



24-4776

DATE: April 16, 2024 (Item No. {{item.number}})

TO: Board of Supervisors

FROM: Margaret Olaiya, Director, Finance Agency

SUBJECT: Approve Fourth Amendment to Agreement with Wells Fargo Bank

RECOMMENDED ACTION

Approve amendment to the Operational Banking Services Agreement with Wells Fargo Bank relating to providing operational banking services with no change to the maximum contract amount and extending the agreement for a six-month period through November 1, 2024, that has been reviewed and approved by County Counsel as to form and legality. (LA-1)

FISCAL IMPLICATIONS

The agreement will be funded by the Board's approved appropriations for the Controller-Treasurer Department. The costs are charged to the earnings on the investment pool and allocated to each participant based on services used and average daily cash balances.

CONTRACT HISTORY

On October 20, 2020, the Board approved the Operational Banking services agreement with Wells Fargo Bank for a one-year period and directed the Administration to issue a new request for proposals (RFP), due to concerns regarding Wells Fargo Bank's social responsibility scorecard.

On August 17, 2021, the Board approved the first amendment to the Agreement with Wells Fargo Bank, increased the maximum contract amount by \$1,320,000 from \$1,320,000 to \$2,640,000, and extended the agreement for a 12-month period through October 31, 2022.

A new RFP was issued on February 23, 2021, augmented by a more robust section about corporate social responsibility as well as a more expansive section about fraud protection measures.

On August 30, 2022, the Board approved the second amendment to the Agreement with Wells Fargo Bank, increased the maximum contract amount by \$1,320,000 from \$2,640,000 to \$3,960,00, and extended the agreement for a 12-month period through October 31, 2023.

On September 27, 2022, the Board approved a new Operational Banking services agreement with JPMorgan Chase Bank, N.A.

On October 17, 2023, the Board approved the third amendment to the Agreement with Wells

Fargo Bank, increased the maximum contract amount by \$660,000 from \$3,960,000 to \$4,620,000, and extended the agreement for a six-month period through April 30, 2024.

REASONS FOR RECOMMENDATION AND BACKGROUND

The transition to the new operational banking services with JPMorgan Chase Bank occurred in July 2023. The majority of services and accounts have successfully transferred as of the writing of this report, but a small number of Wells Fargo bank accounts, including those utilized by Santa Clara Valley Healthcare (SCVH) remain. Some of these services may not be switched over by the time the current extension expires on April 30, 2024. Most of these accounts involve payments received from the State of California and traditionally take longer to transition. Additionally, both SCVH and Valley Health Plan need additional time to finalize the contract for merchant services, which will allow the establishment of credit card lockboxes with JPMorgan Chase Bank. The Administration recommends an additional six-month extension to the agreement with Wells Fargo Bank to close out all the accounts and to implement the needed deposit functions. There are no other changes to the terms and conditions.

CHILD IMPACT

The recommended action will have no/neutral impact on children and youth.

SENIOR IMPACT

The recommended action will have no/neutral impact on seniors.

SUSTAINABILITY IMPLICATIONS

The recommended action will have no/neutral sustainability implications.

CONSEQUENCES OF NEGATIVE ACTION

If the amendment is not approved, the County will have no contract for continued operational banking services with Wells Fargo Bank after April 30, 2024. The County may continue to receive banking services without a legally binding agreement, which may result in potential risk exposure for the County.

STEPS FOLLOWING APPROVAL

Upon execution of the agreement, the Clerk of the Board will electronically notify Wells Fargo Bank, attention Rayad Juman at rayad.juman@wellsfargo.com and Martina Dillon in the Controller-Treasurer Department, when executed documents are available.

ATTACHMENTS:

- Wells Fargo Extension
- Levine Act Contractor Form