11:00 p.m. Pacific Time, Monday through Friday.

Custom Reports

Custom reports provide you with flexible, user-friendly data selection capabilities. You can choose report criteria for one or more accounts, select a single date or range of dates, up to 45 prior business days, and select from pre-defined types of data (e.g., all credits, ACH debits, wire debits and credits).

- **Provide a sample of the standard reports that are available.**

Please refer to **Exhibit 2** for sample standard reports.

- **Is current day information available? If so, how often is it updated?**

Yes. Current day information is available. Current day wire transactions are updated in real time, and other transactional information data is updated throughout the business day from midnight to 11:00 p.m. Pacific Time, Monday through Friday.

- **What are the hardware and software specifications for the Bank's on-line system?**

Information Reporting is available through our Online Business Center, so no software is needed.

Our online service support most current Internet browsers that are 128-bit encrypted (e.g., Microsoft® Internet Explorer® version 6.0 and higher).

We provide support for Microsoft Windows® 7, Microsoft Windows® XP, and Windows 2000 Operating Systems. In general, the Bank supports the current and prior Windows operating systems.

- **Are images of paid items and positive pay exceptions available on-line? If so, please describe.**

Yes. Images of paid items and positive pay exceptions are available on-line.

Image on Demand, available behind the Online Business Center (OBC), allows the City to view the images of checks paid, deposit slips and checks deposited conveniently online 24 hours a day. Images of both the front and back of items are available in either HTML or PDF format.

The City can view and disposition exceptions in a quick and easy to use format through the online version of our positive pay service and our Mobile Positive Pay service. The online version of our Positive Pay service enables you to quickly search and return items using check serial numbers, dollar amounts, and account numbers.

- **Describe the level of detail available on the information reporting service for each type of wire transfer service offered.**

Wire transaction information on Prior Day reports include wire dollar amount, TRN number, and Bank reference number.

On-Line Security/Services

- **Describe the security features of your on-line system.**

Union Bank employs the latest Internet browser security standards:

- **RSA Encryption:** Provides end-to-end protection for data as it travels to and from your PC and the Bank's computer.
- **Secure Socket Layer (SSL) encryption:** Protects privacy by transforming information passing between Union Bank and customer computers into a garbled or unreadable form. We use digital certification to ensure your Internet browser is communicating with the Bank.
- **128-bit key encryption:** The most secure grade of domestic encryption, providing maximum security to customers accessing banking information online.
- **Customer authentication:** A single sign-on system ID and password required to access account information and initiate transactions. Operator access is also controllable at the service and/or account level. Web Administrators set company-wide password expiration parameters for their users. Customers are encouraged to change their user passwords every 90 days.
- **A layered security model:** Routers, network-based intrusion detection, firewalls, host-based intrusion detection, application intrusions, and other monitoring and event correlation software are used to proactively monitor and review the environment.

To protect against fraud in today's environment, it is important to maintain sufficient control over online account information and transaction services. These services provide additional layers of security to help prevent fraudulent access to your computer network and your users' online credentials:

Security Token at Sign-On

This solution requires the use of a security token to sign onto the Online Business Center. Users must provide user ID and "passcode," which is the combination of a password plus the six-digit number displayed on the security token. This unique passcode is virtually impossible to replicate.

Internet Protocol (IP) Address Restriction

This security control allows any business to restrict Online Business Center access to designated IP addresses only. Each computer in your organization’s network has a unique IP address. Users who sign on from a computer with an IP address that is not on the designated list will be denied access to the Online Business Center

• **How are transaction access and permission granted, maintained and changed?**

Contracting officers (e.g., owner, CFO, or individual with primary responsibility for banking services) and company-elected Web Administrators can add and delete users online or by contacting the Global Treasury Management Services department. User entitlement is assigned at the report and account level.

Our online enrollment and user administration feature allows contracting officers and Web administrators to efficiently manage account access. They can:

- Enroll users for new services online and/or delete users to accommodate changes in staff
- Assign user access to reports, transaction functionality, and account entitlements
- Lockout or reset passwords and manage user security settings
- Quickly access a 90-day history of service requests

Contracting officers can also enroll for new services online. The chart below provides examples of key stakeholder’s roles and responsibilities.

Contracting Officers	Web Administrators	Users
<p>Decision makers empowered to manage the company's access to banking services.</p> <ul style="list-style-type: none"> ▪ Enroll in new services ▪ Identify Web Administrators ▪ Perform all of the activities of Web Administrators 	<p>Designated employees who can manage employee access to Web services and perform the day-to-day activities.</p> <ul style="list-style-type: none"> ▪ Manage employee accounts ▪ Create new Users and assign them access to services ▪ Change User entitlements within Web services 	<p>Employees of the company.</p> <ul style="list-style-type: none"> ▪ Granted access to use specific Web services with entitlements as defined by Contracting Officers or Web Administrators

- **What is your notification process for changes?**

Contracting officers (e.g., owner, CFO, or individual with primary responsibility for banking services) and company-elected Web Administrators can add and delete user accounts and reports online or by contacting your relationship manager.

Collections/Deposit Processing Currently almost all of the City's deposited funds are delivered to the Bank via armored courier, with an occasional large check deposit being made at a local branch. Financial Institution will provide Monday through Thursday and every other Friday armored car pickup (except holidays of the financial institution/or City) at City Hall (11222 Acacia Pkwy., Garden Grove), and delivery to the financial institution. The City currently sends checks and cash. Cash averages \$10,000 to \$15,000 per day with the coin being less than \$1.00 on average. Usually once per month the cash is higher due to a deposit from our property and evidence division of the Police Department. The City has the right to review the bids received by the financial institution for armored car service. In addition, the City shall have the right to refuse service by any carrier and may negotiate a contract with an armored car service. If the City selects the armored car service, the cost of the service shall be billed to the City and paid directly to the armored car service by the City.

- **Provide the location of the branch closest to Garden Grove City Hall (11222 Acacia Parkway, Garden Grove, CA 92840) that can be used for large dollar deposits that missed the courier, emergency cash withdrawals, supplies, etc.**

Union Bank has several locations within 5 miles of the City Hall. The City can utilize the Garden Grove branch located at 11900 Brookhurst Street for any day-to-day banking or emergency cash needs. In addition, Union Bank has the following locations the City may utilize:

Westminster Branch
15377 Brookhurst Street
Westminster, CA 92683

Orange Branch
500 South Main Street
Orange, CA 92868

- **What time is the same-day ledger credit cut-off for over-the-counter deposits? Is there a later deadline at other branches or processing centers?**

Cut-off times to ensure same-day ledger credit vary based on the type of service:

Check Processing Data Centers

Unencoded checks:

Monday through Thursday at 6:30 p.m. Pacific Time

Friday at 10:00 p.m. Pacific Time

Pre-encoded Checks:

Monday through Thursday at 8:30 p.m. Pacific Time

Friday at 12:00 midnight Pacific Time

Cash Vaults:

Vary by location – most cut-off times are at 8:00 p.m. local time

Branches:

Monday through Friday - 5:00 p.m. Pacific Time

Remote Deposit Service:

8:00 p.m. Pacific Time

Image Cash Letter:

10:00 p.m. Pacific Time

- **Describe the Bank's deposit requirements, including coin, currency and check deposits. Who is responsible for the cost of deposit supplies (bags, deposit slips, etc.)?**

Please refer to **Exhibit 3 – Deposit Delivery Handbook** for deposit requirements.

Deposit slips, checks, and endorsement stamps can be ordered through the Bank (unionbank.com/supply) or through the vendor of your choice, provided that they meet our quality specifications. Commercial deposit supplies, such as cash vault bags or currency straps, can be ordered online. Union Bank supplies are billed through account analysis.

- **Does the financial institution support Check 21 Act procedures for electronic check clearing? Describe the financial institution's service including what forms or security will be employed to address this medium and the cost differential for using Check 21.**

Yes. Union Bank supports the Check 21 Act procedures for electronic check clearing.

Union Bank was one of the first banks to offer image exchange as part of Check 21 legislation, and is a leading provider of the **Remote Deposit Service**.

We recommend the City utilize Remote Deposit Services as a tool to create efficiencies, reduce risk to employees when making branch deposits, and compliment the City's image archive capabilities.

Union Bank offers the Remote Deposit service that can lower your costs and streamline your deposit and receivables processing. This service accelerates the collection and transmission of the City's deposits to the bank. Checks to be deposited are scanned into an electronic file for transmission to Union Bank. The system reviews each check to see if it is eligible to be converted to an ACH transaction. The City can review check images, data, and clearing methods via the Web. You can also download the check and remittance data to a file for updating your receivables.

Remote Deposit will enable the City to realize important efficiencies, including:

- Account consolidation
- Reduced processing costs
- Increased convenience
- Reduced transportation time and expense
- Improved cash flow and deposit availability

The City can use Union Bank Remote Deposit Web solution, which includes the software and scanner. Union Bank can also accept image deposit files created by the City's software pending successful testing.

If the City wishes to implement Remote Deposit Services, we will provide two free desktop scanners. Remote Deposit enables accurate and efficient check processing customized to the City's requirements and can save time and resources.

- **How is the daily float calculated? What ways can the Bank offer to maximize availability of funds?**

Float is calculated based on your assigned availability schedule.

The City can take advantage of the latest technology available today including remote deposit to expedite deposit processing and check processing to the bank, as well as accepting electronic payments and/or ACH transaction as form of acceptable payments. If the City receives state warrants, our government subvention processing is also an excellent service to expedite availability for warrants issued by the State.

- **Provide the location for your cash vault for armored car deliveries. What are the required delivery times to ensure same day credit? Are there extended hour charges? If so, what are the normal hours vs. extended hours?**

Armored car services are provided by a number of local providers and the City may use whichever vendor they wish. The Bank doesn't provide armored car services. Union Bank has requested new bids and Dunbar provided the lowest monthly bid at \$275.00 for the same service level as today. The carrier/courier must be scheduled to deliver your deposit to the Los Angeles Bank's Service Center by 8:30 p.m. (PST) for pre-encoded work, 6:30 p.m. (PST) for un-encoded work and 8:00 p.m. for cash-only deposits to receive same day ledger credit to your account. Frequency and timing of pickups is dependant on the service provider.

There are no extended hour charges.

- **Describe the Bank's procedure for handling deposit adjustments. What documentation is provided on discrepancies? How quickly is it provided?**

We differentiate between a deposit correction and an adjustment. Our check processing area balances and corrects deposits each business day. The credit or debit transaction created to balance is referred to as a deposit correction. For deposit corrections, a reconciliation report is available on a daily basis, or a deposit reconciliation file is available via transmission daily, weekly, or at the end of the monthly account cycle.

Adjustments are defined as corrections that are made a day or more after the day of deposit (e.g., an adjustment for an encoding error that did not cause an out of balance condition). Notices detailing the cause of deposit corrections or adjustments are mailed to either the location specified or to corporate headquarters.

A notice detailing the cause of a cash-vault adjustment, plus necessary documentation, may be mailed to a specific location or to corporate headquarters. A daily deposit adjustment report is available upon request at no charge. This report details all cash vault-reported deposit corrections.

- **Deposited Items Returned average 50 per month and are automatically re-deposited the first time returned, then forwarded to the City the second time the item is returned. Describe the Bank's returned items handling and notification procedures. Are items automatically re-cleared? How quickly are the returned items sent to the City? Is this information available on-line?**

The City currently uses our **Deposited Items Returned** feature. Returns are automatically re-deposited one time, in conjunction with federal regulations. For checks that qualify and companies that participate in Electronic Receivables, a check may be presented once and then represented as an ACH-RCK (represented check entry) up to two times more. If a check is truncated and presented to a bank as an ACH-ARC (accounts receivable check entry), and is returned due to insufficient funds, it may be presented twice automatically. Returned item charge backs are mailed to customers the day the charge back is received by the Bank.

With easily accessible information about deposited returned items—for both current and historical checks—you can improve your collections decisions. The City can download returned item data, including images, from the past 62 calendar days to create a historical database of unpaid items. This allows you to determine if you should accept checks or alternative payment methods for future transactions, or you can import this information into collection letters. With current data accessible online, you can make just-in-time decisions to ship goods or extend services to customers.

Included in our **Deposited Items Returned** service is comprehensive Web reporting of returned items. Available on the Web on banking business days from 6:30 a.m. until 11:00 p.m. Pacific Time, current-day return item information and images help you make timely, informed collections decisions. The Bank issues early warnings of deposited items of \$2,500 or more that might be returned, and updates this information online five times each day. To ensure rapid communication of return items or early warnings, the Bank can send email and text pager alerts.

Disbursements The City of Garden Grove mainly uses a general account for disbursement of payroll, accounts payable and housing with a positive pay service protection. Separate accounts are maintained for Worker's Comp., Liability, Petty Cash, Housing Authority, Housing Escrow and one for HUD/HOME - ACH Deposits only. City will supply City approved warrants and payroll checks. These checks will be reviewed and approved by the financial institution prior to final order.

Pre-issued Checks are issued daily. Regular checks are issued three times per month, once a month there is a housing check run, and payroll checks are issued every other week. There is a payroll direct deposit every other week and a housing direct deposit once a month.

- Does your system offer automated, repetitive and non-repetitive domestic wire transfer capabilities? Are there different controls for repetitive vs. non-repetitive? If so, please describe. If the system is not working, can the wire process be done by phone?

Yes. The Bank offers automated, repetitive and non-repetitive domestic wire transfer capabilities.

Internet

Users must have Single Sign-On authorization to gain access to the system. Users must have Single Sign-On authorization to gain access to the system. A segregation of duties protocol requires separate individuals create and approve transactions. All users with approval entitlements must have a SecurID token. In addition, Union Bank has other controls in place for each user, such as account level access, user entitlements, and transaction limits.

Wires initiated online give you the ability to batch up to 20 wires into one transfer request, and the flexibility to mix domestic, international, and book transfers into one batch.

Telephone

Telephone initiation must be made by authorized individuals. All callers must have a Caller ID number and SecurID authentication, or Union Bank will perform a callback. Any telephone transaction may be subject to callback verification. In addition, Union Bank has more subtle controls in place, such as, specific account access for each user, specific functionality assigned, and individual amount limits for each person accessing the system.

Touchtone telephone service is not available at this time.

Fax

Fax initiation must be made by an authorized individual. These transfer requests may be subject to one or more security procedures including signature, PIN, or callback verification, as well as SecurID authentication. We are phasing out this option.

- Describe your procedure for notifying us when a wire transfer fails. How soon is notification made?

There are several circumstances that can lead to a repair, including incorrect account numbers, insufficient funds, Office of Foreign Asset Control (OFAC) review, and incomplete wire instructions.

In a case where there is no clearly identified account number to credit or the account name and number do not match on an incoming transaction, the wire may be returned to the source. An investigation is always initiated to determine whether to apply funds or return them.

Outgoing wires would not be repaired and would ultimately be rejected if there is a clear security violation such as failure during the approver's SecurID authentication or the amount of the transaction exceeding the user's authority. Also, an outbound wire could be canceled if the amount exceeds the customer's available balance and daylight overdraft limit combined, and approval from the Bank is not given to release.

Union Bank does not typically notify customers of repaired wires. The wires are processed with posting notification made online or by telephone.

- Describe the setup of a positive pay file transmission. What format does the Bank require? Is technical support assigned to the project? If so, is there an additional cost?

Our implementation timeline is approximately four weeks. We require test checks before going live with controlled disbursement. Additional testing will be required if payee positive pay will be used with your controlled disbursement account.

The implementation timeline below illustrates the steps and time associated with setting up new clients' account(s).

ID	Task Description	Duration (Days)	Weeks																
			Week one				Week two				Week three				Week four				
			M	T	W	T	M	T	W	T	M	T	W	T	M	T	W	T	
1	Gather appropriate documentation	3																	
2	Open Account(s)	5																	
3	Identify appropriate feature/function	1																	
4	Enroll account(s) up on feature/function	5																	
5	Enroll/test transmission connection	15																	
6	Test checks (non-payee positive pay)	5																	
7	Test checks (with payee positive pay)	10																	
8	Customer training	1																	
9	Go live	1																	
Total number of days*		46																	

* Total number of day may vary based on complexity of the setup and customer availability

We support a variety of communication protocols to transmit and receive data files, including Hypertext Transfer Protocol Secure (HTTPS) through our Online Business Center, File Transfer Protocol (FTP) with Secure socket Layer (SSL) or Secure Shell (SSH), Applicability Statement 2 (AS2), and Direct Connect (Secure NDM).

We use the GXS VAN service for EDI-formatted files. We support various encryption methods, including Pretty Good Privacy (PGP) and Virtual Private Network (VPN), so all files can be encrypted and work with various VANs regardless of protocol.

Our training and implementation department is responsible for coordinating implementation of all Global Treasury Management services and ensuring you receive the appropriate training and technical assistance. On-site visits are typically not necessary, but are available if needed. We also frequently provide interactive Webinar training for the Positive Pay service.

- **Describe the Bank's positive pay operation, including timelines for paying or returning exception items. Are images of the exceptions available on-line?**

The City currently uses Union Bank's **Full Account Reconciliation** services with the Positive Pay feature to protect the City against check fraud losses. Automated Full Reconciliation service increases the City's efficiency and reduces clerical time and expense. This flexible service can be tailored to meet your specific needs. When you provide us with check issue information, we report and reconcile your check activity to your bank statement.

Yes. Images of the exceptions are available online. Union Bank recommends the City to continue utilizing **Positive Pay on the Web** service.

Positive Pay on the Web provides fast access to suspicious checks, and lets you enter online instructions to return unauthorized items.

- We match checks presented against your issues, flag suspicious items and provide the images via the Web. You can review your information online each morning by 7:30 a.m. Pacific Time.
- After reviewing items online, you give us disposition instructions online with the click of a button.
- Electronic files containing exception item dispositions are retained, annotated with the name of the decision maker.
- Email Courtesy notification of exceptions one hour prior to the deadline if we have not received disposition instructions on exceptions.

The City will have until 2:00 p.m. Pacific Time to review the discrepancies and notify the Bank to accept or reject.

In addition, the City can view and make disposition decisions on Positive Pay exceptions by utilizing our **Mobile Banking Service**.

Our Mobile Banking gives you the flexibility to access you accounts through a smartphone or PDA—from wherever you happen to be.

With Mobile Banking, you can securely:

- Check account balances in U.S. dollars and foreign currencies
- View transaction details
- Conduct intra-bank account transfers
- Approve wire transfers
- View and make disposition decisions on Positive Pay exceptions
- Submit Positive Pay issued check information individually
- **How are stale dated (more than 6 months old) items handled?**

Customers have the flexibility to set stale-date parameters when using account reconciliation. Our stale check service allows you to control and define your stale-date parameters. We remove issue records that meet the stale-date parameter from your outstanding total and report them separately. Stale checks are flagged as exceptions and presented to you for a pay or return decision.

Our Positive Pay services, allow you to view stale dated items attempting to post to the account. You can decide whether to pay or return the item(s).

- **Describe the process for placing a stop payment. Does the City have the option to determine the length of time for which the stop payment is in effect? How long does it take for a stop payment to become effective once it has been entered in your system?**

Stop Payments on the Web

Stop Payments on the Web lets the City make check inquiries, place stop payments, and cancel stops, using the speed and convenience of the Internet. Simply log in to our Online Business Center and click “Stop Payments.” From there, you can get status information and take action. This efficient method of placing stop payments also reduces your expenses.

The service requires no software installation, and allows you to accomplish multiple tasks from a single screen. Easy-to-follow prompts guide you through each function and remind you to complete key fields. Security is built into the system, so the City has control over who can access the service and accounts, and place stop payment orders.

Stop payments will automatically renew at six month intervals unless you request its release. The City must place a new stop payment order if you wish to reactivate an expired or released stop payment order.

Stop payments become effective once it has been entered into the system and the system has verified it has not cleared the Bank.

- **Can a stop payment be cancelled on the same day as it was issued?**

Yes. A stop payment may be cancelled on the same day as it was issued.

- **What is the Bank's policy regarding recourse on an item on which a stop payment has been placed, but was subsequently cashed?**

If we pay your check over a valid stop payment order, we will credit your account for the amount of loss you prove has occurred or the face amount of the check, whichever is less. However, we must have a reasonable period of time to research the circumstances concerning any such check before crediting your account.

Please refer to **Exhibit 5 – All About Business Accounts & Services and Global Treasury Management Services Disclosure and Agreement** for additional information regarding Stop Payments.

- **What responsibility will the Bank assume in researching and correcting errors on paid items? (i.e. encoding errors)?**

With a dedicated team supporting our Government clients, immediate access is available for extensive research, escalation and problem resolution. Additionally, each customer service representative has access to information on all accounts to answer inquiries, resolve issues or conduct basic research requests.

The City should continue to contact a Government Customer Service Associate to research or correct any errors on the account.

- **Describe the Bank's documentation requirements for processing claims of forged items from the City.**

We have provided below the Bank's policy and procedure regarding various types of forged endorsements and guaranteed time frame for the City to be reimbursed for such items.

At the onset of opening an account a Forged/Unauthorized Endorsement Agreement and Indemnity and Hold Harmless Agreement will be included in the new account packages.

The Forged/Unauthorized Endorsement Agreement states the Bank will collect on the City's behalf if a check with a fraudulent endorsement is presented.

Any client not on Account Reconciliation will have the Indemnity and Hold Harmless Agreement on file. By signing this form, the City recognizes and takes responsibility for any loss on the account. It will also be the City's responsibility to monitor the account.

Forged Endorsement item: We would send the City a two part Affidavit of Forged/Missing Endorsement. Both parties (client/payee) need to complete these forms. Forms also need to be notarized by both parties. Reclamation for checks issued within California is one year. Checks issued out of state is three years.

Makers signature is forged: Affidavit of Forged Makers Signature will be sent to the City. This form will also need to be notarized. If the City is not on Account Recon, the recommendation

for the account to be closed will be made immediately. The Indemnity and Hold Harmless Agreement will take effect with this type of forgery.

Altered check (payee): These are checks issued by the City. The payee is altered and negotiated by another individual. Affidavit of Altered Payee will be sent to the City. This form will also need to be notarized.

Third Party Drafts: Affidavit of Unauthorized Third Party Drafts will be sent to the City. This form will also need to be notarized. In certain cases we can attempt to return an unauthorized draft without the affidavit. We can also return them as a "late return" however this is only an attempt and still leaves the Bank in a loss position.

Processing: Once completed affidavits are received, the Bank will process and mail to the Bank of first deposit. The Bank of first deposit has the option to pay or deny our claim based on several scenarios (i.e. late return, late reclamation, payment already made to client).

Based on dollar amount the Bank will also make an attempt to collect on an item after the reclamation has lapsed.

Claim of Loss

If you claim a credit or refund because of a forgery, alteration or any other unauthorized withdrawal, you agree to cooperate with us in the investigation of the loss, including giving us an affidavit containing any reasonable information we require concerning your account, the transaction(s) and the circumstances surrounding the loss. You also agree to file a police report if we request you to do so.

The City agrees that we have a reasonable period of time to investigate the facts and circumstances surrounding any claimed loss and we have no obligation to provisionally credit your account. Our maximum liability is the lesser of your actual damages proved or the amount of the forgery, alteration or other unauthorized withdrawal reduced by an amount that could not have been realized by 1) your use of ordinary care; 2) your failure to comply with the requirements of this Agreement; and 3) any proceeds from any insurance carrier or other third party that you receive or are entitled to receive. In no event will we be liable for special or consequential damages, including loss of profits and/or opportunity, or for attorneys' fees incurred by you.

The City will pursue all rights you may have under any insurance coverage you maintain before making a claim against us and provide us with all reasonable information about your coverage, including your insurance carrier, policy number, policy limits and applicable deductibles. If we repay you for the loss before you receive compensation, you agree to assign to us your rights under your insurance policy.

Please refer to **Exhibit 4** for a sample of the *Indemnity and Hold Harmless Agreement and the Forged/Unauthorized Endorsement Agreement*.

- **Will the Bank guarantee to pay all items even if it results in the account being temporarily overdrawn for the day? Describe the fees the City would be charged if that were to occur.**

Union Bank realizes it is not the intent of the City to overdraw its account. The Bank's relationship with the City is paramount in our overdraft decisioning and we will make every effort to pay check even if it causes a temporary overdraft. When the City has had overdraft situations we have always paid the pending items and followed up with a call to the City to notify and discuss the resolution. Should an overdraft occur, overdraft balances and related fees are charged the Union Bank reference rate plus 4% per annum, calculated using a 360-day year and computed daily, with a minimum daily charge of \$10.00, assessed from the time such overdraft balances are created and related fees are incurred.

- **What are your cutoff times for delivery of a direct deposit file?**

The transmission deadlines are as follows:

- Web ACH - 4:00 pm, 2 business days prior to effective date
- Direct Send - 6:00 pm 2 business days prior to effective date

Same day internal ACH book transfers can be made. In order to process for same-day DDA Postings, the files must be received by 8.30 p.m. The entry will post at end of day and will be visible the next day as a prior day entry.

- **Do you require or recommend pre-notifications for every transaction prior to actual transfer? How are returned pre-notifications handled?**

Although pre-notifications are no longer required under NACHA rules, we strongly recommend the use of pre-notifications for recurring ACH entries. This practice may avoid unnecessary returns with incorrect account number, ABA number, or closed account status.

You can receive notifications of changes and returns through our online ACH system, transmission, mail, and fax. ACH return item information is also available on Information Reporting prior and current day reports.

Payroll/Wires/ACH The City has approximately 800 full-time and fluctuating part-time staff. Currently the City offers direct deposit to the employees' deposit account. Payroll occurs biweekly.

- **Describe how returned direct deposits are handled.**

Items returned for reasons of uncollected funds (UCF) and non-sufficient funds (NSF) can be re-deposited twice.

The City can receive notifications of changes and returns through our online ACH system, transmission, mail, and fax. ACH return item information is also available on Information Reporting prior and current day reports.

- Describe the acknowledgements you provide when you receive a file transmission, including the level of detail, the information required and the reconciliation procedures involved.

There is an electronic confirmation conducted at the FTP server communication level as well as at the application level.

ACH Services can provide file acknowledgment at the application level via FTP transmission protocol and fax.

- Would you provide personal banking incentives for City of Garden Grove employees?

Yes. Union Bank can provide **Company Benefits Banking** as an incentive for the City of Garden Grove employees.

Union Bank recommends the City give their employees a package of valuable banking services with **Company Benefits Banking**. A complement to your existing payroll processes, this program provides a significant new employee benefit—at no cost to you. When you automatically deposit your employees' pay into a Union Bank account, you reduce costs associated with check writing and handling, and your employees will enjoy the security of immediate funds availability.

With direct deposit, the City employees will benefit from the following features:

- No monthly service charge for a checking account
- No balance requirements and unlimited check writing privileges
- A \$50 welcome bonus to be deposited directly into their Union Bank account
- Free Union Bank debit card (subject to approval)
- Free online account access and online bill payment with Online Banking
- Account access through more than 300 West Coast banking offices and over a quarter of a million ATMs worldwide

The City employees will enjoy significant savings on banking services offered through the program, including:

- A \$40 discount on the first year's rental of a new safe deposit box (subject to availability)
- A complimentary financial review from a UnionBank Investment Services Financial Advisor*
- Reduced rates on consumer loans

**Investments available through UnionBank Investment Services LLC, a registered broker-dealer, investment advisor, member FINRA/SIPC, and subsidiary of Union Bank, N.A. *Are not FDIC-Insured*

**May Lose Value * Are Not Bank Guaranteed.*

Full Account Reconciliation: The City utilizes full account reconciliation services for the City's main (General) account. The Bank must provide monthly account reconciliation reports, bank statements, account analysis statements, confirmations, and other report related features. Check images are to be provided to the City monthly on a CD. The City will need two copies so that one copy can be stored off site. In addition, at the end of the fiscal year (June 30) one or more CDs containing the entire year will need to be provided to the City. The Bank must be able to provide various reports and statements in a computer media and also provide specialized reports, where feasible, as needed. In addition, the Bank must be able to provide full account reconciliation services and positive paycheck protection services for the City's main account. Financial institution will also send a list of paid checks on CD or electronic file with the format approved by the City's Information Systems Division. Describe the account reconciliation services offered by the Bank.

The City currently uses Union Bank's **Full Account Reconciliation** services with the Positive Pay feature to protect the City against check fraud losses. Automated Full Reconciliation service increases the City's efficiency and reduces clerical time and expense. This flexible service can be tailored to meet your specific needs. When you provide us with check issue information, we report and reconcile your check activity to your bank statement.

This service offers an automated reconciliation of your bank accounts and provides better control, as well as time and labor savings. The service is flexible and can be tailored to meet the specific needs of the City. Reconciliation is based upon check issue input provided by the City. The Bank creates a complete history file of your account activity for checks issued, checks paid, stop payments and other transactions. Reports are provided which assist in the reconciliation of your check activity to the bank statement.

Union Bank's **Payee Positive Pay** service allows you to monitor check disbursement activity and provide early detection of unauthorized payments as an enhancement to its current positive pay service. Regardless of the number of checks you issue each day, Positive Pay services provides information and tools to improve the speed and accuracy of your pay/no pay decisions. Here's how it works:

- You provide check issue information to the Bank on the day your disbursement checks are issued and released. Payee Positive Pay requires the payee information included in your issue file.
- We then match presented checks against your check issue information.
- Daily exception reports help you make "pay" or "return" decisions by early afternoon.
- Email Courtesy notification of exceptions one hour prior to the deadline if we have not received disposition instructions on exceptions.

The Bank can receive the file through our Positive Pay on the Web service or transmission. We do not recommend changing the treasury management structure of services as currently delivered.

Positive Pay on the Web provides fast access to suspicious checks, and lets you enter online instructions to return unauthorized items.

- We match checks presented against your issues, flag suspicious items and provide the images via the Web. You can review your information online each morning by 7:30 a.m. Pacific Time.
- After reviewing items online, you give us disposition instructions online with the click of a button.
- Electronic files containing exception item dispositions are retained, annotated with the name of the decision maker.
- Email Courtesy notification of exceptions one hour prior to the deadline if we have not received disposition instructions on exceptions.

The City will have until 2:00 p.m. Pacific Time to review the discrepancies and notify the Bank to accept or reject.

Union Bank will continue to provide the City with monthly account reconciliation reports, bank statements, account analysis statements, confirmations, and other report related features. In addition, Union Bank can provide the City with two copies of a CD with **Image Services**.

Image Services

Retrieving digitized images of paid checks and processed deposit tickets online, or from a CD, has several distinct benefits. The City can eliminate check storage requirements, streamline information retrieval, improve productivity, and reduce the risk of fraud.

With Union Bank's Image Services, you can conveniently view checks and deposit tickets online using:

- Image on Demand
- Information Reporting
- Positive Pay
- Online Statements

When your paper checks are converted to images and stored on labeled CDs, you can view the front and back images of up to 20,000 checks per CD.

We recommend the City to utilize the Payee Positive Pay Service (as described above on page 33) for added fraud protection to their existing Positive Pay service. In addition, we have the following services that will provide additional layers of security. There is an additional processing cost of \$.025 per check for the Payee feature.

Electronic Payment Authorization (ACH Fraud Protection Services)

Automated Clearing House (ACH) Fraud Protection services safeguard the City's bank accounts from unauthorized electronic debits and credits. These services detect and manage unauthorized activities before they post to your account. A powerful suite of options can be used in combination, or as standalone services, to fit your business needs.

These services include:

- ACH Blocks – Block all ACH debits and credits to your account without receiving any reports.
- Electronic Payment Authorization (EPA) – Authorize specific debits to your account and automatically return all unauthorized entries.
- Electronic Payment Authorization and Decisioning – Authorize specific debits to your account, review reports on unauthorized transactions and make “pay” or “don’t pay” decisions on a case-by-case basis.
- Universal Payment Identification Code (UPIC) - A permanent, secure account identifier that enables customers or vendors to make electronic payments without sacrificing the City’s privacy or security

The following additional layers of security will help prevent fraudulent access to your computer network and your users’ online credentials:

Security Token at Sign-On

This solution requires the use of a security token to sign onto the Online Business Center. Users must provide user ID and “passcode,” which is the combination of a password plus the six-digit number displayed on the security token. This unique passcode is virtually impossible to replicate.

Internet Protocol (IP) Address Restriction

This security control allows any business to restrict Online Business Center access to designated IP addresses only. Each computer in your organization’s network has a unique IP address. Users who sign on from a computer with an IP address that is not on the designated list will be denied access to the Online Business Center.

Subvention Payments from the State, County, HUD and Local Agency Investment Fund and transfers
The City receives subvention payments from the State and County and does LAIF transfers on a regular basis.

- Describe the LAIF transfer process. Are the transfers done by telephone, fax, wire ACH, e-mail, etc.:

To initiate a LAIF transfer, simply do the following:

- Contact the State of California LAIF Office by 9:30 a.m. Pacific Time to initiate a LAIF transfer request and obtain a transfer confirmation number.
- Contact our customer service associates before 11:00 a.m. Pacific Time and provide the following information: LAIF account number, LAIF transfer confirmation number, bank account number to be debited, and amount to be transferred.

To transfer funds from LAIF, contact the State of California LAIF Office to request a withdrawal. Provided you meet the transfer deadlines, we credit the funds to your Union Bank account the same day.

- **Does the Bank have an office in Sacramento that maintains a direct DDA banking relationship with the State Treasurer's Office and the State Controller's Office?**

Yes. Union Bank has an office in Sacramento that maintains a direct DDA banking relationship with the State Treasurer's Office and the State Controller's Office.

- **Is there a charge per transfer to LAIF? From LAIF?**

No. The transfer charges for LAIF transactions will be waived.

- **Is it possible to set up the transfers in advance? If so, how far in advance can a transfer be set up?**

The City should contact the State Treasurer's Office to initiate any LAIF transfers in advance.

- **Describe the method used by the Bank for processing subvention payments.**

Union Bank picks up warrants from the State Controller's Office daily for credit to the City's account. An image of the remittance advice is emailed to the City the morning of the day the funds are credited. The City can confirm the deposits the following day by 5:30 a.m. Pacific Time through our Information Reporting service.

Scheduled & Unscheduled Subventions

Our courier picks up warrants from the California State Controller's Office and delivers them to the California State Treasurer's Office for same day payment. The state provides Union Bank with same-day monies if the warrants are delivered to the State Treasurer's Office by its deadline of 10:00 a.m. Pacific Time. The Bank in turn, will credit the City's account the same day payment is received from the State Treasurer's Office.

The fee per warrant for providing subvention processing is applied to your account analysis. Union Bank offers additional services, including remittance advice and deposit slip imaging.

The City can confirm the deposits the following day by 5:30 a.m. Pacific Time through our Information Reporting service.

City Credit Cards Financial institution will issue City Visa and/or MasterCard credit cards for Council members, Central Management, and other designated staff, (10-20) as requested (with no monthly or annual fee). The City does not pay late fees or service fees on any charge account.

Currently, the City has a Business Edition Visa with no annual fees and a \$100,000/month limit. The City may consider utilizing the Maximum Rewards For Business Program

Maximum Rewards for Business. Maximum Rewards for Business is a points-based rewards program where points are earned from every purchase made with the Business Edition and Commercial Edition Cards (note: not available on Purchasing Edition cards). Points can be earned by the organization or individual cardholder. We will award one point for each one dollar in Qualifying Card Transactions posted to your card account (only on or after the effective date of your enrollment in the program). "Qualifying Card Transactions" means authorized new purchases posted to your card account, net of refunds, credits (for returned merchandise or otherwise) and disputed billing items (alternatively, points may be deducted for awards based on purchases that are subsequently subject to a refund, credit or dispute). "Qualifying Card Transactions" do not include: (a) annual fees, finance charges and other fees or charges posted to your card account, (b) cash advances or special check transactions, (c) charges for other products, services or benefits that we provide (such as credit insurance premiums), or (d) other transactions that we determine not to be eligible for Qualifying Card Transactions treatment.

Reward points can be redeemed for cash back, travel, gift cards, electronics, charitable donations, items for business and home, sports and outdoors, accessories for any occasion, experiential travel and much more. A link to the Maximum Rewards for business web page has been provided below for your review.

<http://mrbus.fnnirewards.firstnational.com/>

Custody Services: Finance institution will provide safekeeping services for U.S. Government securities or other securities.

1. All investments shall be held in a separate account in the name of the City of Garden Grove.
2. Safekeeping by the financial institution shall in fact be legally the same as safekeeping by a third party. The instruments shall be held to ensure the investments will be classified as Investment Category 1 as outlined in Government Accounting Standards Board (GASB) Statement 3
3. The City requires safekeeping yearly (as of July 1 of each year of the contract) to provide proof that the City investments are insured including errors and omissions up to \$250,000,000.00.
4. The Safekeeping entity and the financial institution, its officers, directors and employees are responsible for any losses, liabilities, demands, claims, and expenses, any attorney's fees and taxes (other than those based on Financial institution's net income) arising out of or in connection with the safekeeping agreement for any action which is not authorized in writing by the City or action which is caused by the financial institution's negligence or willful misconduct. In addition, the financial institution's agents and contractors approved in advance in writing may also be held responsible for any losses, liabilities, demands, claims, and expenses, any attorney's fees and taxes arising out of or in connection with this agreement. This provision shall survive the termination of this agreement and shall be binding upon each party's successors, assigns, heirs and personal representatives. This clause shall be in the contract with the safekeeping entity of the financial institution.
5. Custody Services shall only credit or debit the City's main bank account. A debit to the main account shall only be approved through written authorization by the City.

In order to ensure accurate communications between the financial institution and the City, the City requests an individual be assigned as the primary contact for each of the following sections of the financial institution.

- | | |
|----------------------------------|-------------------------------------|
| 1. Local Branch: | <u>CCS: 800-798-6466, opt. 2</u> |
| 2. Government Services Division: | <u>Randy Ungersma: 800-298-1276</u> |
| 3. Investment Division: | <u>Adam Morgens: 213-236-7070</u> |
| 4. Trust Division: | <u>Carl Boyd: 213-236-7150</u> |

Union Bank, N.A. has provided custody services for nearly a century and we are privileged to administer over \$189 billion in assets. We are a full-service custodian and are qualified to meet the City of Garden Grove's custodial, cash management and accounting needs, as well as to provide administration and management assistance. Our professionals are specialists in the custody and securities industry, and are supported by our technical staff and our comprehensive custody accounting systems.

All accounts are assigned to a client services team which is directed by a senior relationship manager who oversees all aspects of our custodial services, which include the following:

- Handling securities transactions
- Safekeeping account assets
- Reconciling custody account assets daily to depositories
- Collecting and reinvesting all dividend and interest income
- Managing short-term cash through daily sweeps
- Providing accounting statements
- Executing ownership documents and forms

As specialists in providing custody services to municipalities and public agencies, we understand the scope of services needed by the City. Municipalities and public agencies are a core market segment within our Institutional Trust and Custody Group. The relationship management teams that support municipalities and public agencies understand the service needs as well as regulatory needs of this market. We are active in industry organizations and are committed to servicing and supporting this market. Our substantial market position has been from organic growth and not through acquisitions.

Custody Client Services Team

Your client services team includes:

Carmen Coniando, Assistant Vice President will serve as Senior Relationship Manager for the City's Custody account, and oversees all services provided. She is assisted by Elena Aguba, Trust Administrator. Carmen manages all day-to-day activities and is assisted by Elena in this capacity. All team members are located in our San Francisco Office. Following are biographies for the team members:

Carmen Coniando, Assistant Vice President and Relationship Manager

- Relationship manager for various municipalities and financial institutions.
- Has over 21 years experience with trust and securities services at the Bank, and 2 years outside broker experience.

Elena Aguba, Trust Administrator

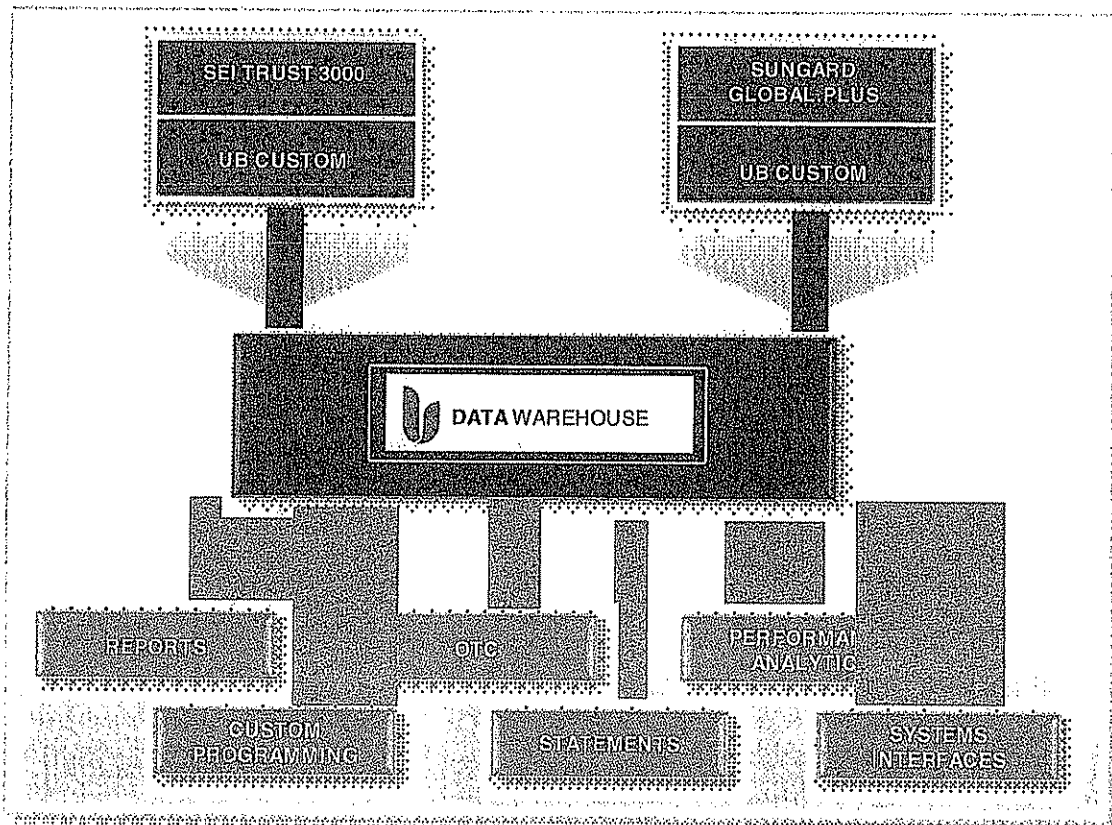
- Responsible for day-to-day activities on various municipalities and public agency accounts.
- Has over 10 years of experience with Union Bank in Trust Operations and Administration.
- Over three years experience as a Liaison between mutual fund companies and a bank servicing department concerning the bank's capacity as custodian.

Commitment to the Custody Business

The Institutional Trust and Custody Group has been identified as a growth area by senior management and it receives considerable visibility and commitment of resources. Over the years, our investment in systems and human resources demonstrates our commitment to achieving the highest standard of service quality that our clients expect. Examples include substantial investments in Online Trust & Custody, our web-based account access system, and enhanced processing and reporting features. Our business plan includes strategies to maintain and grow our existing book of business by continuing to provide the highest level of service and through continued development of our products and the introduction of new services.

Custody Systems and Data Retrieval

We use a proprietary relational database for the accounting and reporting of U.S. and non-U.S. securities. Please see the following graphical description:



The Bank uses the SEI 3000 Trust Accounting System. SEI is a leading vendor of accounting systems and related services to the trust industry, devoting significant resources to research and development which includes software and hardware upgrades for new product offerings. Accounting for custody accounts and endowments is typically cash-based. Through this system, all our accounting options will be available to the client including:

- Full trade date/settlement date accounting environment
- Cash/accrual cost basis
- Amortization/accretion of premiums and or discounts
- Realized gains reported by FIFO, HIFO, LIFO, LOFO, or on average cost basis
- Performance measurement reporting

We also use SunGard Global Plus, a fully integrated, real-time, multi-currency accounting and reporting system. It provides reports at country, industry, and security levels. Reports are available for each manager's portfolios as well as rolled-up for the entire account. Global Plus has the capacity to report in the local currency and translate to the reporting currency (base).

Our client service team has access to data either directly through the SEI and Global Plus mainframes or through the customized reporting from the Union Bank Data Warehouse, including our Online Trust & Custody (OTC) product. The team is supported by 185 systems and operations professionals located in California that maintain this highly scalable processing infrastructure to ensure we provide flexible and customized services to our clients.

Online Trust & Custody

We offer online account access through the Internet with our Web-based account access system, Online Trust & Custody (OTC). Information on both domestic and international holdings and activities in local currency and US dollars can be consolidated through OTC. This account information management service is online, real-time and can be accessed 24 hours a day, 7 days a week. It features advanced security and access to essential account information including:

- Asset Allocation
- Cash Projection Reports
- Corporation Actions
- Customized reports and downloads
- Failed Trades
- Gain/loss information – both unrealized and realized
- Holdings – including tax lot reporting and locations
- Mutual Fund trading
- Online account statements – with option to elect paper or electronic delivery
- Securities Lending reports

- Summary of account market values
- Transaction history – including pending trades
- User tools and resources

Online Trust & Custody offers standard reports, as well as custom, user-defined reports. You may conveniently find the standard report you need by reviewing a list of standard reports available, such as Holdings, Anticipated Cash, Asset Allocation, etc. The system permits you to customize how you view, print, or download reports based on your preferences. The system also allows you to save the search options, column sections, and display order you have chosen for future use. Information may be easily downloaded in several file formats including Microsoft Excel and Adobe Acrobat.

A dedicated technical staff supports OTC and representatives are available to assist you through our toll-free User Support Line during regular business hours.

For more details, you may view our demo at: unionbank.com/trustandcustody

Cash Management/Sweep Account

Through our automated program, cash is swept daily to zero into a client designated Short-Term Investment Fund. Actual timing of the sweep depends on individual fund deadlines, which vary. We can make available various Money Market Funds such as those managed by BlackRock, Fidelity, HighMark, and other nationally known fund companies.

Reporting

We offer a number of different statement packages to our clients that they can choose from which include simple cash statements, fully accrual packages and multi-currency statements.

Our cash statements include:

- Account Summary - Features beginning and ending market values for the period as well as estimated income
- Income Portfolio Summary - Provides a consolidated overview of dividend and interest holdings as of the end of the period
- Principal Portfolio Summary - Consolidates your portfolio by asset class
- Cash Transaction Summary - Provides an overview of cash transactions during the period
- Asset Detail - Includes assets held in the income and principal portfolios
- Transaction Detail - Reports each transaction by type of activity

Accrual-based accounting statements, described below, can be produced in either trade date or settlement date format. All report packages can be customized by selecting from the menu of reports as follows:

<input type="checkbox"/> Asset Summary	<input type="checkbox"/> Non-Cash Transactions
<input type="checkbox"/> Asset Statement	<input type="checkbox"/> Summary of Cash Transactions
<input type="checkbox"/> Market Value Reconciliation	<input type="checkbox"/> Schedule of Pending Trades
<input type="checkbox"/> Unrealized Gain/Loss Statement	<input type="checkbox"/> Investments Purchased
<input type="checkbox"/> Schedule of Income Received	<input type="checkbox"/> Investments Sold
<input type="checkbox"/> Income Accrual Schedule	<input type="checkbox"/> Maturity Analysis
<input type="checkbox"/> Schedule of Contributions	<input type="checkbox"/> Asset Activity Detail
<input type="checkbox"/> Schedule of Benefit Payments	<input type="checkbox"/> Schedule of Transfers
<input type="checkbox"/> Statement of Transactions	<input type="checkbox"/> 5% by Issue for Buys and Sells
<input type="checkbox"/> Miscellaneous Cash Receipts and Disbursements	<input type="checkbox"/> 5% by Broker for Buys and Sells
	<input type="checkbox"/> Form 5500 – Financial Schedules

Reports are available on either a cash basis (settlement date accounting) or on an entitlement basis (trade date accounting).

We also have comprehensive reporting capabilities including optional trade date/accrual or settlement date/cash accounting in a single multi-currency accounting environment

In addition the following standard reports are available through our online system:

- Asset Allocation
- Holdings – Including Tax Lot Reporting
- Transaction History
- Gain/Loss Information – both unrealized and realized
- Online Account Statements
- Anticipated Cash
- Pending Transactions
- Customized Reports and Downloads

Additionally, we offer custom interface programs for data reconciliation and other purposes at the required frequency and based on the client's requirements. We can provide reports by plan, asset class, manager, etc.

Implementation Describe the overall plan your Bank would coordinate to ensure a smooth transition from the current provider. The Bank must also provide on-site training to our personnel for the operation and use of the Bank's services and automated systems for all areas of service.

- **How long does a typical conversion to your Bank take?**

The City does not need to expend resources to convert to another financial services provider since Union Bank is its primary financial services institution. Instead, the City can direct its efforts to implement its goals and objectives to enhance its capabilities using Union Bank's technology-based solutions.

By renewing the banking services contract with Union Bank, the City can continue focusing on core business needs without disruption and will avoid a time-consuming and costly conversion process.

Union Bank has a long history of meeting the financial needs of the City and we look forward to supporting your needs for years to come as your responsive banking partner.

- **Provide a detailed implementation schedule, including assigned responsibilities.**

As mentioned above, the City does not need to expend resources to convert to another financial services provider, however, Union Bank will cover all bank related conversion costs associated with the transition of any new services to the Bank recommended during this procurement. For example, Union Bank will provide the City with two free desktop scanners for implementing the Remote Deposit Service. Union Bank places a high level of attention to communication and details regarding the responsibilities of both parties to ensure a smooth conversion

- **What costs are involved in an implementation?**

There will be no conversion costs for the City by continuing to partner with Union Bank.

- **Do you provide written user manuals for all services? How often are they updated? Is there a cost for the update?**

Yes. We typically provide user guides for all services and there is no cost to the updates. In addition, we provide on-site, webinar, and telephone training support based on the complexity of the services being implemented and the personnel needs of the City.

- **Provide a listing of all contracts and other documentation that is required. Including samples.**

Please refer to *Exhibit 5 – All About Business Accounts & Services and Global Treasury Management Services Disclosure and Agreement*.

- **The bank must identify the cost (if any) to the City for: depository bags, endorsement stamps, deposit slips, standard commercial currency supplies such as currency wrappers, deposit tickets, labels, endorsement and routing rubber stamps, lead seals, and other necessary supplies.**

The City can order all supplies conveniently online at www.unionbank.com/supply. The City will review the confirmation order summary that will display all items ordered, the unit price, the estimated total amount of the order, and a confirmation number.

- **Any services, in addition to the basic services above, provided by the financial institution should be listed on an attached sheet using the following format:**

Name of the Service

Description of the benefit of this service to the City

Monthly Charge for the Service or Collected Balance requirement of no less than the 91-Day T-Bill prior month average.

We have included in Tab A – *Cost Proposal* an additional sheet of services using the above format.

- **The City reserves the right to choose which services it may desire and select the method of payment for the service**

Other Information

Uncollected Funds Rate (%): Union Bank Reference Rate plus 4%

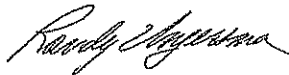
Overdraft Rate (%): Union Bank Reference Rate plus 4% with a minimum daily charge of \$10.00

Fixed Pricing Guarantee (#years): We guarantee our proposed fixed unit pricing for the entire five (5) years of the contract period.

I hereby certify that I am authorized by the financial institution to meet all proposal requirements listed above and that this financial institution can conform with Section 53638 of the Government Code.

Name of Financial Institution Name: Union Bank, N.A.

Signature: _____



Typed Name: Randy J. Ungersma

Title: Vice President & Sr. Relationship Manager

Bank Officer's E-Mail Address: randy.ungersma@unionbank.com

Date: December 30, 2011

Section 53638 of the Government Code reads as follows:

- (a) The deposit shall not exceed the total of the paid-up capital and surplus of any depository financial institution. For the purposes of this subdivision, paid-up capital shall be deemed to include capital notes and debentures.
- (b) The deposit shall not exceed the total of the net worth of any depository savings and loan association, except that deposits not exceeding a total of five hundred thousand dollars (\$500,000) may be made to a savings and loan association without regard to the net worth of that depository, if such deposits are insured or secured as required by law."

RFP NO. S-1088

CITY OF GARDEN GROVE

PROPOSAL REQUIREMENTS

PROPOSAL LETTER/CERTIFICATE OF ACCEPTANCE

PROPOSER

Union Bank, N.A.

SANDRA SEGAWA, PURCHASING AGENT
CITY OF GARDEN GROVE
11222 ACACIA PARKWAY
GARDEN GROVE, CALIFORNIA 92840

In response to the Request for Proposal (RFP) No.S-1088 Provide Banking and Merchant Services for the City of Garden Grove.

We the undersigned hereby declare that we have carefully read and examined the RFP documents including any plans and specifications, and hereby propose to perform and complete the Work as required in the Contract.

This Contract is not exclusive. The CITY expressly reserves the right to contract for performance of services such as those described herein through other Contractors.

The undersigned agrees to supply the Scope of Work at the costs indicated in its cost proposal if its Proposal is accepted within **120 days** from the date specified in the RFP for receipt of proposals.

The undersigned has reviewed the enclosed contract terms and conditions and agrees to accept all terms and conditions of the CITY's contract unless otherwise noted in the proposal response.

If recommended for Contract award, the undersigned agrees to execute a contract which will be prepared by the CITY for execution, within 14 calendar days following Notification of Award. It is understood that the recommendation for contract award will not be placed on the agenda for consideration by the City Council until the CITY has received the executed contract. The CITY will fully execute the contract subject to resolution of Protest filings, if any, and approval by the City Council.

The undersigned will also deliver to the CITY prior to the commencement of Scope of Work the necessary original Certificates of Insurance. If services are authorized to commence prior to the execution of the Contract pursuant to a Notice to Proceed issued by the CITY, pending the execution of the Contract, the services shall be subject to the terms and conditions of the Scope of Work and the Contract.

Incorporated herein and made a part of this Proposal are the Response Data and Proposal Forms required by the Proposal Requirements.

The undersigned acknowledges receipt, understanding and full consideration of the following Addenda to the RFP Documents:

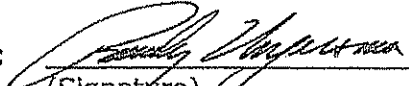
Addenda No. # 1 dated 12/21/11 and # 2 dated 1/3/12

Proposer represents that the following person is authorized to negotiate on its behalf with the CITY in connection with this RFP:

Randy Ungersma, Vice President 800-298-1276
(Name) (Title) (Phone)

The undersigned certifies that it has examined and is fully familiar with all of the provisions of the RFP Documents and is satisfied that they are accurate; that it has carefully checked all the words and figures and all statements made in the Proposal Requirements; that it has satisfied itself with respect to other matters pertaining to the proposal which in any way affect the Work or the cost thereof. The undersigned hereby agrees that the CITY will not be responsible for any errors or omissions in these RFP Documents.

Proposer's Business Address and Telephone/Fax Numbers:

BY: 
(Signature)
Randy Ungersma
Vice President
(Type or Print Name)

530" B" Street, Suite 535
SAN Diego, CA 92101

(Title)

fax 619-230-3426

Randy.ungersma@unionbank.com
(Email Address)

ATTACHMENT "B" - BAFO February 21, 2012

BID SHEET		UNION BANK			
BALANCE SUMMARY			Estimated Volumes		
AVERAGE BUSINESS CHECKING LEDGER BALANCE			2,000,000.00		
AVERAGE BUSINESS SAVINGS LEDGER BALANCE			150,000.00		
TOTAL AVERAGE LEDGER BALANCE			2,150,000.00		
BALANCE ADJUSTMENTS					
AVERAGE ADJUSTED LEDGER BALANCE			2,150,000.00		
LESS: AVERAGE UNCOLLECTED FUNDS			500,000.00		
AVERAGE COLLECTED BALANCE			1,650,000.00		
LESS: RESERVE REQUIREMENT			165,000.00		
BALANCE AVAILABLE TO SUPPORT ACTIVITY			1,485,000.00		
ACCOUNT POSITION					
EARNINGS CREDIT RATE OF	0.0200%	25.22	Use .020% for comparison		
LESS: INTEREST ACCRUED		5.00			
PLUS: EARNINGS CREDIT/INTEREST ADJUSTMENT		3.00			
NET EARNINGS ALLOWANCE - THIS MONTH		23.22			
LESS: CHARGES FOR BALANCE COMPENSATED SERVICES		2,375.65			
NET EARNINGS DEFICIT - SETTLEMENT PERIOD TO DATE		2,352.43			
SERVICE DETAIL					
		PROPOSED UNIT PRICE	TOTAL	BALANCE	
	EST. VOLUME	NOTE IF NO CHARGE	PRICE	REQUIRED	
SERVICES PROVIDED - BALANCE COMPENSATION			Minimum ECR formula at .40%		
		\$1 SERVICE CHARGE	= \$3,270.61	COMPENSATING BALANCES	
ACCOUNT ANALYSIS					
ACCT MAINTENANCE - WEB	5.00	3.00	15.00	49,059.14	
ACCOUNT RECONCILIATION					
FULL RECON MONTHLY MAINT	1.00	30.00	30.00	98,118.28	
POS PAY MONTHLY MAINT	1.00	0.00	0.00	0.00	
CHECK PAID TRUNCATED	2,500.00	0.08	200.00	654,121.86	
DAILY PAID REPORT	1.00	0.00	0.00	0.00	
OUTSTANDING ONLY REPORT	1.00	1.00	1.00	3,270.61	
OUTSTANDING CHECK REGISTER-ITEM	800.00	0.00	0.00	0.00	
RECON STOP PAYMENTS - RENEWAL	50.00	0.00	0.00	0.00	
STALE DATE FEATURE - BASE	1.00	5.00	5.00	16,353.05	
STALE DATE LISTING - ITEM	2,900.00	0.00	0.00	0.00	
TRANSMISSION OUTPUT- PER TX	1.00	5.00	5.00	16,353.05	
TRANSMISSION OUTPUT - PER ITEM	3,900.00	0.005	19.50	63,776.88	
IMAGE CD - ROM	1.00	30.00	30.00	98,118.28	
CHECK CAPTURE	2,500.00	0.03	75.00	245,295.70	
MAIL DELIVERY	1.00	5.00	5.00	16,353.05	
WEB POS PAY-ACCOUNT BASE	1.00	0.00	0.00	0.00	
WEB POS PAY-EXCEPTIONS	3.00	0.20	0.60	1,962.37	
POSITIVE PAY-PNI EXCEPTIONS	4.00	0.00	0.00	0.00	

	PROPOSED UNIT PRICE		TOTAL	BALANCE
	EST. VOLUME	NOTE IF NO CHARGE	PRICE	REQUIRED
WEB POS PAY-IMAGES	4.00	0.50	2.00	6,541.22
WEB POS PAY-DUPLICATE IMAGES	1.00	0.00	0.00	0.00
WEB POS PAY-MANUAL ISSUE	25.00	0.10	2.50	8,176.52
WEB POS PAY-IMPORTED ISSUE	2,300.00	0.06	138.00	451,344.09
IOD-IMAGE (<120 DAYS)	11.00	0.00	0.00	0.00
IOD-IMAGE (120-180 DAYS)	9.00	0.50	4.50	14,717.74
IOD-IMAGE(181 + DAYS)	17.00	0.75	12.75	41,700.27
IOD-DUPLICATE IMAGE	1.00	0.00	0.00	0.00
TRANSPORTATION SERVICES				
ARMORED CAR SERVICES	275.00	1.00	275.00	899,417.56
BUSINESS CHECKING				
BRANCH DEPOSIT	31.00	1.75	54.25	177,430.56
ELECTRONIC CREDIT	150.00	0.04	6.00	19,623.66
PAID CHECK CHARGE	450.00	0.06	27.00	88,306.45
ELECTRONIC DEBIT	38.00	0.04	1.52	4,971.33
BANK STATEMENT WEB	5.00	3.00	15.00	49,059.14
FDIC INSURANCE	1,398.63	0.1018	142.38	465,671.10
FICO INSURANCE	2,831.12	0.00	0.00	0.00
CHECK PROCESSING				
UNENCODED COURIER DEPOSIT	60.00	0.80	48.00	156,989.25
BANK CHECKS - BRANCH DEPOSIT	17.00	0.04	0.68	2,224.01
LOCAL CLR.HSE./BRANCH DEP.	322.00	0.05	16.10	52,656.81
LOCAL FED DIST 12 - BRANCH DEP	303.00	0.06	18.18	59,459.68
OTHER FED - BRANCH DEPOSIT	100.00	0.06	6.00	19,623.66
BANK CHECKS SERV. CTR DEPOSIT	800.00	0.02	16.00	52,329.75
LOCAL CLR. HSE./SER. CTR	5,500.00	0.04	220.00	719,534.05
LOCAL FED DIST 12-SERV CTR DEP	5,500.00	0.04	220.00	719,534.05
ENCODING FEE - SERV. CTR. DEP.	14,800.00	0.01	148.00	484,050.18
OTHER FED - SERV CTR DEPOSIT	3,000.00	0.04	120.00	392,473.12
DEBIT ERROR NOTICE	1.00	7.00	7.00	22,894.27
CORPORATE TRUST				
CORPORATE TRUST - TRUSTEE FEES	291.67	1.00	291.67	953,938.62
CLEARPAY				
ACH WEB MONTHLY BASE FEE	1.00	30.00	30.00	98,118.28
ACH WEB CREDIT TRANSACTION	100.00	0.00	0.00	0.00
ACH WEB CREDIT TRANSACTION	2,000.00	0.03	60.00	196,236.56
ACH WEB RETURNS TRANSMISSION	7.00	2.00	14.00	45,788.53
ACH WEB REJECTS/REV/DEL	3.00	25.00	75.00	245,295.70
ACH WEB NOC TRANSMISSION	3.00	2.00	6.00	19,623.66
ACH WEB BATCH RELEASE	2.00	5.00	10.00	32,706.09
CASH VAULT SERVICES				
CURRENCY DEPOSITED - STRAPPED	85,000.00	0.0005	42.50	139,000.90
DEPOSIT-MIXED CASH CHECK	1.00	1.50	1.50	4,905.91

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	PROPOSED UNIT PRICE		TOTAL	BALANCE
	EST. VOLUME	NOTE IF NO CHARGE	PRICE	REQUIRED
DEPOSIT - CASH OR COIN ONLY	20.00	0.90	18.00	58,870.97
CURRENCY DEPOSITED-UNSTRAPPED	175,000.00	0.0008	140.00	457,885.30
COMMERCIAL CUSTOMER SERVICE				
LAIF REDEMPTION	7.00	0.00	0.00	0.00
LAIF INVESTMENT	5.00	0.00	0.00	0.00
IMAGE OF DEP ITEM <30DAYS	15.00	0.00	0.00	0.00
CUSTOMER SERVICE ACTIVITIES				
PRINTER CHARGES	0.00		0.00	0.00
DEPOSIT RECEIPT	18.00	1.00	18.00	58,870.97
DDA AUTO-RENEWED STOP PMT	14.00	1.00	14.00	45,788.53
INFORMATION REPORTING				
WEB PRIOR DAY REPORT ACCOUNT	1.00	20.00	20.00	65,412.19
WEB PRIOR DAY REPORT ACCOUNT	6.00	20.00	120.00	392,473.12
WEB PD BAL/SUM UPDATED	1,400.00	0.04	56.00	183,154.12
WEB PD TRANSACTIONS UPDATED	3,100.00	0.04	124.00	405,555.56
WEB CD BAL/SUM UPDATED	200.00	0.04	8.00	26,164.87
WEB CD TRANSACTIONS UPDATED	450.00	0.04	18.00	58,870.97
WEB CURRENT DAY REPT ACCOUNT	1.00	20.00	20.00	65,412.19
WEB CURRENT DAY REPT ACCOUNT	6.00	20.00	120.00	392,473.12
MERCHANT DEPOSITS (MC/VISA)				
MERCHANT TERMINAL FEES	139.90	n/a		
DEPOSITED ITEMS RETURNED				
DEPOSITED ITEMS RETURNED-RECLEAR	36.00	1.00	36.00	117,741.94
DEPOSITED ITEMS RETURNED-CHRGBK	25.00	2.00	50.00	163,530.47
CHARGE ALT. ACCOUNT	3.00	5.00	15.00	49,059.14
SAVINGS ACCOUNT				
ELECTRONIC CREDIT	3.00	0.75	2.25	7,358.87
BANK STATEMENT WEB	3.00	5.00	15.00	49,059.14
FDIC INSURANCE	122.22	0.1018	12.44	40,692.91
FICO INSURANCE	121.67	0.00	0.00	0.00
TELESERVICES				
BALANCE INQUIRY-TELESERV. REP	2.00	15.00	30.00	98,118.28
INQUIRY & TRANSFER SERVICE	1.00	0.00	0.00	0.00
TEAM STOP PAYMENTS				
WEB ACCT RECON STOP PMT	3.00	3.00	9.00	29,435.48
WEB STOP PAYMENT RENEWAL	50.00	1.00	50.00	163,530.47
WEB DDA STOP PAYMENT	3.00	3.00	9.00	29,435.48
WEB STOP SINGLE INQUIRY	30.00	1.00	30.00	98,118.28
WEB NUMBER STOP ACCOUNTS	8.00	0.00	0.00	0.00
WIRE TRANSFERS				
INCOMING DOMESTIC REPETITIVE	2.00	5.00	10.00	32,706.09
FACSIMILE ADVICE INCOMING WIRE	3.00	4.00	12.00	39,247.31

	PROPOSED UNIT PRICE		TOTAL	BALANCE
	EST. VOLUME	NOTE IF NO CHARGE	PRICE	REQUIRED
ELECTRONIC WIRE TRANSFER			0.00	0.00
ACCT TRANSFER END-OF-DAY/WEB	1.00	2.00	2.00	6,541.22
WIRE TRANSFER MONTHLY FEE/WEB	1.00	20.00	20.00	65,412.19
OUTGOING DOMESTIC WIRE/WEB	4.00	8.00	32.00	104,659.50
SUB TOTAL CHARGES: BALANCE COMPENSATED SERVICES			3,428.32	11,212,703.62
LESS DIRECT CHARGES				
TRANSPORTATION/ARMORED	275.00	.	-275.00	-899,417.56
CORPORATE TRUST - TRUSTEE FEES	291.67	.	-291.67	-953,938.62
INFORMATION REPORTING				
WEB PRIOR DAY REPORT ACCOUNT	1.00		-20.00	-65,412.19
WEB PRIOR DAY REPORT ACCOUNT	6.00		-120.00	-392,473.12
WEB PD BAL/SUM UPDATED	1,400.00		-56.00	-183,154.12
WEB PD TRANSACTIONS UPDATED	3,100.00		-124.00	-405,555.56
WEB CD BAL/SUM UPDATED	200.00		-8.00	-26,164.87
WEB CD TRANSACTIONS UPDATED	450.00		-18.00	-58,870.97
WEB CURRENT DAY REPT ACCOUNT	1.00		-20.00	-65,412.19
WEB CURRENT DAY REPT ACCOUNT	6.00		-120.00	-392,473.12
TOTAL CHARGES: BALANCE COMPENSATED SERVICES			2,375.65	7,769,831.30

*This document is exempt from public disclosure pursuant to California Government Code Section 6254(K) as that section is further defined by sections 6275 and 6276.44 of said Government Code and by the Uniform Trade Secrets Act (California Code Section 3426-3426.11 inclusive)

Please refer to the Government Services Schedule of Fees for additional service fees and charges not identified on the Bid Form