

To: Board of Directors

Date: December 10, 2014

From: Kathy Casenave, Director of Finance

Reviewed by:

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**SUBJECT: Change in financial institutions**

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### **Summary of Issues:**

First Republic Bank, our bank since 2008, informed us in late October that as of December 31, 2014 the bank would no longer do business with government entities. Upon request they have extended this to January 31, 2015.

The California Government Code requires a higher capitalization for deposits from state and local governments. Banks are required to pledge securities in an undivided collateral pool that equal at least 110% of the total amount deposited by public agencies. This, along with other governmental regulations, has caused First Republic Bank to reach the decision to end banking relationships with the governmental sector.

The Finance staff has considered some of the financial institutions that are used by state and local governments. One that stood out is Union Bank. It is the bank for MTC, the County of Alameda, and also the State of California, including LAIF.

Union Bank has submitted a proposal that will address all of our needs and also will be less expensive than our current costs. Because they have negotiated pricing with armored car services at a discount and are offering a higher interest rate, the net annual expense is estimated to be \$9,400 vs. \$20,650 paid in FY 2014.

### **RECOMMENDATION:**

The Administration and Finance Committee recommends that the Board of Directors approve the proposal from Union Bank to provide banking services.

**Price Menu**  
**PROFORMA ACCOUNT ANALYSIS STATEMENT**  
**Central Contra Costa Transit Authority**  
**November 2014**



**UNION BANK**

<b>BALANCE SUMMARY</b>	
Average Ledger Balance	\$2,250,721.57
Less: Average Uncollected (FLOAT)	\$167,221.87
Average Collected Balance	\$2,083,499.70
Less: Reserve Requirement (10%)	\$208,349.97
Less: Sweep Compensating Balance	\$0.00
Balance Available to Support Activity	\$1,875,149.73

<b>ACCOUNT POSITION</b>	
Earnings Credit Rate	0.35%
Number of Days in Month	30
Earnings Credit:	\$539.43
Less: Interest Paid on Interest Bearing Accounts	\$0.00
Net Earnings Allowance - This Month	\$539.43
Less: Charges for Balance Compensated Services	\$1,322.95
Net Earnings Allowance	(\$783.52)

**ACCOUNTS INCLUDED IN ANALYSIS**

XXX5001, XXX6228, XXX9584, XXX6244, XXX6171, XXX2153, XXX6298, and XXX2595

**OVERDRAFT / UNCOLLECTED FUNDS CHARGES**

**Uncollected Funds**

*Customer usage of uncollected 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.*

**Overdrafts**

*Overdraft balances and related fees are charged the Union Bank Reference Rate plus 4.0% per annum, computed daily, with a minimum daily charge of \$10.00, assessed from the time such overdraft balances are created and related fees incurred. The minimum daily charge and accrued interest are then added to the overdraft balance.*

*Checks or other transactions presented against insufficient funds whether paid or unpaid are assessed at \$34 per item.*

**UNION BANK**  
**GOVERNMENT SERVICES PRICING SCENARIO - PRICE SCHEDULE**  
**Central Contra Costa Transit Authority**  
**November 2014**

<u>BILLABLE DESCRIPTION</u>	<u>VOLUME</u>	<u>Proposed Price \$</u>	<u>Extended Proposed Price \$</u>
<b>ACCOUNT ANALYSIS</b>			
ACCT MAINTENANCE - WEB	8	3.0000	24.00
<b>SUBTOTAL</b>			<b>24.00</b>
<b>ALERTS</b>			
ALERT - ACH/DIR DEP	1	0.5000	0.50
<b>SUBTOTAL</b>			<b>0.50</b>
<b>ACCOUNT RECONCILIATION</b>			
FULL RECON MONTHLY MAINT	1	10.0000	10.00
TRANSMISSION ISSUE INPUT-BASE	1	1.0000	1.00
TRANSMISSION ISSUE INPUT-ITEM	315	0.0300	9.45
CHECK PAID TRUNCATED	315	0.0900	28.35
ADDITIONAL STANDARD RPT	1	1.0000	1.00
STALE DATE FEATURE - BASE	1	1.0000	1.00
STALE DATE LISTING - ITEM	1	0.0060	0.01
WEB POS PAY-EXCEPTIONS	1	0.5000	0.50
WEB POS PAY-IMAGES	1	0.1000	0.10
<b>SUBTOTAL</b>			<b>51.41</b>
<b>TRANSPORTATION SERVICES (YOU MUST INCLUDE ONE-TIME INTERNAL COSTS)</b>			
ARMORED CAR SERVICES	1	200.0000	200.00
<b>SUBTOTAL</b>			<b>200.00</b>
<b>BUSINESS CHECKING</b>			
BRANCH DEPOSIT	1	1.0000	1.00
ELECTRONIC CREDIT	3	0.1000	0.30
ELECTRONIC DEBIT	11	0.1000	1.10
ACH BLOCK	1	1.0000	1.00
ACH BLOCK	4	1.0000	4.00
ACH BLOCK	3	1.0000	3.00
BANK STATEMENT WEB	8	1.0000	8.00

**UNION BANK**  
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**Central Contra Costa Transit Authority**  
**November 2014**

<b>BILLABLE DESCRIPTION</b>	<b>VOLUME</b>	<b>Proposed Price \$</b>	<b>Extended Proposed Price \$</b>
DEPOSIT ADMIN FEE (000's)	2,250.0	0.0894	201.15
<b>SUBTOTAL</b>			<b>219.55</b>
<b>CHECK PROCESSING</b>			
LOCAL CLR.HSE./BRANCH DEP.	1	0.1000	0.10
LOCAL FED DIST 12 - BRANCH DEP	1	0.1400	0.14
OTHER FED - BRANCH DEPOSIT	1	0.1500	0.15
<b>SUBTOTAL</b>			<b>0.39</b>
<b>CASH VAULT SERVICES</b>			
COIN DEPOSITED - STD BAG	96	1.5000	144.00
DEPOSIT - CASH OR COIN ONLY	36	1.4500	52.20
CURRENCY DEPOSITED-UNSTRAPPED (000's)	192.0	1.2000	230.40
DEPOSIT ADJUSTMENT	4	7.0000	28.00
<b>SUBTOTAL</b>			<b>454.60</b>
<b>CUSTOMER SERVICE ACTIVITIES</b>			
NON-CUSTOMER CASH PAID ON-US	1	0.0000	0.00
<b>SUBTOTAL</b>			<b>0.00</b>
<b>IMAGE CHECK</b>			
REMOTE DEPOSIT MONTHLY MAINT	1	125.0000	125.00
REMOTE DEPOSIT ADD'L ACCT	1	75.0000	75.00
REMOTE DEPOSIT ON US	100	0.0800	8.00
REMOTE DEPOSIT PER TRANSIT	100	0.1000	10.00
REMOTE DEPOSIT PER DEPOSIT	21	1.0000	21.00
<b>SUBTOTAL</b>			<b>239.00</b>
<b>CHECK IMAGE</b>			
IOD - ACCOUNT BASE	8	0.0000	0.00
IOD MONTHLY MAINTENANCE FEE	8	1.0000	8.00
<b>SUBTOTAL</b>			<b>8.00</b>

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<b>BILLABLE DESCRIPTION</b>	<b>VOLUME</b>	<b>Proposed Price \$</b>	<b>Extended Proposed Price \$</b>
<b>INFORMATION REPORTING</b>			
WEB PRIOR DAY REPORT ACCOUNTS	1	5.0000	5.00
WEB PRIOR DAY REPORT ACCOUNTS	7	5.0000	35.00
WEB PRIOR DAY ITEM PRINTED	50	0.0500	2.50
WEB PD BAL/SUM UPDATED	50	0.0500	2.50
WEB PD TRANSACTIONS UPDATED	50	0.0500	2.50
WEB CD BAL/SUM UPDATED	20	0.0500	1.00
WEB CD TRANSACTIONS UPDATED	20	0.0500	1.00
WEB CURRENT DAY RPT ACCOUNTS	1	5.0000	5.00
WEB CURRENT DAY RPT ACCOUNTS	1	5.0000	5.00
<b>SUBTOTAL</b>			<b>59.50</b>
<b>DEPOSITED ITEMS RETURNED</b>			
DEPOSITD ITEMS RETURNED-RECLEAR	2	2.0000	4.00
DEPOSITD ITEMS RETURNED-CHRGBK	2	3.0000	6.00
WEB RI INQ & DEC MOD FEE	1	0.0000	0.00
WEB RI I&D ITMS AVL FOR INQ	1	1.0000	1.00
WEB RI I&D ITMS AVL FOR DEC	1	1.0000	1.00
WEB RI - MONTHLY MAINTENANCE	1	2.0000	2.00
<b>SUBTOTAL</b>			<b>14.00</b>
<b>TEAM STOP PAYMENTS</b>			
WEB ACCT RECON STOP PMT	1	3.0000	3.00
WEB PHOTOCOPIES	1	3.0000	3.00
WEB NUMBER STOP ACCOUNTS	1	0.0000	0.00
<b>SUBTOTAL</b>			<b>6.00</b>
<b>WIRE TRANSFERS</b>			
INCOMING DOMESTIC REPETITIVE	1	4.0000	4.00
INCOMING DOMESTIC NON-REP	1	4.0000	4.00
<b>SUBTOTAL</b>			<b>8.00</b>
<b>ELECTRONIC WIRE TRANSFER</b>			

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<b>BILLABLE DESCRIPTION</b>	<b>VOLUME</b>	<b>Proposed Price \$</b>	<b>Extended Proposed Price \$</b>
WIRE TRANSFER MONTHLY FEE/WEB	1	5.0000	5.00
OUTGOING DOMESTIC WIRE/WEB	4	7.0000	28.00
INTERNAL TRANSFER INTRADAY/WEB	1	5.0000	5.00
<b>SUBTOTAL</b>			<b>38.00</b>
<b>TOTAL</b>			<b>1,322.95</b>

**RESOLUTION NO. 2015-017**

**BOARD OF DIRECTORS, CENTRAL CONTRA COSTA TRANSIT AUTHORITY  
STATE OF CALIFORNIA**

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**APPROVING ACTIONS RELATED TO CHANGE IN FINANCIAL INSTITUTION**

WHEREAS, the County of Contra Costa and the Cities of Clayton, Concord, the Town of Danville, Lafayette, Martinez, the Town of Moraga, Orinda, Pleasant Hill, San Ramon and Walnut Creek (hereinafter "Member Jurisdictions") have formed the Central Contra Costa Transit Authority ("Central Contra Costa Transit Authority"), a joint exercise of powers agency created under California Government Code Section 6500 *et seq.*, for the joint exercise of certain powers to provide coordinated and integrated public transportation services within the area of its Member Jurisdictions;

WHEREAS, First Republic Bank has provided banking services to Central Contra Costa Transit Authority since 2008;

WHEREAS, due to certain governmental regulations, First Republic Bank has informed Central Contra Costa Transit Authority that it will no longer provide banking services to governmental entities, effective January 31, 2015;

WHEREAS, Finance staff has evaluated several replacement financial institutions and has determined that Union Bank is qualified and its services are favorably priced;

WHEREAS, the Administration and Finance Committee has approved staff's recommendation to utilize Union Bank for Central Contra Costa Transit Authority's banking services.

NOW, THEREFORE, BE IT RESOLVED that the Central Contra Costa Transit Authority Board of Directors:

1. Approves the proposal from Union Bank to provide banking services to Central Contra Costa Transit Authority.

2. Authorizes the Central Contra Costa Transit Authority General Manager to enter into contracts with Union Bank, N.A. relating to Central Contra Costa Transit Authority deposits, which are to the public advantage, which could include: (a) establishing bank accounts and services; (b) signing, or changing in writing, agreements with the Bank regarding the Central Contra Costa Transit Authority's bank deposit relationship; (c) specifying in writing to the Bank the individuals who are authorized in accordance with this Resolution, in the name of and on behalf of the Central Contra Costa Transit Authority to: (1) withdraw funds from any of the Central Contra Costa Transit Authority's banking accounts on the Central Contra Costa Transit Authority's checks or orders; (2) endorse and deliver to the Bank, for any purposes, and in any amount, negotiable or non-negotiable items of any kind, and owned by, or held by, or payable to the Central Contra Costa Transit Authority; (3) send, review, and/or authorize wire and electronic transfers of funds from the Central Contra Costa Transit Authority accounts, and (4) otherwise access the Central Contra Costa Transit Authority's deposit accounts.

3. Authorizes and requires two of the following four staff personnel holding the designated positions of General Manager, Director of Finance, \_Sr. Accounting Manager, and Director of Planning and Marketing, respectively, to sign checks on any bank account opened pursuant to this Resolution: Rick Ramacier, Katherine Casenave, Jay Castro and Anne Muzzini.

4. With regard to checks on Central Contra Costa Transit Authority's workers compensation account, which is administered by Central Contra Costa Transit Authority's third party administrator,

authorize only one signatory for checks drawn on this account, who shall be the individual holding the designated position of Chief Financial Officer for the third party administrator.

4. Authorizes the General Manager to take all other actions necessary to give effect to this Resolution.

Regularly passed and adopted this 18<sup>th</sup> day of December 2014, by the following vote.

AYES:

NOES:

ABSTENTIONS:

ABSENT:

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A.G. Dessayer, Chair, Board of Directors

ATTEST:

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Lathina Hill, Clerk to the Board