MEETING DATE: 07/24/06

AGENDA ITEM: Authorization of Banking Custodial Services Contract with Union Bank of California

ATTACHMENTS

ATTACHMENT 1

CITY OF CULVER CITY

REQUEST FOR PROPOSAL

CUSTODIAL SERVICES

2006

PREPARED BY THE CITY TREASURER'S OFFICE

Crystal C. Alexander
City Treasurer

CANDIDATE:

I. INTRODUCTION

This Request for Proposal (RFP) is issued by the City of Culver City (CITY), who is seeking a qualified financial institution to provide custodial services for cash and securities related to investment portfolios held in the name of the City of Culver City (CITY) and the Culver City Redevelopment Agency (CCRDA). The CITY and the CCRDA are local governmental agencies that operate under the laws of the State of California. They are located in Los Angeles County California, and have a combined investment portfolios of about $xxx million.

II. PROPOSAL PROCEDURES

Schedule of RFP Process

Issue Request	May 11, 2006
Preparer's Conference	June 1, 2006
Responses Due	June 8, 2006
Recommendation to City Council	June 15, 2006
City Council Approval	June 26, 2006

Preparation Guidelines

Each proposal shall be prepared simply and economically avoiding the use of elaborate promotional materials beyond those sufficient to provide a complete, accurate and reliable presentation. The CITY will accept electronic submission of proposals, provided the proposal is contained in one file, can be easily printed, and is followed with an original signature page by mail.

Inquiries, Submission and Deadline

Please direct your questions regarding the RFP to:

Nagam Rao, Treasury Division Manager
City of Culver City
9770 Culver Blvd
Culver City, CA 90232-0507

Phone: (310) 253-5889
Fax: (310) 253-5880
E-mail: nagam.rao@culvercity.org

Please submit 12 (twelve) copies of your Proposals marked "RFP – Custodial Services" to:

Christopher Armenta
City Clerk
City of Culver City
9770 Culver Boulevard
Culver City, CA 90232

Please arrange to deliver your proposal to the above office on or before June 8, 2006 at 5:00 P.M. PDT. Proposals received after the above date and time will not be considered.

During the evaluation process the CITY reserves the right to request additional information or clarifications from proposers, or to allow corrections of errors or omissions. At the discretion of the

CITY, firms submitting proposals may be requested to make oral presentations as part of the evaluation process. CITY is under no obligation to return proposals.

Effective Period of Proposals

All proposals must state the period for which the proposal shall remain in effect. Such period shall not be less than 90 days from the proposal date.

Right of Rejection by CITY

CITY reserves the right to reject any or all proposals. CITY reserves the right to award this contract to the financial institution that best meets the requirements of the RFP, and not necessarily to the lowest bidder. CITY reserves the right to reject any or all proposals prior to execution of the contract, with no penalty to CITY.

III. SCOPE OF SERVICES

The following tasks and services are to be provided by the selected firm:

- Maintain TWO SEPARATE custody accounts for the cash and securities owned by CITY and the CCRDA
- All securities and cash held by the custodian shall be segregated from the assets of others and shall be and remain the sole property of CITY and the CCRDA
- Custodian shall collect all coupons and other periodic income on securities held and processed per instructions received by authorized persons.
- Monitor and record the collection of funds in accounts maintained by the custodian for CITY and CCRDA.
- Create, maintain and retain all records relating to securities held in custody in client accounts to meet the requirements and obligations under Generally Accepted Accounting Principals.
- Provide monthly activity statements and reports for all accounts, including cost and market value of all securities, current yield plus any accrued interest. The statement cut off should be the last day of the month. Statements must be sent by no later than the 7th business day of the following end of the month.
- It is preferable that access to account information is online through the Internet, or the world wide web (www)

IV. PROPOSAL INFORMATION REQUESTED

A. QUALIFICATIONS AND EXPERIENCE

- Generally describe the organization, date founded, ownership and other business affiliations. (please provide number and location of affiliated offices)
- Provide the address of the office location that will service the account.

- Describe the experience of the financial institution in providing similar custodial services for public agency clients.
- List the number and market value of public agency custodial accounts for the last three years and the average length of service.
- Include a copy of the most recently audited financial statement.

B. PERSONNEL

- Provide biographical information on bank officers that will be directly involved in the management of CITY's account; the primary contact(s); and what, if any, experience these officers have in working with the public sector.
- Provide an organization chart for the personnel who will be associated with CITY account, including the roles of each person, and illustrating the relationship among the personnel.
- Phone numbers of personnel who will be associated with the City account.

C. CUSTODIAL SERVICES

- Describe any investments that would be available to CITY on a sweep arrangement. Provide a complete listing of associated fees and/or administrative charges in the fee section below.
- Are security transactions settled on an actual or contractual basis? How will you compensate CITY for fail float?
- When do you credit interest and dividends?
- Provide a listing of cutoff times for notification of securities transactions. Please specify if the cut off times vary for different types of securities.
- Describe any subcustodial arrangements that would be used for securities belonging to CITY. Fully describe the roles and responsibilities of each subcustodian, if applicable.
- The CITY anticipates utilizing a third party broker/dealer to manage the purchase and sale of securities. Describe how the financial institution interacts with broker/dealers.
- Do you provide custodial information to clients through an on-line inquiry/reporting service?
- Describe in as much detail as possible, any plans to sell, merge or dramatically change the institution's corporate trust business.
- Do you accept a one time written blanket authorization which directs you to withdraw funds from the customer's accounts for the purpose of authorized investment purchases, as an ongoing authorization.

D. REPORTING

- Include sample reports and records.
- Is the bank willing/able to develop customized reports and transmit them electronically? If so, please provide specific pricing information below.

E. REFERENCES

- Provide three references (public, if possible), including the length of time you have provided custodial services, client name, contact personnel, address and phone number.

- Provide a list of California public agency custodial clients who have terminated services in the last three years.

F. INSURANCE

Clearly state the fidelity coverage, errors and omission or other insurance coverage which the firm carries and which would be included in an Agreement for Services.

G. PRICING AND ACCOUNT ANALYSIS

This account is a California public agency and can only purchase securities listed in Section 53601 of the California Government Code, attached. Therefore, when quoting prices, do not include in your computation costs associated with forms of investments disallowed by the Government Code.

General Pricing information to be disclosed includes:

- Please identify any minimum fees.
- Clearly define whether security related charges are for a single purchase/sale or complete "round trip".
- Is the price of a purchase/maturity the same as or different than a purchase/sale?
- Pricing information shall also clearly identify any Administrative fees or overhead charges and an explanation of how they are charged.
- Identify the length of time these prices will be guaranteed

Detailed Pricing information to be disclosed includes:

On the following page is a sample transaction frequency by type of investment. Provide the proposed prices for the following list of custodial services based upon the Scope of Services requested in RFP and the sample transaction frequency. In the event of separate transaction fees please identify them separately.

1. Account Maintenance
2. Physical Security (List charges by type of physical security if charges differ i.e. if charge for medium-term notes or mortgage backed securities are different than CD's, bankers' acceptances and commercial paper.)
3. Wireable/Book Entry Securities
4. DTC
5. Free Receipt/Free Delivery
6. Paydowns of principal and interest
7. List all charges involved in custody of repurchase agreements
8. Wire transfers (Incoming, Outgoing, Outgoing-Repetitive and Non-Repetitive)

9. Other custodial charges, including any sweep fees (please describe in detail)

<u>Sample Annual Transactions for Portfolio</u>

The following table provides a sample of the transaction quantity and frequency to be assumed in responding with Proposal costing.

Please note: These frequencies are only presented for comparison purposes and are not based on any historical data. The actual number of transactions incurred may be more or less than the number shown in this sample.

Transaction Type	Purchase	Number of Transactions Sale/Maturity	Coupon Payment
U.S. Treasury Bill	3	3	
Federal Agency Issues	9	9	
Corporate Medium Term Notes	3	3	
Bankers' Acceptances		1	
U.S. Treasury Note	6	6	12
Callable Federal Agencies	3	3	6
No. of portfolio holdings as of month end: 80 -85			

V. EVALUATION AND AWARD CRITERIA

This RFP seeks qualified providers of custodial services. Selection will be made of one, best suited candidate among the proposing Firms on the basis of the evaluation factors listed below:

- Understanding of the needs and operational requirements of the City of Culver City
- The experience, resources, and qualifications of the Firm and the individuals assigned to this account
- Amount and quality of relevant experience managing similar relationships with public sector clients
- Familiarity and knowledge of California State Statutes, Banking and Investment Regulations
- Scope and quality of additional services provided to the City
- Demonstration of commitment to the Industry including continuing education and service to professional organizations
- Financial strength, financial controls and adequacy of insurance coverage
- Quality and conciseness of proposals

b

VI. CERTIFICATION

We hereby certify that we have read and followed the requirements as set out in this Request for Proposal. Sufficient documentation has been provided so that the City of Culver City can verify all information that has been provided. We understand the objectives of the City of Culver City in releasing this Request for Proposal.

We attest to the accuracy of our firm's response to the CITY's Request for Proposal.

Completion of this Request for Proposal is only part of the City of Culver City's review process, and DOES NOT guarantee that the candidate will be authorized to provide custodial services to the City.

This section must be signed by the sales representative who will service the CITY account, and by the most senior person in charge of the custodial operations of the Firm.

Firm: ______________________	Firm: ______________________
Name: ______________________	Name: ______________________
Signed: ______________________	Signed: ______________________
Title: ______________________	Title: ______________________
Date: ______________________	Date: ______________________

Banking Custodial Services

A

Service Provided	Average # of Transactions	Union Bank of California	US Bank	Wells Fargo Bank	Mellon Bank	Northern Trust	City National Bank
Account Maintenance charges (City & Agency)	187	4,100.00	5,000.00	9,500.00	20,000.00	25,000.00	26,250.00
Physical Security	50	750.00	375.00	2,250.00	included	included	500.00
Wireable Book Entry Securities	24	360.00	180.00	included	included	included	240.00
DTC	24	360.00	180.00	included	included	600.00	240.00
Free Receipt / Free Delivery	24	360.00	180.00	included	included	240.00	included
Paydown of Principal & interest	24	120.00	180.00	included	included	96.00	included
All charges involved in custody of Repurchase Agreements	0	0.00	0.00	0.00	0.00	0.00	0.00
Wire Transfers(In /out rep & non rep)	70	700.00	525.00	included	included	700.00	1,750.00
Sweep fees		included	included	included	included	included	0.0415%
Any other custodial charges		included	included	included	included	included	included
Monthly Statements	24	included	included	2,000.00	included	included	included
Termination fee		0.00	0.00	0.00	0.00	1,000.00	0.00
Interface to investment software		included	fee	fee	fee	fee	fee
Total Annual Cost		6,750.00	6,620.00	13,750.00	20,000.00	27,636.00	28,980.00

ATTACHMENT 2