



CITY OF KIRKLAND
Department of Finance & Administration
123 Fifth Avenue, Kirkland, WA 98033 425.587.3100
www.kirklandwa.gov

To: Kurt Triplett, City Manager

From: Tracey Dunlap, Director of Finance and Administration
Michael Olson, Deputy Director

Date: June 9, 2011

Subject: BANKING SERVICES AGREEMENT

Recommendation

Approve the attached resolution designating Bank of America as the City's Official Depository and authorizing the City Manager to execute a contract for banking services.

Fiscal Impact

Banking service fees are paid from earnings credits on funds deposited with the bank. Reduced banking fees will allow more funds to be invested, increasing our investment earnings.

Background

The City currently contracts with Bank of America for banking services under a contract that began October 2005 and ends on September 30, 2011. The City's fiscal policies require that a competitive process for banking services be conducted periodically. A Request for Proposal (RFP) was published on April 8, 2011 and sent to all the commercial banks in Kirkland. The following banks submitted proposals for evaluation on May 12: Bank of America, Banner Bank, Key Bank, US Bank and Wells Fargo.

An evaluation committee consisting of Tracey Dunlap, Director of Finance and Administration, Michael Olson, Deputy Director, Teresa Levine, Accounting Manager, Lori Bennett and Victoria Davies, Accounting staff conducted a review of the proposals that were submitted.

The criteria used in evaluating the proposals were laid out in the RFP as follows:

1. Responsiveness of Proposal to Requirements
2. Ability to Perform Required Services
3. Fees
4. References
5. Community Presence
6. Interviews

The most important factors in selecting a bank for the City's financial services, in addition to the fees charged, are the treasury and merchant services. Treasury services include online banking, direct deposit for payroll, ACH debits for utility payments, fraud prevention systems and daily balance reporting and reconciliation. Merchant services include all the activity related to accounts established for receiving credit card payments from customers.

Bank of America was the highest ranking proposal by a significant margin. An interview was conducted by the evaluation committee with representatives from Bank of America to answer questions, review new technologies available, to affirm their commitment of excellent customer service and to allow City staff the opportunity to meet their service team.

Through the RFP process, Bank of America reduced their fees 25%, about \$1,000 per month. Bank fees are paid by earnings on \$5 million balance in the City's account. Reduced fees will allow the City to reduce the balance on deposit, invest those funds and increase interest revenue. With the reduced fees, Bank of America's proposal presents the lowest cost to the City by a wide margin. In addition, the evaluation committee believes that Bank of America presents a service team that meets the City's needs in treasury services, merchant services and general banking.

The staff recommendation was reviewed by the Council Finance Committee at their meeting on May 31, 2011.

RESOLUTION R-4884

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KIRKLAND DESIGNATING BANK OF AMERICA AS THE OFFICIAL DEMAND DEPOSIT DEPOSITORY FOR THE CITY OF KIRKLAND FOR A 4 YEAR 6 MONTH PERIOD COMMENCING JULY 1, 2011, AND APPROVING AN AGREEMENT WITH SAID BANK FOR THE FURNISHING OF COMMERCIAL BANKING SERVICES.

WHEREAS, Section 35A.40.030 Revised Code of Washington provides in part:

"The legislative body of a code city, at the end of each fiscal year, or a such other times the legislative body may direct, shall designate one or more financial institutions which are qualified public depositories as set forth by the public deposit protection commission as depository or depositories of moneys required to be kept by the code city treasurer or other officer performing duties commonly performed by the treasurer of a code city: . . ." and

WHEREAS, the City of Kirkland did call for bid proposals for the furnishing of a demand deposit account and other commercial banking services required by the City of Kirkland, all in accordance with the call for proposals and the specifications therefore published on April 8, 2011; and

WHEREAS, pursuant to said call, proposals were received and opened on May 12, 2011; and

WHEREAS, the proposal submitted by Bank of America was judged to be the best qualified to meet the City's banking needs;

NOW, THEREFORE, be it resolved by the City Council of the City of Kirkland as follows:

Section 1. The Kirkland City Council does hereby designate Bank of America, to be the official depository for the City of Kirkland for a period of four years six months commencing July 1, 2011, with two two-year renewal options at the discretion of the City.

Section 2. The City Manager is hereby authorized to sign on behalf of the City of Kirkland an agreement for commercial banking services between the City of Kirkland and Bank of America, substantially similar to the attached agreement which is by this reference incorporated herein.

Passed by majority vote of the Kirkland City Council in open meeting this ____ day of _____, 2011.

Signed in authentication thereof this ____ day of _____, 2011.

MAYOR

Attest:

City Clerk

Umbrella Agreement for Government Banking Services

This Umbrella Agreement for Government Banking Services (the “Umbrella Agreement”) is made as of this ____ day of June, 2011, between the **City of Kirkland, WA** (the “Client”) and **Bank of America, N.A.**, a national banking association (the “Bank”).

WHEREAS, the Client issued a Request for Proposal (the “RFP”), more fully identified as follows, for provision of banking services identified in the RFP (the “Services”): Request for Proposals for Banking Services, Job No. 11-11-FA; and

WHEREAS, the Bank was the successful awarded bidder under the RFP, having submitted to the Client its bid response dated May 12, 2011 (the “Bid Response”); and

WHEREAS, the parties wish to enter into this Umbrella Agreement for the purpose of specifying the term and constituent documents of the entire agreement between the Client and the Bank regarding the Services;

NOW, THEREFORE, in consideration of the foregoing, and other good and valuable consideration, the parties hereby agree:

1. Integrated Agreement. The final and integrated agreement between the Client and Bank related to the Services (the “Integrated Agreement”) shall consist of the following constituent documents: (i) this Umbrella Agreement, (ii) the Bank’s Treasury Terms and Conditions Booklet (including user documentation and set-up forms), (iii) the Bank’s Bid Response and (iv) the Client’s RFP. Specifically, the following key terms are to be noted as controlling:

- *Hold Harmless/Indemnification* – Except as provided for infringement in the Commercial Prepaid Card and Software License sections of the Bank’s Treasury Terms and Conditions Booklet, the Bank and Client hereby agree to a position of mutual non-indemnification, whereby neither party is responsible for indemnification of the other party.
- *Liability Insurance Coverage* – The Bank and Client each hereby agree to the requirements regarding insurance as set forth in the Client’s RFP and as modified by the Bank’s Bid Response.
- *Priority of Documents* – In the event of a conflict among any of the constituent documents of the Integrated Agreement, such documents shall govern in the following order of legal precedence: (i) this Umbrella Agreement, (ii) the Bank’s Treasury Terms and Conditions Booklet (including user documentation and set-up forms), (iii) the Bank’s Bid Response and (iv) the Client’s RFP. The Integrated Agreement supersedes all prior negotiations, representations, statements and agreements, whether written or oral, regarding the Services.

2. Commencement of Performance. Except as otherwise agreed by the parties, the Bank shall begin performing the Services upon execution and delivery of this Umbrella Agreement, and the Bank’s user documentation and set-up forms (if any), as applicable. The Bank shall continue to perform the Services during the stated term of this Umbrella Agreement.

3. Term. This Umbrella Agreement shall commence as of July 1, 2011, and remain effective through December 31, 2015. This Umbrella Agreement may be extended for two two-year terms by mutual consent of the parties, as set forth in the Bid Response.

4. Notices. Except as may be otherwise specified by the parties in the Bank’s Treasury Terms and Conditions Booklet and user documentation and set-up forms (if any), as applicable, notices to the Client and Bank shall be sent to the addresses below:

Client: **City of Kirkland, WA**
Deputy Director, Finance and Administration
123 5th Avenue
Kirkland, WA 98033

Bank: **Bank of America, N.A**
Documentation Management (CA4.706-04-07)
P.O. Box 27128
Concord, CA 94527-9904

Changes in the respective address above may be made from time to time by either party, upon written notice to the other party.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Umbrella Agreement for Government Banking Services as of the date first written above.

City of Kirkland, WA

(CLIENT LEGAL NAME)

Bank of America, N.A.

(BANK NAME)

By: _____
(Signature)

By: _____
(Signature)

Name: **Kurt Triplett**

(Print or Type)

Name: **Peter J. Sullivan**

(Print or Type)

Title: **City Manager**

(Print or Type)

Title: **Senior Vice President; Senior Client Manager**

(Print or Type)