



CITY OF BOSTON • MASSACHUSETTS

OFFICE OF THE MAYOR  
THOMAS M. MENINO

June 21, 2010

TO THE CITY COUNCIL

Dear Councilors:

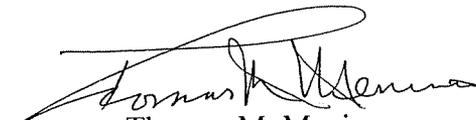
Under G.L. c. 44, s. 53F, the City is authorized to enter formal “compensating balance” agreements with banking institutions for the provision of banking services. Your approval of these agreements is required under that statute.

In order to take advantage of the considerable savings afforded through the use of such agreements, the Treasury Department conducted an extensive competitive bidding process that resulted in the agreement that accompanies this letter.

Under the terms of the agreement, the City will keep a specified minimum balance with the contracting bank as compensation for the various specified services rendered.

In order to realize the greatest possible savings to the City, as well as to minimize any possible interruption of banking services to the City, I urge your prompt approval of this agreement.

Sincerely,

  
Thomas M. Menino  
Mayor of Boston

BOSTON MA

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CITY CLERK'S OFFICE  
RECEIVED

ORDERED: That the agreement made under the provisions of General Laws Chapter 44, Section 53F, by and between the City of Boston and Citizens Bank for the provision of Credit / Debit Card Banking Services, in the form attached hereto, be and the same hereby is, approved.

I hereby certify that  
the foregoing, if passed in  
the above form, will be in  
accordance with law.



William F Sinnott

Corporation Counsel



**COMPENSATING BALANCE AGREEMENT  
FOR THE PROVISION OF CREDIT/DEBIT CARD BANKING SERVICES**

THIS COMPENSATING BALANCE AGREEMENT for the Provision of Credit/Debit Card Banking Services, dated as of June 2, 2010 (the "Compensating Balance Agreement"), is hereby entered into by the City of Boston, Massachusetts, a municipal corporation organized and existing under the laws of The Commonwealth of Massachusetts (the "City"), and Citizens Bank of Massachusetts, a Massachusetts banking company (the "Bank").

WHEREAS the City issued its "Request for Proposals Banking Services" on December 14, 2009 (the "Proposal"), and the Bank submitted a response to the Proposal on February 3, 2010 (the "Response"); and

WHEREAS the City has accepted the terms which the Bank proposed in its Response, subject to the approval of the City's Mayor and City Council; and

WHEREAS both the City and the Bank wish to enter into this Compensating Balance Agreement pursuant to the provisions of Massachusetts General Laws chapter 44, §53F;

NOW THEREFORE, in consideration of the mutual covenants contained herein, the sufficiency of which is hereby acknowledged, the parties hereto do covenant and agree as follows:

**SECTION I: AUTHORITY; APPLICABLE LAW**

This Compensating Balance Agreement is made under the provisions of Massachusetts General Laws chapter 44, §53F, and is subject to the approval of the Mayor and the City Council of Boston.

This Compensating Balance Agreement is made subject to all laws of the Commonwealth of Massachusetts, special laws applicable to the City, and ordinances of the City. The Bank's particular attention is directed to a restriction, which regulates where the City may deposit funds. Under Massachusetts General Laws chapter 44, §55, cities and towns in the Commonwealth may make deposits in banks, trust companies or banking companies provided that the amount deposited does not exceed 60% of the capital and surplus unless satisfactory security for the amount in excess of 60% is provided by the depository.

**SECTION II: DISCLOSURE OF LENDING INFORMATION**

Prior to the execution of this contract, and annually thereafter, in accordance with Chapter VI, Article 6-8.2 of the City of Boston Code of Ordinances, the Bank shall provide the information and data listed on Exhibit III hereto on forms approved by the Collector-Treasurer.

### SECTION III: TERM OF THE AGREEMENT

This Compensating Balance Agreement shall be valid for a term of three years commencing July 1, 2010 and terminating on June 30, 2013.

### SECTION IV: COMPENSATION

Payment for the service to be performed by the Bank will be effected solely through the maintenance of a compensating balance by the City in its accounts with the Bank. The amount of such compensating balance shall be determined in accordance with the formula set forth in Section IX hereto.

If in any month or at year end, account balances in any account are deficient to the extent that the cost of the banking services is not covered by the average collected balances, the City will deposit, in the following month, an amount formulated as provided herein for the calculation of credits to be agreed to by both the City and the Bank to make up the deficit. Conversely, if in any month or at year end there is a surplus in the account(s), the City will notify the Bank that it is reducing the balances to a more appropriate level in accordance with the formula provided herein for the calculation of credits.

In the event that the City fails to maintain balances sufficient to meet its obligations under this Compensating Balance Agreement, the Bank's only remedy shall be the right to terminate the provision of services under this agreement.

Unless otherwise noted, the prices quoted herein are fixed for the three-year period of this contract.

### SECTION V: TERMINATION AND CANCELATION

The Bank shall exercise its right to terminate its service obligations by notifying the Collector-Treasurer of the City in writing sent by certified mail, return receipt requested, of its intent to cancel the contract. The Bank's obligations to provide services under the contract shall terminate at the close of business on the thirtieth day following the day of which notice is delivered. In no event shall the City be liable to pay the Bank any sums on account of services rendered under this contract or on account of any deficiency in the amounts maintained in the compensating balance account.

Upon termination of services of the Bank, the City will maintain in the account(s) an average collected balance to pay for any outstanding services. In addition if there is a surplus in the account(s), the Bank will issue a check to the City for said amount.

The City reserves the right to cancel the contract or reduce activity under the contract if the Bank fails to meet the requirements of the Linked Deposit Banking Program, as the Program shall from time to time be promulgated. The City also reserves the right to cancel the contract by giving written notice by certified mail, return receipt requested, to an officer of the Bank to be designated in the contract. In the event of cancellation by the City, all obligations by the Bank

and the municipality shall terminate at the close of business on the thirtieth business day after the notification is delivered to the Bank.

Either party may call a meeting, within seven business days after notice of termination given by either party, to attempt to resolve the problem, which led to the termination. Any subsequent adjustment, modification, or re-negotiation of the contract terms shall require the approval of the Mayor and City Council in accordance with the provisions of Massachusetts General Laws chapter 44, §53F.

#### SECTION VI: ENTIRE AGREEMENT

This (i) Compensating Balance Agreement, including the Exhibits hereto, (ii) the Customer Processing Agreement by and among RBS Citizens, N.A., RBS WorldPay, Inc., and the City, (iii) the Cash Management Services General Terms and Conditions, (iv) the Terms and Conditions Governing Specific Cash Management Services, (v) the Agreement for Cash Management Services and Service Order, (vi) the Account Reconciliation Services Service Request, (vii) the Money Manager GPS Service Request, (viii) the Certificate of Authority for Cash Management Services, (ix) the ACH Services Transmission Service Request, (x) the City's Proposal, and (xi) the Bank's Response, constitute the entire agreement of the parties with respect to the subject matter hereof. If there is any conflict between the terms and provisions of this Compensating Balance Agreement and items (ii) through (xi) above, the terms of this Compensating Balance Agreement shall govern, but only to the extent reasonably required to resolve such conflict.

#### SECTION VII: ACCOUNT SERVICES

##### A. Account Officer

The initial account officer responsible for handling relations with the City in connection with this Compensating Balance Agreement is: Alice Ferraro, Vice-President. The Bank shall notify the City in writing of any change of account officer.

##### B. Credit/Debit Card Account Services

The Bank agrees to provide the credit/debit card account services described herein for the accounts listed in Exhibit I hereto. The services to be provided with respect to each account shall be as indicated on Exhibit I.

##### *(i) Collection and Deposit of Credit/Debit Card Receivables*

The Bank shall: collect funds based on credit/debit card transactions completed at locations in City Hall and in other City offices, wherever located, as well as electronically over the internet; deposit the same into the account(s) listed on Exhibit I hereto; maintain and reconcile the account to which such funds are deposited; execute electronic wire transfers of amounts deposited to the accounts listed on Exhibit I hereto as requested; provide monthly statements in a format satisfactory to the City; upon request provide copies on compact disk (CD-ROM) of daily transaction summaries; provide all necessary

equipment including manual transaction imprinters, replace malfunctioning equipment at no additional cost, and provide transaction paper rolls, manual transaction slips and other supplies pertaining to the processing of the credit/debit transactions, whether or not such equipment is provided by the Bank or an authorization center (*see* paragraph (ii) below); train City personnel in the use of the equipment and control of credit/debit card transactions, whether or not such equipment is provided by the Bank or an authorization center; and provide any normal and generally accepted services associated with this type of account not specifically listed herein.

*(ii) Collection and Deposit of Credit/Debit Card Receivables from Authorization Center(s)*

The Bank shall, if necessary and as required, act as liaison for the City with any authorization center, or any successor thereto, that may at any time collect funds based on credit/debit card transactions, accept deposits from such authorization center, maintain and reconcile the account to which such funds are deposited, execute daily electronic wire transfers of amounts deposited to the accounts listed on Exhibit I hereto, provide monthly statements in a format satisfactory to the City, and provide copies of daily transaction summaries on CD-ROM upon request.

C. Adjustment of Credit/Debit Card Account Services; Additional Accounts

The City reserves the right to adjust the level of services provided for individual accounts. In the event the City adjusts service levels, such services will be provided in accordance with the fee schedules provided herein.

D. Addition, Substitution and Termination of Services

From time to time the City may add to, substitute, or delete from the required services described in the preceding subsections A through D.

SECTION VIII: CHARGES FOR SERVICES PERFORMED

A. Credit/Debit Card Transaction Fees

The transaction fees charged from time to time by the Bank for credit/debit card transactions under this Compensating Balance Agreement are set forth in Exhibit II hereto.

B. Credit/Debit Card Provider Charges; Discount Rates

The Bank shall remit any charges due credit card/debit card providers, and such charges shall be passed to the analysis system and assessed in regard to the average collected balance for the subject account (*see* Section IX). In the event that the Bank does not represent any such credit/debit card provider(s), the Bank shall remit to those providers any charges due to them in accordance with the discount rates negotiated by such

providers and the City, and such charges shall also be passed to the analysis system and assessed in regard to the average collected balance for the subject account.

#### C. Account Service Fees

The charges imposed, by the Bank for the Credit/Debit Card Account Services performed by the Bank under this Compensating Balance Agreement are set forth in Exhibit II hereto.

### SECTION IX: CALCULATION OF CREDITS

All service charges are passed to the analysis system and assessed in regard to that account's average collected balance. Each account is analyzed separately on a combined overall banking relationship basis in order to determine the net compensation position.

The formula for determining the Average Monthly Collected Balance Required shall be derived as defined below.

*Monthly Expenses divided by ECR Rate divided by thirty (30) multiplied by 360*

The Earnings Credit Rate Index shall be derived from the Treasury Bill plus 11 points.

### SECTION X: GENERAL ACCOUNT BALANCE REPORTING REQUIREMENTS

The Bank will furnish the City with monthly account analysis statements showing the balance(s) maintained, the credit earned, the volume and type of services provided, the average daily balance, the interest rate used to calculate earnings credits, the net surplus or deficit of credits earned minus the cost of services, and the accumulated surplus or deficit for the year to date, as well as an abbreviated compensating balance form to be supplied by the City Treasury Department, within 10 days after the month end. The Bank shall also furnish within ten business days after the expiration or termination of the Compensating Balance Agreement an analysis of the account activity and credit earnings in the form required by the Commissioner of Revenue under the provisions of General Laws ch. 44 §53F.

IN WITNESS WHEREOF, the City and the Bank have caused this Compensating Balance Agreement to be executed under seal and delivered, as of the date written above.

THE CITY OF BOSTON, MASSACHUSETTS



By: Vivian Leo, *First Assistant Collector-Treasurer*

CITIZENS BANK OF MASSACHUSETTS



By: Alice Ferraro, *Vice President*

Approved as to form:



William Sinnott, *Corporation Counsel*

**EXHIBIT I: Credit/Debit Card Account Services**

<b>ACCOUNT NAME</b>	<b>ACCOUNT No.</b>
Accounts Receivable	1139947858
Accounts Receivable ACH	1137491482
City Clerk Credit Card	1137491202
Fire Department Credit Card	1137491237
Internet Merchants Account	1137491318
Internet Merchants ACH	1137491490
Internet Parking Credit Card	1137491474
ISD, Credit Card Account	1137491288
Parking Clerk, Credit Card Account	1137491342
Parking Meter Project	1306933436
Real Estate ACH	1137491504
Tax Credit Account	1137491393

B = Basic Reconciliation  
 C = Compact Disk  
 F = Full Reconciliation  
 P = Partial Reconciliation  
 T = Transmission

**EXHIBIT II CREDIT CARD / DEBIT CARD PAYMENTS**

**Credit / Debit Card Services**

<b>SERVICES</b>	<b>FEE SCHEDULE</b>
0 – 50,000 – Dial-Up Communication	\$0.07
0 – 50,000 – I/P Communication	\$0.06
50,001 – 100,000 Dial-up Communication	\$0.06
50,001 – 100,000 I/P Communication	\$0.05
100,001 – 200,000 Dial-Up Communication	\$0.04
100,001 – 200,000 I/P Communication	\$0.02
200,001+ Dial-up Communications	\$0.03
200,001+ I/P Communications	\$0.02
Monthly Maintenance	\$0.00
Charge backs	\$0.00
Returns	\$0.00
On-line Statements	\$0.00
Paper Statements	\$0.00
Voice Authorization Fee Per Call	\$0.95

### EXHIBIT III: Required Lending Information

The Bank shall disclose the following information and data on forms approved by the Collector-Treasurer for each census tract within the City of Boston and outside the City of Boston within the Boston SMSA:

#### A) Loan Activity

- 1) The number of loans and total dollar amount;
- 2) The median effective interest rate;
- 3) The median down payment;
- 4) The median amortization;
- 5) The percentage of such applicants whose applications were denied;

for the following types of loans:

i) Residential loans: Data shall be reported separately for property containing (i) one (1) to four (4) dwelling units; and (ii) five (5) to eight (8) dwelling units; and (iii) more than eight (8) dwelling units. Only loans closed within the previous calendar year shall be reported. The information and data for mortgage loans shall be further itemized listing the following separately:

(a) Conventional mortgage loans and;

(b) Mortgage loans which are insured under title II of the Housing Act of 1949, or which are guaranteed under chapter 37 of title 38, United States Code (FHA, FMHA, or VA loans).

(c) Mortgage loans, which are insured or financed by the Massachusetts Housing Finance Agency (MHFA).

- ii) Home improvement loans or rehabilitation loans made on residential properties.
- i) Home equity loans.
- ii) Commercial loans.
- iii) Consumer loans.
- iv) Community development loans.
- v) Student loans.

b) Participation and Services

- 1) The financial institution's participation in local community development projects or, financing of low and middle income housing;
- 2) The availability of banking services, including but not limited to, the location of branch offices, automated teller machines (ATM) and the availability of bank personnel to service loans;
- 3) The hiring and promotion of women, minorities and Boston residents;
- 4) Deposit information, including but not limited to, the number of savings and checking accounts and the total dollar balances in the savings and checking accounts.