



# CITY OF WHEATLAND

## CITY COUNCIL MEETING STAFF REPORT

**August 22, 2023**

**SUBJECT:** Consideration and Adoption of Resolution Authoring Execution of Agreement for Banking Services with Five Star Bank

**PREPARED BY:** Steve Wong, Finance Director

### **Recommendation**

Staff recommends that the Wheatland City Council consider adoption of a resolution authorizing the Finance Director to execute an agreement for banking services with Five Star Bank.

### **Background**

The City has utilized Umpqua Bank to provide its banking services for many years – going back at least as far as 2005. It is staff's understanding that Umpqua Bank was selected because, at the time, Umpqua Bank maintained a branch office in Wheatland. That bank office has since been closed.

### **Discussion**

Due to staff's concern over the level of banking services provided and increased banking costs, a Request for Proposal for banking services was issued. Proposals were received from three banks – Five Star bank, Tri-Counties Bank and JP Morgan Chase Bank. The proposals were evaluated based upon services provided and cost. Based upon that review, staff is recommending that Five Star Bank be selected to provide the City's banking Services.

Five Star Bank will provide all of the services currently provided by Umpqua Bank and in addition has offered a cash-pick-up courier service at no charge which will eliminate the staff's current practice of traveling to Lincoln or Marysville to make cash deposits. Five Star Bank offers an earnings credit rate of 2.0 percent on funds in the City's checking accounts which will cover the cost of banking services. (Recent monthly charges from Umpqua Bank were in the range of \$450 to \$500). In addition, Five Star Bank offers the ability to sweep excess funds into a money market account which is currently providing an earnings rate of 3.75 percent. Five Star Bank has its headquarters in Roseville with a local branch in Yuba City.

**Fiscal Impact**

Approval of this item will result in annual General Fund savings of approximately \$5,000.

**Conclusion**

Based on the information contained in the staff report, staff recommends that the Wheatland City Council adopt the resolution authorizing the Finance Director to execute an agreement for banking services with Five Star Bank.

**Attachments**

1. Resolution
2. Banking Services Agreement

**WHEATLAND CITY COUNCIL  
RESOLUTION NO. 31-23**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WHEATLAND  
AUTHORIZING EXECUTION OF AGREEMENT FOR BANKING SERVICES  
WITH FIVE STAR BANK**

**WHEREAS**, the City has utilized Umpqua Bank as it's banking services provider for many years; and

**WHEREAS**, it is good practice for public agencies to periodically solicit banking services competitively in order to stay updated with state of the art banking technologies and to take advantage of competitive pricing; and

**WHEREAS**, a Request for Proposal for Banking Services was issued by the Finance Department, with three proposals received; and

**WHEREAS**, after a review of the proposals received, it was determined that Five Star Bank offered the highest level of service and most favorable pricing.

**NOW, THEREFORE, BE IT RESOLVED AND DETERMINED** by the City Council of the City of Wheatland that:

- A. The foregoing recitals are true and correct.
- B. The Finance Director is authorized to execute an agreement for banking services with Five Star Bank.

\* \* \* \* \*

**PASSED AND ADOPTED** by the City Council of City of Wheatland on this 22<sup>nd</sup> day of August 2023, by the following vote:

**AYES:**

**NOES:**

**ABSTAIN:**

**ABSENT:**

**APPROVED:**

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**Mayor of the City of Wheatland**

**ATTEST:**

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**Jessy Johnson, Acting City Clerk**

**CITY OF WHEATLAND AND  
FIVE STAR BANK  
BANKING SERVICES AGREEMENT**

THIS AGREEMENT is entered into on August 23, 2023, by and between the City of Wheatland, a general law city ("City"), and Five Star Bank (Bank), who agree as follows:

**1. Services to be provided.** Bank shall render the services described in the attached June 19, 2023 letter proposal to provide services and the June 19, 2023, 4:57pm email providing a free check scanner to make deposits and the June 21, 2023, 11:19am email providing bank courier deposit pick up services free of charge.

**2. Fees.** Fees to be charged will be the Bank's standard fees and charges as set forth in the Commercial Fee Schedule offset with a 2.00% earnings credit rate, as described in the Analyzed checking accounts with a 2.00% Earnings Credit Rate paragraph in the June 19, 2023 letter.

**3. Term.** This Agreement may be terminated at any time by City. In the event of such termination, Bank shall be fairly compensated for all fees earned to the date of termination as calculated by City based on the above fee provisions. Compensation under this subsection shall not include any termination-related expenses, cancellation or demobilization charges, or lost profit.

**4. Compliance with Laws.** Bank shall continue in compliance with all applicable federal, state and local laws and regulations. Bank shall possess, maintain and comply with all federal, state and local permits, licenses and certificates that may be required for it to perform banking services.

**5. Indemnification.** Bank shall, to the fullest extent permitted by law, indemnify, defend (with counsel approved by City), protect, and hold harmless City, and its officers, employees, volunteers and agents from and against any and all liability, losses, claims, damages, expenses, demands, and costs (including, but not limited to, attorney, expert witness and consultant fees, and litigation costs) of every nature arising out of Bank's performance of services and caused by any negligent act or omission, willful misconduct or violation of law of or by Bank or its employees, agents and subcontractors, except where caused by the sole negligence or willful misconduct of City or as otherwise provided or limited by law. Bank's obligations under this indemnification provision shall survive the termination of, or completion of services under this Agreement.

**6. Entire Agreement; Amendment.** The parties intend this writing to be the sole, final, complete, exclusive and integrated expression and statement of the terms of their contract concerning the Work. This Agreement supersedes all prior oral or written negotiations, representations, contracts or other documents that may be related to the Work, except those other documents (if any) that are expressly referenced in this Agreement. This Agreement may be amended only by a subsequent written contract approved and executed by both parties.

**7. Assignment.** Bank may not assign, delegate, transfer or subcontract any of its rights, duties, obligations or other interests in this Agreement without City's prior written consent.

Any assignment, delegation, transfer or subcontract in violation of this provision is null and void.

**8. No Waiver of Rights.** Any waiver at any time by either party of its rights as to a breach or default of this Agreement shall not be deemed to be a waiver as to any other breach or default. No payment by City to Bank shall be considered or construed to be an approval or acceptance of any services or a waiver of any breach or default.

**9. Severability.** If any part of this Agreement is held to be void, invalid, illegal or unenforceable, then the remaining parts will continue in full force and effect and be fully binding, provided that each party still receives the benefits of this Agreement.

**10. Governing Law and Venue.** This Agreement will be governed by and construed in accordance with the laws of the State of California. The county and federal City court where City's office is located shall be venue for any state and federal court litigation concerning the enforcement or construction of this Agreement.

**11. Notice.** Any notice, invoice or other communication that is required or permitted to be given under this Agreement shall be in writing and either served personally or sent by prepaid, first class U.S. mail addressed as follows:

|   |             |
|---|-------------|
| City:<br>Finance Director<br>City of Wheatland<br>111 C Street<br>Wheatland, CA 95692 | Consultant: |
|---|-------------|

Any party may change its address by notifying the other party of the change in the manner provided above.

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CITY BANK

By: \_\_\_\_\_ By: \_\_\_\_\_

\_\_\_\_\_ *[name]*

\_\_\_\_\_ *[title]*



June 19, 2023

Mr. Steve Wong, Finance Director  
City of Wheatland  
111 C Street  
Wheatland, CA 95692-9757

Dear Mr. Wong,

I hope this finds you well! Thank you for the opportunity to present this proposal to the City of Wheatland.

We believe that you deserve nothing less than outstanding customer service, reliability, competitive pricing, efficient means of managing your accounts electronically and direct access to a team of qualified banking professionals. We are keenly knowledgeable with special districts and municipalities, the statutes that pertain to public funds and who also have the experience of having managed at a public entity. We have the experience, expertise and hands on approach that sets us apart. And we are the only bank in California to provide scholarships to special districts for the CSDA General Manager Summit each year.

We believe Five Star Bank is the perfect partner for the City of Wheatland. As a sign of our partnership, Five Star Bank is offering the City:

- **Analyzed checking accounts with a 2.00% Earning Credit Rate** - We are offering as many checking accounts as you need all with an Earnings Credit Rate of 2.00%. This rate will offset all fees you would normally incur. All funds are always collateralized as per state law.
- **A public money market account with a 3.75% interest rate** - Excess liquid cash could be deposited into a collateralized money market account that pays 3.50%. Interest is paid monthly on the 1<sup>st</sup> of the month. This helps to maximize your earnings while having the funds only a balance transfer away from your checking account. Transfers can be completed online 24 hours a day, 7 days a week.

These accounts will include the following:

- **Checking accounts with ability to write checks.**
- **Online banking with online transfer capability between accounts and as many users as you need included.**
- **ACH capability (requires credit approval)**
- **Wire Transfer capability**
- **Remote Deposit Capture w/free scanner provided.**
- **Positive Pay for Checks as well as ACH**
- **Mobile Deposit**

- **Bill Pay**
- **Five Star Bank will also provide your initial order of checks, deposit slips, and endorsement stamps at no charge.**

Five Star Bank also can provide all the financing to meet the City's needs including refinancing existing loans, new equipment & vehicles, buildings, infrastructure, lines of credit as well as pension obligation bonds. We also can offer rewards credit cards for purchasing and merchant services to accept payments by credit card in person, online or by phone.

This opportunity to partner with you is very important to our Bank and, as always, we will take every measure possible to ensure your success. I can assure you that I will personally oversee the entire transition, we will provide your staff with all the necessary training they need and provide you with designated backup personnel as well. We will be your partner every step of the way, from pre-conversion through conversion and implementation.

Please let me know if we can discuss the opportunity in greater detail and plan the next steps to move forward. Thank you once again for considering this proposal. We look forward to the chance to build a long, sustainable future with the City of Wheatland!

Sincerely,

*Jerry Legg*

**FIVE  
STAR  
BANK**

**Jerry Legg, CTP**  
**SVP/Government Banking Manager**

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