

DIANA MANGIOGLU
DIRECTOR of FINANCE
CITY TREASURER

CITY OF LOS ANGELES
CALIFORNIA



OFFICE OF FINANCE
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LOS ANGELES, CA 90012

(844) 663-4411

ERIC GARCETTI
MAYOR

June 1, 2022

Honorable Members of the Los Angeles City Council
City Clerk
City Hall, Room 395

**REQUEST TO EXTEND CONTRACT WITH WELLS FARGO BANK (C-114826) ON BEHALF
OF THE LOS ANGELES DEPARTMENT OF WATER AND POWER**

Dear Honorable Members:

The Office of Finance requests approval to execute an amendment to the Wells Fargo Bank contract (C-114826) for an additional two years, to expire on June 30, 2024. Finance has been working with all City departments to transition all banking services from Wells Fargo to a new banking contract with JP Morgan Chase Bank. All City departments are on track to complete this transition by the target date of June 30, 2022, with one exception. The Los Angeles Department of Water and Power (LADWP) requires Wells Fargo to continue to provide merchant card services, a subset of services to all general banking services, as they are unable to complete the transition of merchant card services before June 30, 2022. LADWP has successfully transitioned all other banking services to JP Morgan.

BACKGROUND

Over the past decade, Wells Fargo Bank has provided nearly all of the City's general banking and treasury services. On January 5, 2018, Finance released a Request for Proposals in order to seek a new contract for City general banking services. In addition to Finance, the Los Angeles World Airports, LADWP, Harbor Department, Office of the City Administrative Officer, and the County of Los Angeles Treasurer and Tax Collector evaluated all proposals. After final evaluations, JP Morgan was selected to succeed Wells Fargo for general banking services. Finance entered into an agreement with JP Morgan in April 2020 to begin the transition (C-135446).

Since April 2020, Finance has been working with all City departments to transition all banking services from Wells Fargo to JP Morgan. All departments are on track to complete the transition by

June 30, 2022, with the exception of LADWP for merchant card services. LADWP merchant card services program offers various payment options for a large number of customers, with various

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security and processing needs. LADWP has been working with JP Morgan regularly, with the assistance of Finance, in order to effectuate the transition.

Due to the complexity of their requirements, LADWP requires additional time to effectuate the transition of merchant card services. Because Finance is the contract administrator for City general banking services, Finance is requesting the 2 year extension on behalf of LADWP. The two years are requested in order to ensure that sufficient time is available for the transition to be completed.

Finance's general banking services contract includes daily settlement of e-payables, vendor payments, payroll, debt service payments, and the settlement of accounts payables by checks. Additionally, services include the collection and safekeeping of monies collected by the City through actual currency, paper disbursements (checks and money orders), electronic funds transfers (Automated Clearing House and wire), and other electronic payment/merchant payment services (eChecks, debit, and credit card transactions). General banking services also include establishing demand deposit accounts for City departments with various banking services, such as branch deposits, remote deposit capture, lockbox, image cash letter, cash vault, reconciliation, and information reporting services. As discussed, merchant card services are a small subset of the banking services provided by Finance's general banking contract.

FISCAL IMPACT

No additional funds are required for the requested contract extension. Funding for the merchant card services are paid through transactional fees. There is no additional cost to customers or the City. There is no impact to the General Fund.

RECOMMENDATION

Finance respectfully requests that the Council, subject to the approval of the Mayor:

1. Authorize the Director of Finance to execute an amendment to contract C-114826 with Wells Fargo Bank to extend the terms of the agreement for an additional two years, from July 1, 2022 to June 30, 2024, subject to final review of the proposed amendment by the Office of the City Attorney.

If you have any questions, please contact Angela Berumen, Assistant Director of Finance by e-mail at angela.berumen@lacity.org.

Sincerely,



Diana Mangioglu
Director of Finance / City Treasurer

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Attachment: Proposed Amendment to Contract C-114826

cc: Lidia Manzanares, Office of the Mayor
Elena Guevara, Office of the Mayor
Ha To, Office of the City Administrative Officer
Augusto Gutierrez, Office of the City Administrative Officer
Angela Berumen, Office of Finance

Ninth Amendment to Contract No. C-114826
Between
The City of Los Angeles
And
Wells Fargo Bank, N.A.

This Ninth Amendment to Contract No. C-114826 between the City of Los Angeles (hereinafter the "City") and Wells Fargo Bank, N.A. (hereinafter the "Bank") is entered into with reference to the following:

WHEREAS on July 1, 2008, the parties entered into Contract No. C-114826 (hereinafter "Contract") wherein the Bank agreed to provide general banking services as described in the Contract; and

WHEREAS the term of the Contract expires on June 30, 2022; and

WHEREAS the City continues to require the above-mentioned services provided by the Bank; and

WHEREAS the parties desire to extend the term of the Contract for one additional year beyond June 30, 2022.

NOW THEREFORE, the parties hereby covenant and agree as follows:

AGREEMENT

ARTICLE 1 - AMENDMENTS TO THE CONTRACT

The parties hereby agree that the Contract shall be amended effective July 1, 2022 as follows:

1. Integrated AGREEMENT

Article 1, Integrated AGREEMENT of the Contract is hereby amended in its entirety to read:

"The entire and integrated AGREEMENT between CITY and BANK related to the Services shall consist of this AGREEMENT as amended by a First Amendment dated June 27, 2013, a Second Amendment dated June 30, 2014, a Third Amendment dated March 22, 2016, a Fourth Amendment dated June 30, 2017, a Fifth Amendment dated October 3, 2018, a Sixth Amendment dated July 22, 2019, a Seventh Amendment dated June 30, 2020, an Eighth Amendment dated August 24, 2021, a revised Exhibit A entitled *Standard Provisions for City Contracts* [v.4], dated as of October 2021 as provided in this Amendment, Exhibit C entitled Wells Fargo Banking Services Pricing Schedule as of January 1 2022, the BANK's standard terms and conditions governing the deposit account and treasury management services

(“Banking Agreement”); provided, however, that the Banking Agreement is amended such that (i) no third party services may be billed to the account analysis except for Armored Courier Services provided by Brink’s Company, and banking supplies which may be billed to the account analysis, and (ii) The BANK shall provide the CITY a managed Earnings Credit Rate percentage (ECR) for the remainder of the term of the contract to aid in offsetting monthly analyzed charges. Additionally, the BANK shall pay the CITY a managed interest rate on excess balances. Both the ECR and Interest Rate can change from time to time as market rates change. The integrated Agreement supersedes all prior negotiations, representations, statements, and agreements, whether written or oral regarding the services.”

2. TERM

The Term of the Contract is hereby modified to extend by one (1) year, the Contract to now expire on June 30, 2023, subject to the termination provisions herein.

3. INCORPORATION OF STANDARD PROVISIONS

- a. Exhibit A – Standard Provisions for City Contracts (Rev.10/17) [v.3]) is hereby replaced in its entirety by the Exhibit A - Standard Provisions for City Contracts (Rev 10/21[v4]) attached hereto and incorporated herein
- b. Contractor agrees to comply with the applicable requirements of the Standard Provisions for City Contracts (rev. 10/21) [v.4], attached hereto as Exhibit A and incorporated into this Agreement and made a part hereof, except for modifications to these Standard Provisions made in previous Amendments, as detailed therein.
- c. Effective as of the date of this Ninth Amendment, the following shall be added to the end of the Audit provision:

“Notwithstanding anything to the contrary, the BANK will not allow audits or inspections of its data center, facilities, systems, networks or equipment for security and confidentiality reasons. The BANK can allow audits of relevant records with reasonable prior notice during normal business hours in accordance with BANK’s policies for the purpose of verifying the accuracy of amounts charged or compliance with contractual financial and record-keeping requirements.”

ARTICLE II - GENERAL PROVISIONS

Except as amended by this Ninth Amendment, all other terms and conditions of the Contract shall remain in full force and effect.

IN WITNESS THEREOF, the parties hereto have caused this instrument to be executed by their respective duly authorized representatives.

Approved Corporate Signature Methods (please sign in blue ink):

- a) Two signatures: one by Chairman of Board of Directors, President or Vice President; and one by Secretary, Assistant Secretary, Chief Financial Officer or Assistant Treasurer. OR
- b) One signature by Corporate designated individual together with properly attested resolution of Board of Directors authorizing person to sign on the company behalf.

City of Los Angeles

By: _____
Diana Mangioglu
Director of Finance / City Treasurer

Date: _____

Wells Fargo Bank, N.A.

By: _____
Rayad Juman
Government Market Executive

Date: _____

By: _____
Signature

Name: _____
Printed / Typed

Title: _____
Printed / Typed

Date: _____

Approved as to Form:

MICHAEL N. FEUER
City Attorney

By: _____
Assistant City Attorney

Date: _____

Attest

HOLLY L. WOLCOTT
City Clerk

By: _____
Deputy City Clerk

Date: _____