

TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER

**DEPARTMENT: ADMINISTRATIVE
SERVICES**

DATE: November 22, 2010

CMR: 409:10

REPORT TYPE: CONSENT

**SUBJECT: Approval of Banking Services Contract Extension with Wells Fargo and
Union Bank for Three Years**

RECOMMENDATION

Staff recommends that Council approve extending banking services contracts with Wells Fargo Bank (Attachments A) for three additional years. The contract would be effective from January 1, 2011 through December 31, 2013.

BACKGROUND

In 2005, the City conducted a Request for Proposal (RFP) process for banking services. After reviewing the proposals from a number of banks, the City selected Wells Fargo (Wells) for general banking services and Union Bank (Union) for custodial services (safekeeping of City investments in securities). The selection of Wells ended a long-term relationship with Bank of America, the prior banking services provider. The agreement with Wells and Union consisted of a three year contract plus an additional two years based on satisfactory performance which Wells and Union has more than exceeded. The five year service contracts end December 31, 2010.

DISCUSSION

Staff is requesting that Council extend the existing contract with Wells for three additional years. Because of the cost of the existing contract, where annual fees are now exceeding \$117,000, City policy requires City Council approval for a contract extension. Union Bank's fees are under the threshold for Council approval, but for transparency purposes, staff is calling this contract to Council's attention. It is important to note that the annual costs of the banking contracts depend on the volume and mix of fees or services used, so annual costs must be estimated.

Normally, a RFP would have been initiated by staff, but due to workload and other factors one has not been conducted to date. Moreover, there are a series of important considerations that prompt this request for extended Wells and Union contracts. These include:

- During the past six months, the City has worked toward and completed the outsourcing of the Utility Payment (Bill) Processing activity. A cost benefit analysis was conducted

for this operation and it showed solid savings for the Utilities. The savings primarily resulted from not having to purchase or lease a new process machine (capital cost was between \$120,000 to 180,000 plus an annual maintenance fee of around \$30,000). This project took considerable effort to implement because of information system and process issues. By moving to another vendor much of the work and many of the system issues will be duplicated, thereby absorbing additional and significant resources.

- Wells service and technology have been excellent. While strict technology comparisons with other vendors have not been made, periodic discussions with other vendors over the past 5 years has led staff to believe that Wells' technology and process improvements will be difficult to exceed. Wells' on-line portal offers simple, easy, and fast single point of access for all cash management services (e.g., online security and fraud control, wires, reports, data file transmission and receipts, self-administration tools). In addition to Utility Payment (Bill) Processing, Wells has made improvements in Internet Bill Pay and check and electronic fraud prevention. The City is also exploring adding Wells' Commercial Card Expense Reporting (CCER) AP Control service.
- During the economic downturn and the City's budget challenges, Wells was asked to review their fee structure with the goal of reducing costs to the City. In June 2009, Wells made fee or price concessions that reduced the City's annual costs by an estimated \$8,000 or 10.8 percent. Wells guaranteed these prices, with one relatively minor exception, through the end of their contract with the City or December 31, 2010.
- In preparation for a recommendation to Council, staff contacted Wells Fargo to determine if further and future pricing concessions could be provided. Wells has agreed to reduce fees resulting in estimated annual savings of \$15,500. Attachment A shows the new and lower fees offered by Wells Fargo which would take effect January 1, 2011 and stay fixed until December 31, 2013.
- Implementing a change in banking service vendors takes staff and the vendor nearly 4-6 months to implement. Approximately, a dozen staff members would be engaged in this time consuming process reducing their ability to tend to other City business.

With the outsourcing of Utility Bill Processing operations, annual fees are estimated at around \$117,000 (previous annual fees were around \$75,000). While this is not a small expenditure, staff believes the contract with Wells is competitive and serves the City's long-term interests in efficient and effective service and in further automating manual time consuming processes. On an annual basis, Wells' proposal in the 2005 RFP was lower by approximately \$18,600 or 10 percent compared to the second least expensive vendor.

Staff will be also entering into a new contract with Union for custodial services for City investments. Per City policy, Council action is not required for Union's contract (less than \$85,000 and not greater than three years). Since the custodial services has been and will remain part of the future banking services RFP, the new Union contract will be for the same duration as the Council selects for the banking services contract. In the 2005 RFP process no vendor could approach the low cost service Union provides. Union's fees to the City have not changed in the last twelve years and annual costs are around \$5,700. Union has made price concessions for the new contract that will reduce the City's annual costs by an estimated \$668 or 11.7 percent.

Union has guaranteed to fix these lower rates for the duration of the new contract or through December 31, 2013. The City holds some 168 federal agency and other securities with Union with an estimated 65 securities maturing each year. This service is extraordinarily cost effective.

In conclusion, staff recommends that Council extend the Wells banking services contract for three more years. At the end of whatever extension Council approves, staff will conduct a formal RFP process for banking and custodial services. At this time, staff believes that continuity in banking services is in the City's best financial and service interests.

RESOURCE IMPACT

The estimated annual cost for regular banking services is \$117,000 and for custodial services is \$5,000. Funds for these services have been appropriated in the City's budget.

ENVIRONMENTAL REVIEW


This is not a project for the purposes of the California Environmental Quality Act.

ATTACHMENTS


Attachment A: Three Year Contract Extension with Wells Fargo Bank (with Amendment to Fee Structure in Existing Wells Fargo Contract)

Attachment B: Existing Wells Fargo Bank Contract (contract ends December 31, 2010)

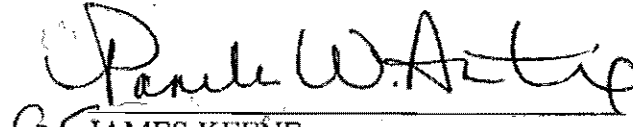
PREPARED BY:


TARUN NARAYAN
Senior Financial Analyst,
Administrative Services

DEPARTMENT HEAD APPROVAL:


LALO PEREZ
Director, Administrative Services

CITY MANAGER APPROVAL:


for JAMES KEENE
City Manager



ATTACHMENT A

**AMENDMENT NO. 1 TO CONTRACT NO. C05109043
BETWEEN THE CITY OF PALO ALTO AND
WELLS FARGO BANK**

This Amendment No. 1 to Contract No. C09128288 ("Contract") is entered into November 23, 2010, by and between the CITY OF PALO ALTO, a charter city and a municipal corporation of the State of California ("CITY"), and Wells Fargo Bank, located at 550 California Street, San Francisco, CA 94063 PH(415) 396-7485 ("CONTRACTOR").

R E C I T A L S:

WHEREAS, the Contract was entered into between the parties for the provision of Banking Services; and

WHEREAS, the parties wish to amend the Contract;

NOW, THEREFORE, in consideration of the covenants, terms, conditions, and provisions of this Amendment, the parties agree:

SECTION 1. Section 3, TERM. is hereby amended to read as follows:

"**TERM.** The services provided under this agreement shall commence on January 1, 2005 and shall be completed on or before December 31, 2011, with an option to renew for up to two additional one year periods through December 31, 2013."

SECTION 2. Section 4, COMPENSATION. is hereby amended to read as follows:

"**COMPENSATION.** CITY shall pay CONTRACTOR as compensation for full performance of this Contract:

A sum in accordance with the Fee Schedule set forth in Exhibit "B", attached herein.

SECTION 3. The following exhibit(s) to the Contract is/are hereby amended to read as set forth in the attachment(s) to this Amendment, which are incorporated in full by this reference:

- a. Exhibit "B" entitled "Compensation".

Except as herein modified, all other provisions of the Contract, including any exhibits and subsequent amendments thereto, shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have by their duly authorized representatives executed this Amendment on the date first above written.

CITY OF PALO ALTO

APPROVED AS TO FORM:

Senior Assistant City Attorney

Purchasing Manager

WELLS FARGO BANK

By: 

Name: Mary Lou Lopez

Title: Vice President, RM

Attachments:

EXHIBIT "B": COMPENSATION

ATTACHMENT 1: CONTRACTOR's Letter of Proposal, Addendum No. 2

EXHIBIT "B"
COMPENSATION

The CITY agrees to compensate the CONSULTANT for professional services performed in accordance with the terms and conditions of this Contract, and completed to the reasonable satisfaction of the CITY.

The compensation to be paid to CONSULTANT under this Contract for all services described in Exhibit "A" ("Basic Services") and reimbursable shall be based on the Schedule of Fees for Services listed below, reflecting the prices contained in CONTRACTOR's Letter of Proposal, Addendum No. 2 to Palo Alto's RFP No. 109043 dated November 10, 2010, attached herein as Attachment 1 to this Amendment.

SCHEDULE OF FEES for SERVICES

<u>General Account Services</u>	<u>PRICE</u>
ACH Monthly Base	\$30.000
ACH Ret Item-Info Reporting Advice	\$ 2.000
ACH NO-Info Reporting Advice	\$ 2.000
 <u>Disbursement Recon Serv.</u>	
ARP Optional Reports	\$ 5.000
 <u>Lockbox Services</u>	
RLBX Transmission Base	\$ 75.000
WLBX Monthly Base	\$100.000
WLBX Image Storage	\$ 0.030
WLBX Data Capture SF	\$ 0.010
WLBX Document Scanned	\$ 0.050
WLBX Item Processed Image	\$ 0.040
 <u>Information Services</u>	
CEO Intraday Subscription Monthly Base	\$ 50.000
CEO Intraday Subscription - Item	\$ 0.010
Lockbox CEO Subscription -Monthly Base	\$ 75.000

ATTACHMENT No. 1

November 9, 2010

Tarun Narayan
Senior Financial Analyst
City of Palo Alto
250 Hamilton Ave, 4th floor
Palo Alto, CA 94301

Dear Tarun:

The City of Palo Alto has been a valued Wells Fargo Bank client since 2005. In appreciation of this, I would like to offer the city the attached price concession in addition to the first price concession dated on June 1, 2009. These proposed reductions, found in the enclosed attachment, along with all the City's pricing would remain in effect and guaranteed until December 31, 2013. The net effect of these price changes shows an additional savings of approximately 6%, from the original savings of 10% last year. The city may terminate this agreement at its convenience and without cause upon thirty (30) days written notice to the Bank.

Please acknowledge acceptance of these terms by signing and returning an original copy of this letter.

Thank you for your business and continued partnership with Wells Fargo Bank. We look forward to continuing to provide banking services to the city and will strive to meet or exceed your expectations with regard to products and customer service.

Sincerely,

Mary Lou Lopez
Vice President
Relationship Manager

Cc: Joe Saccio, Deputy Director of Administrative Services

ACCEPTED BY:

Lockbox CEO Subscription -Monthly Base

120.0000

75.0000

ATTACHMENT B
SERVICES CONTRACT

No. 005 109043

THIS AGREEMENT made and entered into on the 1st day of January, 2005 by and between the CITY OF PALO ALTO (hereinafter referred to as CITY), and WELLS FARGO BANK, 550 California Street, 10th floor, San Francisco, CA 94063, (415-396-7485) (hereinafter referred to as CONTRACTOR). In consideration of their mutual covenants, the parties hereto agree as follows:

1. **SERVICES.** CONTRACTOR shall provide or furnish the services described in the Scope of Work, attached hereto as Exhibit "A", and incorporated herein by this reference: Banking Services (Includes Merchant Services).
2. **EXHIBITS.** The following attached exhibits are hereby made a part of this agreement: ~~"A"~~ ~~"B"~~ ~~"C"~~ ~~"D-1"~~ ~~"D-8"~~ ~~"E"~~

CONTRACT IS NOT COMPLETE UNLESS ALL EXHIBITS ARE ATTACHED.
3. **TERM.** The services provided under this agreement shall commence on January 1, 2005 and shall be completed before December 31, 2008, with an option to renew the contract for an additional two years through December 31, 2010.
4. **COMPENSATION.** CITY shall pay CONTRACTOR as compensation for the full performance of this Contract.

A sum in accordance with the fee schedule set forth in Exhibit "B," attached hereto.
5. **INVOICING.** Send all invoices to the CITY, Attention: Project Manager. The Project Manager is: Tarun Narayan, Administrative Services Department, (650) 329-2362.
6. **CONTROLLING DOCUMENTS.** The terms of Exhibits "A" and "B" shall control over any conflicting terms in Exhibits "D-1" through "D-8"

ANY HOURS WORKED FOR WHICH PAYMENT WOULD RESULT IN A TOTAL EXCEEDING THE MAXIMUM AMOUNT OF COMPENSATION SET FORTH HEREIN SHALL BE AT NO COST TO CITY.

CITY OF PALO ALTO
GENERAL TERMS AND CONDITIONS

A. ACCEPTANCE. This agreement is limited to the terms and conditions on pages 1 and 2 hereof which includes any exhibits referenced.

B. INSURANCE. CONTRACTOR agrees to provide the insurance specified in the "Insurance Requirements" form attached hereto as Exhibit "E". In the event CONTRACTOR is unable to secure a policy endorsement naming the City of Palo Alto as an additional insured under any comprehensive general liability or comprehensive automobile policy or policies, CONTRACTOR shall at a minimum, and only with the written approval of City's Risk Manager or designee, cause each such insurance policy obtained by it to contain an endorsement providing that the insurer waives all right of recovery by way of subrogation against CITY, its officers, agents, and employees in connection with any damage, claim, liability personal injury, or wrongful death covered by any such policy. Each such policy obtained by CONTRACTOR shall contain an endorsement requiring thirty (30) days' written notice from the insurer to CITY before cancellation or reduction in the coverage or limits of such policy. CONTRACTOR shall provide certificates of such policies or other evidence of coverage satisfactory to City's Risk Manager, together with evidence of payment of premiums, to CITY at the commencement of this agreement, and on renewal of the policy, or policies, not later than twenty (20) days before expiration of the terms of any such policy.

C. ASSIGNMENTS/CHANGES. This agreement shall not be assigned or transferred without the written consent of the CITY. No amendments, changes or variations of any kind are authorized without the written consent of the City Manager.

D. AUDITS. CONTRACTOR agrees to permit CITY to audit, at any reasonable time during the term of this agreement and for three (3) years thereafter, CONTRACTOR'S records pertaining to matters covered by this agreement. CONTRACTOR further agrees to maintain such records for at least three (3) years after the term of this agreement.

E. NO IMPLIED WAIVER. No payment, partial payment, acceptance, or partial acceptance by CITY shall operate as a waiver on the part of CITY of any of its rights under this agreement.

F. CITY'S PROPERTY. Any reports, information, data or other material given to, or prepared or assembled by, CONTRACTOR or its subcontractors, if any, under this Contract will become the property of CITY and will not be made available to any individual or organization by CONTRACTOR or its subcontractors, if any, without the prior written approval of the City Manager.

G. NON-DISCRIMINATION. No discrimination shall be made in the employment of persons under this agreement because of the race, skin color, gender, age, religion, disability, national origin, ancestry, sexual orientation, housing status, marital status, familial status, weight or height of such person. CONTRACTOR agrees to meet all requirements of the Palo Alto Municipal Code pertaining to nondiscrimination in employment, including completing the NonDiscrimination Compliance Form, attached hereto as Exhibit "C", and incorporated herein by this reference.

CITY OF PALO ALTO GENERAL TERMS AND CONDITIONS - Continued

H. QUALIFICATIONS. CONTRACTOR represents and warrants that it has the expertise and professional qualifications to complete the services described in "SERVICES" and that every individual charged with the performance of the services under this Contract is duly licensed or certified, to the extent such licensing or certification is required by law to perform the services.

I. COMPLIANCE WITH LAWS. CONTRACTOR agrees that it will comply with all federal, state and local laws, ordinances, regulations, and orders that may affect those engaged or employed under this Contract, any materials used in CONTRACTOR's performance under this Contract, or the performance of the services provided in completing the work.

J. INDEPENDENT CONTRACTOR. It is understood and agreed that in the performance of this Contract, CONTRACTOR shall at all times be considered an independent CONTRACTOR and not an employee of the CITY. CONTRACTOR shall be responsible for employing or engaging all persons necessary to complete the work required under this Contract.

K. TERMINATION/SUSPENSION. The City Manager may suspend the performance of this Contract in whole or in part, or terminate this Contract, with or without cause, by giving ten (10) days' prior written notice thereof to CONTRACTOR. Upon receipt of such notice, CONTRACTOR shall immediately discontinue its performance. Upon such suspension or termination by CITY, CITY shall pay CONTRACTOR for its services actually rendered to CITY on or before the effective date of the suspension or termination; provided, if this Contract is suspended or terminated on account of a default by CONTRACTOR, CITY will be obligated to compensate CONTRACTOR only for that portion of the Services which are of direct and immediate benefit to CITY, in the reasonable determination of the City Manager. Upon suspension or termination, CONTRACTOR shall immediately deliver to the City Manager any and all copies of studies, sketches, drawings, computations, and other

material or products, whether or not completed, prepared by CONTRACTOR or given to CONTRACTOR, in connection with this Contract. Such materials shall become the property of CITY. The rights of CITY under this section to suspend or terminate this Contract shall be in addition to any and all rights or remedies the CITY may have available to it under the law, in the case of a breach of this Contract by CONTRACTOR.

L. CONFLICT OF INTEREST. In accepting this Contract, CONTRACTOR covenants that it presently has no interest, and will not acquire any interest, direct or indirect, financial or otherwise, which would conflict in any manner or degree with the performance of this Contract. CONTRACTOR further covenants that, in the performance of this Contract, it will not employ any person having such an interest. CONTRACTOR certifies that no person who has or will have any financial interest under this Contract is an officer or employee of CITY.

M. ENTIRE AGREEMENT. This agreement, including all exhibits, represents the entire agreement between the parties with respect to the services which may be the subject of this Contract. Any variance in the Exhibits does not affect the validity of the Contract and the contract itself controls. All prior agreements, representations, statements, negotiations and undertakings whether oral or written are superseded hereby.

N. NON-APPROPRIATION. This Contract is subject to the fiscal provisions of the Charter of the City of Palo Alto and the Palo Alto Municipal Code. This Contract will terminate without any penalty (a) at the end of any fiscal year in the event that funds are not appropriated for the following fiscal year, or (b) at any time within a fiscal year in the event that funds are only appropriated for a portion of the fiscal year and funds for this Contract are no longer available. This Section 15.11 shall take precedence in the event of a conflict with any other covenant, term, condition, or provision of this Contract.

THIS AGREEMENT SHALL BECOME EFFECTIVE UPON ITS APPROVAL AND EXECUTION BY CITY. IN WITNESS WHEREOF, THE PARTIES HAVE EXECUTED THIS AGREEMENT THE DAY, MONTH, AND YEAR FIRST WRITTEN ABOVE.

CITY OF PALO ALTO

Assistant City Manager

Purchasing Manager

Approved as to form:

Sr. Assistant City Attorney

CONTRACTOR - Wells FARGO BANK

By *Jacole LaSalle*

Title *VICE President*

By

Title:

Tax I.D. or Social Security No: *94-1347393*

Telephone: *415. 396. 7485*

EXHIBIT A



CITY OF PALO ALTO

C. BANK AND STAFF PROFILE

1. Describe the Bank.
 - a. Provide a corporate overview of your bank and a brief description of its history.

BANK OVERVIEW

Founded in 1852, Wells Fargo Bank is the oldest and largest national bank headquartered in California. Celebrating our 152nd year of operation, Wells Fargo is recognized as one of the most highly capitalized and well-managed banks in the industry. Wells Fargo Bank, N.A. is a federally chartered banking institution and a member of the Federal Reserve System. Wells Fargo is a national leader in financial services, meeting our clients' financial services needs when, where and how they want to be served. Our trademark, the stagecoach, is the symbol of Wells Fargo's role in the development of the Western United States and stands for our pride in "coming through" for our clients, a hallmark of our company since 1852. We are licensed to practice within the State of California.

Government Banking Division

The Government Banking Division at Wells Fargo Bank is a team of seasoned professionals dedicated exclusively to serving the unique banking needs of the public sector. Carole LaRocca, Relationship Manager, will manage your relationship from our Government Banking Unit in San Francisco with local support from our Palo Alto branch at 400 Hamilton Avenue. We draw on the Bank's vast resources to deliver state-of-the-art banking products and we are committed to serving our government entities and their employees, and the communities in which they live, through a complete range of products and personalized service. Some of our advantages include:

- ◆ Largest and strongest bank headquartered in California – only Aaa rated U.S. bank
- ◆ Full range of services to the public sector including municipal investment specialists, Corporate Trust, Custody and Public Finance
- ◆ Statewide coverage of all communities
- ◆ Regulatory compliance with state codes and collateral requirements
- ◆ Sector-specific products, including Same-Day State Payments
- ◆ Access to LAIF
- ◆ Municipal credit support and expertise in fund accounting

- b. Identify the number of branches within our City limits and the nearest full service branch that can assist us with our banking and safekeeping needs.

We have three full service traditional branches conveniently located within the Palo Alto city limits that are available for deposits of currency, coin and checks. The City will receive an immediate deposit receipt and can purchase coin and currency as needed. Deposits received at local branches by 4:00 p.m. Monday through Thursday and by 6:00 p.m. on Friday receive same day credit. The staff at our Palo Alto Main branch is available to provide any needed local support.

BANK NAME	BANK ADDRESS	CITY	ZIP	DEPOSIT CHANNELS
Palo Alto	400 Hamilton Ave	Palo Alto	94301	Teller/Express ATM/Treasury Express Deposit bag/Night Drop
Old Stanford Farm	600 Quarry Rd	Palo Alto	94304	Teller/Express ATM/Treasury Express Deposit bag/Night Drop
Stanford Industrial Park	505 California Ave	Palo Alto	94304	Teller/Express ATM/Treasury Express Deposit bag/Night Drop

Our Institutional Trust and Custody office located in San Francisco will handle safekeeping transactions.

CITY OF PALO ALTO

2. Bank's Experience.
 a. Describe the Bank's Experience in Providing Similar Services.

PUBLIC SECTOR EXPERIENCE

Wells Fargo Bank has a very strong commitment to provide banking services to the California public sector with seasoned, experienced personnel that specialize in working exclusively with public agencies. Our Government Banking Division and Treasury Management specialists are very experienced in providing superior service to our public agency clients. We are proud to have over 400 valued clients made up of counties, cities and various special districts throughout California. Wells Fargo is very familiar with and is in full compliance with all requirements of the California Government Code for public funds.

- b. Summarize the services provided for three of the bank's most comparable municipal clients and for two of the bank's commercial clients. Include a brief description of:
- i. The services provided.
 - ii. How long such services have been provided.
 - iii. Contact person for each client described.

REFERENCES

CONTACT NAME:	Sue Clive
TITLE:	Investment & Cash Management Officer
NAME OF CUSTOMER:	City of Santa Rosa
ADDRESS:	90 Santa Rosa Ave. Santa Rosa, CA 95402
TELEPHONE NUMBER:	(707) 543-3119
FAX NUMBER:	(707) 543-3126
YEARS AS CUSTOMER:	Since 9/02
SERVICES UTILIZED:	Public Funds Demand Deposit Accounts, Full Account Reconciliation, Positive Pay, Direct Deposit Of Payroll, Payroll Taxes, Internet ACH, ACH Debit, On-Line Banking, Sweep, CD-ROM, Controlled Disbursement, Electronic Consumer Commerce, ZBA, Sub-Accounting, Merchant Card

CONTACT NAME:	Brian Ponty
TITLE:	Finance Director
NAME OF CUSTOMER:	City of Redwood City
ADDRESS:	1017 Middlefield Road Redwood City, CA 94063
TELEPHONE NUMBER:	(650) 780-7072
FAX NUMBER:	(650) 366-2447
YEARS AS CUSTOMER:	Since 5/79
SERVICES UTILIZED:	Public Funds Demand Deposit Accounts, Direct Deposit of Payroll, Sweep, Lockbox, Controlled Disbursement, Merchant Card, Account Reconciliation, Positive Pay, ZBA, CEO - Treasury Information Reporting



CONTACT NAME:	Janet Salvetti
TITLE:	Finance Officer
NAME OF CUSTOMER:	City of Stockton
ADDRESS:	425 N. El Dorado Street Stockton, CA 95202
TELEPHONE NUMBER:	(209) 937-8360
FAX NUMBER:	(209) 937-8844
YEARS AS CUSTOMER:	Since 11/03
SERVICES UTILIZED:	Public Funds Demand Deposit Accounts, Full Account Reconciliation, Positive Pay, Direct Deposit Of Payroll, Payroll Taxes, Internet ACH, ACH Debit, On-Line Banking, Sweep, CD-ROM, Purchase Card, Electronic Consumer Commerce, ZBA, Sub-Accounting, Merchant Card

CONTACT NAME:	Rodger Meads
TITLE:	Assistant Treasurer
NAME OF CUSTOMER:	Ross Stores, Inc.
ADDRESS:	4440 Rosewood Drive Building #4 Pleasanton, CA 94588
TELEPHONE NUMBER:	(925) 965-4243
FAX NUMBER:	(925) 965-4400
YEARS AS CUSTOMER:	Since 1985
SERVICES UTILIZED:	Concentration/ZBA, Controlled Disbursement, ACH, Wires, Cash Vault, Check Depository, CEO - Treasury Information Reporting, Sub-Accounting, Positive Pay, Business MasterCard

CONTACT NAME:	Kelly Kennedy
TITLE:	Director, Treasury
NAME OF CUSTOMER:	Williams-Sonoma, Inc.
ADDRESS:	3250 Van Ness Avenue San Francisco, CA 94109
TELEPHONE NUMBER:	(415) 733-3126
FAX NUMBER:	(415) 283-3671
YEARS AS CUSTOMER:	Since 1997
SERVICES UTILIZED:	Wires, Cash Vault, Check Depository, CEO - Treasury Information Reporting, Sub-Accounting, Foreign Exchange Trading, Institutional Brokerage, Purchase Card

3. Identify the Personnel to Be Assigned.

RELATIONSHIP MANAGEMENT

We currently have 24 dedicated professionals who have responsibility for serving our public sector clients. The individuals listed below would be specifically assigned to your relationship. Carole LaFocca would serve as the City's dedicated Relationship Manager and the City's primary point of contact for all your banking needs. Carole and the rest of the proposed relationship team are very excited at the prospect of working with the City and your finance and treasury officials. We look forward to partnering with you to take advantage of state-of-the-art technology to create every possible operating efficiency for the City of Palo Alto.



<p>Carole LaRocca Vice President Relationship Manager (415) 396-7485</p> <ul style="list-style-type: none"> ◆ Manager of Relationship ◆ Coordinator of Suite of Services to the City ◆ Problem Resolution ◆ Authorized Officer 	<p>As your Relationship Manager, Carolé will function as a financial consultant to the City and coordinate a team of specialists working on your relationship. She will provide guidance and assistance regarding new technologies and procedural enhancements. Carolé has over 26 years of diversified banking experience. The last 14 years have been dedicated to exclusively serving the public agency market. Carolé is an active member in the California Municipal Treasurer's Association, the California Society of Municipal Finance Officers and the California Association of County Treasurers & Tax Collectors.</p>
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<p>Tisha Mar, CTP Assistant Vice President Treasury Management Officer (415) 222-9568</p> <ul style="list-style-type: none"> ◆ Treasury Management Consultant ◆ Treasury Management Products & Services Sales 	<p>Tisha has the primary responsibility for providing treasury management expertise. She brings over 14 years of corporate banking experience in the design, development and implementation of client specific treasury management systems for large corporate and public agency clients. Tisha is a Certified Treasury Professional through the Association for Financial Professionals. She is a member of the California Association of County Treasurers and Tax Collectors, California Municipal Treasurer's Association, California Society of Municipal Finance Officers and San Francisco Treasury Management Association.</p>
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<p>Jim Miller Sr. Vice President Institutional Trust Services (415) 222-3335</p> <ul style="list-style-type: none"> ◆ Oversees Institutional Custody Services Sales 	<p>With over 30 years in the institutional trust industry, Jim Miller brings considerable experience to Wells Fargo's Institutional Trust Services Department. That experience includes engagements as a Relationship Manager for institutional clients, as Manager of a Securities Lending Marketing and Service Team and as Manager of an Employee Benefit Trust Department. As Manager of National Sales for the Custody Services area, Jim oversees the activities of a sales staff that covers the entire country and is directly involved in the ongoing development of Wells Fargo's Institutional Custody Services.</p>
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<p>Mary Lou Lopez Senior Relationship Associate (415) 947-5956</p> <ul style="list-style-type: none"> ◆ Account Analysis ◆ Overdrafts ◆ Problem Resolution ◆ LAIF 	<p>Mary Lou works with your Relationship Manager to help enhance customer service to public agency clients. She will serve as the liaison between the City and the various departments of the Bank. Mary Lou brings over 9 years of banking experience in the areas of portfolio management and customer service with the last 3 years managing government relationships. She will assist the City directly with any items pertaining to your account analysis statements, LAIF and overdrafts.</p>
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<p>Reza Razzaghipour Palo Alto Branch Manager (650) 855-7677</p> <ul style="list-style-type: none"> ◆ Local Branch Contact ◆ Membership Banking ◆ Private Client Services 	<p>Reza is the Store Manager for our Palo Alto location. He has managed the Palo Alto store for the last 2 years and has been with Wells Fargo for over 4 years. Reza takes an active role in the Palo Alto community and is very familiar with local issues and concerns. He and his team are active in the Palo Alto Chamber of Commerce and More Than A Meal program. Reza and his staff will assist the City and your employees with any immediate banking needs, including the opportunity to implement an employee benefits program.</p>
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CITY OF PALO ALTO

Client Service Officer 1-800-At-Wells <ul style="list-style-type: none"> ◆ Day-to-Day Contact ◆ Dedicated Operations Support ◆ Problem Resolution 	<p>The City will be assigned a dedicated client service officer (with designated backup) who will be the City's representative for day-to-day customer service. This individual will act as a liaison between you and various operations centers to resolve issues and request information quickly. The client service officer will provide the City with expert operations support for all of your cash management services.</p>
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Implementation Associate <ul style="list-style-type: none"> ◆ Implementation of all Treasury Management Products ◆ Training City Staff 	<p>A designated implementation specialist will be responsible for implementing all Treasury Management products and services. This specialist will train City employees on how to use services and assist in completing all documentation.</p>
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4. List All Services to Be Provided.

SERVICE	LOCATION PROVIDED FROM
Treasury Management Services	San Francisco
Safekeeping and Custody Services	San Francisco
Merchant Card Services	San Francisco
Sweep Services	San Francisco
Local Branch Services	Palo Alto

5. Exceptions.

There are no services required by the City that are not included in Wells Fargo Bank's proposal. We comply with the City's stated minimum qualifications with no exceptions.



D. DEPOSIT PROCESSING

1. Identify a branch location in proximity to Palo Alto that can accommodate the security and deposit volume of our accounts.

We have three full service traditional branches conveniently located within the Palo Alto city limits and one in Stanford that are available for deposits of currency, coin and checks. The City will receive an immediate deposit receipt and can purchase coin and currency as needed. Deposits received at local branches by 4:00 p.m. Monday through Thursday and by 6:00 p.m. on Friday receive same day credit. Our Palo Alto Main branch can accommodate the security and deposit volume of your accounts and the staff there is available to provide any needed local support.

BANK NAME	BANK ADDRESS	CITY	ZIP	DISTANCE	DEPOSIT CHANNELS
Palo Alto	400 Hamilton Ave	Palo Alto	94301	0.15	Teller/Express ATM/Treasury Express Deposit bag/Night Drop
Old Stanford Farm	600 Quarry Rd	Palo Alto	94304	0.70	Teller/Express ATM/Treasury Express Deposit bag/Night Drop
Stanford Industrial Park	505 California Ave	Palo Alto	94304	1.58	Teller/Express ATM/Treasury Express Deposit bag/Night Drop
Stanford Campus	Tresidder Memorial Student Union	Stanford	94305	1.5	Teller/Express ATM/Treasury Express Deposit bag/Night Drop

2. Describe the bank's deposit requirements. How should the coin and currency deposits be prepared? Can checks, currency and coin be included in the same deposit?

Currency should be sorted by denomination into stacks of 100 notes. Secure each stack using appropriate color-coded currency strap. Loose bills do not need to be sorted, but should be secured by rubber band or paper clip. Loose coin under \$10.00 is accepted at no additional charge, regardless of deposit method (except regular ATM's). Coin amounts greater than \$10.00 should be packaged loose in disposable coin bags, according to bank specifications provided at implementation. Typically, fees are lower for coin sorted into like denominations in standard amounts than for mixed coin bags with no declared value. Yes, checks, currency and coin can be included in the same deposit (mixed deposit), but we recommend split deposits. Mixed deposits have an earlier deposit deadline than split deposits (checks and currency/coin in separate deposits).

3. Discuss how bank will handle rolled coin deposits.

We do not accept rolled coin at our cash vaults. Loose coin under \$10.00 is accepted at our cash vault, branch and night drop locations at no additional charge, regardless of deposit method. Coin amounts greater than \$10.00 should be packaged loose in plastic coin bags, according to the bank specifications we will provide at implementation.

4. How are bank's procedures for handling deposit adjustments, be specific? What documentation does the bank provide?

We always credit your account for the declared amount on your deposit slip. We make separate debit/credit entries for adjustments. Adjustment advices, with relevant backup documents, are mailed to you. We provide telephone notification for adjustments to cash vault deposits of more than \$50. Electronic adjustment advices and transaction research are always available at opening of the following business day, enabling on-line research inquiry. The transaction amount, the reason for the adjustment and the deposit location number related to an item is available on information reporting and BA12 detail files.

For cash vault adjustments, deposit date, declared amount, verified currency total by denomination, and location number (if applicable) are provided on your adjustment notice. For branch deposit adjustments, the amount of the adjustment and the reason are provided.



CITY OF PALO ALTO

Discrepancies are called into your Client Service Officer (CSO). Each item is researched to ensure accuracy and provide relevant back-up documents. All deposit corrections, returns, or adjustments made to your account are specifically identified by source and nature of the transaction on your bank statement, balance reporting, deposit reconciliation reports, detailed transaction file transmission and on optional mailed advices. Cash vault adjustment notification will also include a breakdown of currency verified. Check adjustments will include relevant back-up documentation. All deposit adjustments are posted within 48 hours of receipt.

5. Describe the bank's returned item handling and notification procedures. How long does it take for returned items to be sent to the City?

Returned items are debited from the account they were deposited to unless other instructions are in place and included on your endorsement stamp. Location information is provided on the mailed return item advice, as well as on all information reporting options.

An automatic re-clear option is available, which allows the bank to make a second attempt to clear checks returned for insufficient funds. The clearing bank has 24 hours to return the original items. Items that are debited against your account will be mailed to you on the same business day. In addition to mailed advices, the City can access an online daily return item report via CEO. Online images of return items will be available in third quarter 2004.

6. How late funds must be received to earn credit for the deposit that business day?

Deposits made to the local traditional branch by 4:00 PM Monday-Thursday and by 6:00 PM on Friday receive same day credit. The City will receive same-day ledger credit on all deposits delivered by armored courier to Wells Fargo's San Francisco cash vault before 6:00 PM for mixed deposits and 7:30 PM for split and cash only deposits. Check-only deposits may be delivered by land courier to our processing center in Fremont where the cut-off time is 10:00 PM Monday - Thursday and 11:30 PM Friday.



E. ACCOUNT RECONCILEMENT

1. Does the Bank offer Positive Pay services? Describe the data transmission process? Online transmission method preferred.

Yes, Full Account Reconciliation with Positive Pay service is available and recommended. To utilize Full Account Reconciliation, you would provide us with daily check issuance information, which we compare to your updated, paid check detail. You receive a fully reconciled account statement with a listing of checks still outstanding, exception items and a transmission of paid items to automatically update your accounts payable system. Check register information may be sent via data transmission: mainframe to mainframe, PC to mainframe or VAN to mainframe. The input file can be sent via an Async or Bisync data transmission or Secure File Transport. Manual check registers may also be input and uploaded to the bank online through CEO.

Positive Pay works in conjunction with our Full Account Reconciliation Service. Wells Fargo uploads your check issue information throughout the day into our Account Reconciliation Service system for teller access. (Wells Fargo's Positive Pay service is unique in that check issue information is linked to our teller workstations. Checks presented for encashment can be verified before payment is made.) Wells Fargo electronically compares this check issue information to the data captured from the MICR line of checks presented for payment each day. If the serial number, dollar amount and optionally, payee name match exactly, checks are considered paid and Wells Fargo makes no further examination of the checks. An exception report is created of unmatched items for your account. The City will need to review this report daily and make a pay or no pay decision prior to the established deadline.

Positive Pay Offers Two Versions:

- ◆ **Basic Positive Pay** allows you to review, make on-the-spot corrections and create register entries for all exception items before final payment occurs.
- ◆ **Positive Pay** includes everything in Basic Positive Pay above with the added convenience of receiving only true "issue notice not received" exceptions. Under this option, **Wells Fargo will correct all encoding errors** prior to sending the exception report; this means that only checks without a register on file at the bank are included on your exception report for your review. If the serial number and dollar amount of a presented check match your issue file exactly, the check is automatically paid. Using our Internet portal to review your exception report, one click of a button will allow you to view an image of the exception item to help you make a pay/no pay decision.

Payee Validation: This service allows payee validation on checks cashed at the teller line and on checks written by the City that are processed through the check clearing system. Tellers are able to validate the payee name on the presented check to the payee name on your issue file prior to encashment. This means that if an item with an unmatched payee name is presented for encashment, it will be identified before cash is paid out, helping to reduce potential payee alteration fraud activity on your account. This service requires that you include payee name in the register file that is transmitted to the bank. For checks that are processed through the check clearing system, we validate the payee name and report any exceptions to the City on your daily exception report.

2. Does the bank offer Truncated check services? In addition, does the bank offer a CD-ROM imaging service? If yes, describe service(s). Include a description of the bank software for reading the CD-ROM and when (monthly) will the City receive the CD-ROM?

Yes, we offer truncated check services - CheXstor is a check storage and retrieval service that eliminates the need for you to handle and store cancelled checks at the City. Instead of returning your checks, Wells Fargo keeps microfilm/image copies of the checks and retrieves check information or photocopies when you need them. Check images can be accessed online through CEO the next business day after posting to the City's accounts and will be available for viewing online for 90 days thereafter. Photocopy requests for older checks may be initiated through our on-line CEO service or by calling Cash Management Client Services. Copies are normally mailed/e-mailed within 24 hours after the receipt of your request.

Yes, CD-ROM imaging service is available. The WellsImage service provides a CD-ROM of paid check images. Each CD contains up to 30,000 check images (front and back) delivered weekly, monthly or on a fiscal calendar. You also receive WellsImage Vision™, our proprietary viewing software that gives you powerful search, viewing and image management capabilities. You will receive your CD-ROM within 7 to 10 business days of your CD cycle cutoff.



CITY OF PALO ALTO

3. Describe the Stop payment service and features. Can stop payments be entered on-line? How long is the stop payment effective?

Stop payments can be easily placed or released using CEO (Internet), touch-tone telephone, or by calling your Client Services Officer. CEO provides you with the choice to initiate, renew or release stop payments directly, or to use Search to find your transactions and then submit your stop payment requests.

Stop payments are effective for 6 months with an automatic 12-month renewal option. The first renewal is FREE. Flexible reporting allows you to confirm all stop activity initiated - whether the stop was processed through the CEO, by Client Service Officer, or by phone.

4. Will the bank guarantee payment of all items even if it results in the account being overdrawn temporarily for the day?

Wells Fargo Bank will certainly make a good faith effort to not refuse payment on a City check for insufficient funds. A Daylight Overdraft Facility would facilitate temporary funding shortfalls that are pending intraday receipt of funds, such as investment settlement wires or receipt of state payments. Our practice is to contact our clients if an unexpected shortfall occurs to ensure that city finance officials are aware of the situation and to obtain the expected source and amount of anticipated incoming funds. This open and ongoing communication is critical to make sure our relationship team can partner with you to provide the superior customer service we strive for.

5. Does the bank have the ability to confirm the clearing status of a check and view the check image as an on-line service? If not, by phone?

Yes, you can determine the current status of any check, deposit, wire transfer or other account activity online via the Commercial Electronic Office. Check images are available the next business day after posting to your account.

6. Describe the below reports and state when they are sent or available. Can they be downloaded electronically?

- a. Monthly account analysis statements with a parent summary.

The City will receive a monthly account analysis statement for its demand deposit accounts. The printed statements are generated 5 business days following the activity month and are mailed the following day. The statement will summarize balance computations and service charges and may be designed flexibly to meet your account management needs. Please refer to the sample account analysis statement attached in Appendix 4.

Account analysis statements are also available on-line via our Internet portal CEO and can be delivered in PDF, ANSI 822 text file, CSV or Excel formats. You may also receive your statement via secure email in the same formats. Electronic delivery of your analysis statement is free of charge. You will receive electronic statements within two business days after analysis. Statements are also available via fax.

- b. Monthly partial account reconciliation reports.

If the City prefers to complete the reconciliation of your bank accounts yourself, then the Partial Account Reconciliation Plan is for you. The Partial Plan facilitates your in-house account reconciliation process by providing a complete summary of your checking account activity for the current statement cycle. Optional reports that focus on specific portions of your statement are available in electronic output for direct entry into your internal accounting systems.

Optional Reports available with Partial Account Reconciliation include:

- ◆ Posted Items Listing
- ◆ Credits Report
- ◆ Bank Originated Entries Report
- ◆ Paid Checks Report
- ◆ Stop Payments Report
- ◆ Reversed Checks Report
- ◆ Deposits By Location Report



F. ACH, WIRE AND OTHER TRANSFERS

- 1. Describe the process for initiating Fed wires, ACH, and transfers between City accounts. Please include deadlines for same and next day payments.

The City may initiate wire transfers through a variety of methods, including touch-tone telephone, over-the-counter and Internet based initiation. The Internet based wire initiation is through our business portal, the Commercial Electronic Office (CEO). This is our most cost-effective option. Payment types include: book transfers, domestic wires, drawdowns, international single currency wires and international cross currency wires. You have the option of sending same-day or future-dated transfers, templated or freeform. As a back up, the City may call in wires directly to the wire department using a PIN.

WIRE TRANSFER DEADLINES

U.S. Domestic Outgoing Wires	2:30 p.m. Pacific Time
Book Transfer	5:00 p.m. Pacific Time

To initiate ACH payments, the City would submit an electronic file of payment information in a format approved by the National Automated Clearing House Association. Wells Fargo reads your file and, following your instructions, delivers payment entries to the payees' accounts. The payments are immediately available in the payee accounts on the morning of pay out. ACH file transmission options available are asynchronous (PC), bisynchronous (mainframe) and Secure File Transport (internet) transmission protocols. Transmission deadlines are shown in Section Q.

- 2. What is the funding requirement for ACH payments? Provide deadlines.

We propose that all the City's ACH applications have a "settlement date" funding requirement. On your settlement date, Wells Fargo debits your account for the file total. On the settlement date, the individual credit transactions are posted to the appropriate Wells Fargo and non-Wells Fargo accounts. Same-day payments are available for on-us items (Wells Fargo account holders). You may send files anytime, 7 days a week, 24 hours a day. ACH deadlines are shown in section Q.

- 3. Provide a description or sample of the bank's funds transfer agreement.

Please see Appendix 2 for a sample funds transfer agreement.

- 4. Describe your safeguards and security measures.

Security of the Wire Transfer System

All wires initiated by customers require at least one of the following: a Company ID, User ID and password, a personal PIN and the SecurID authentication card. Also available are optional callbacks on voice initiated wires, initiator limits, batch limits and secondary authorizations. Online CEO wire transfers utilize 128-bit SSL encryption, user authentication and a token card with a dynamic passcode. Internally, all wire operations employees are carefully screened including fingerprinting, federal/state/local background record checks and insurance bonding. The wire transfer area requires proper security access for entry. Wells Fargo has not experienced any wire fraud involving Wells Fargo employees.

Security of the ACH System

To protect against lost files and duplicate transmissions, our ACH system employs these security and control features:

- **Security.** Password or encryption solutions are used for each transmitted file.
- **Control.** Our system automatically generates Transmittal Registers (CNotes) confirming file receipt and sends them to you by transmission or fax.
- **File Duplication Checking.** Before a file can be released to our ACH warehouse, our system makes a front-end edit to compare the dollar totals against a history of previous files you've submitted. If a dollar match is found, the file is put into a hold status and we call you to confirm whether the file should be deleted or processed.
- **File Limits.** By establishing and checking ACH file and item limits, we can alert you to possible errors or fraud attempts.
- **Changes Not Allowed to Warehoused Files.** To ensure security of your files, warehoused files are read-only to prevent operators from making inadvertent or fraudulent changes to data. Access to the warehouse is by password only, and only a limited number of operators have warehouse access. All access to the warehouse is recorded on system reports.



CITY OF PALO ALTO

G. CHANGE/CURRENCY ORDER SERVICES

Describe the bank's procedures for requesting change/currency orders. The City would like the ability to order change/currency and have it delivered through our current armored carrier service.

Currency and coin orders can be placed via the bank's automated touch-tone telephone ordering system or online via CEO. Each location is assigned an ID and password to access the system, and a maximum order limit per location may be established. The City may place orders up to 30 days in advance and change or cancel the order up to 10:00PM the night before the order is to be shipped.

Currency and change orders can be placed via batch orders for multiple locations, saving you time. Authorized access can be by user, location and cash vault function. Regardless of how the change order is placed, the City can search orders online via the CEO though the Cash Vault Inquiry service. Orders are picked up and delivered to the customer-designated location via armored carrier, usually on a next day basis. Change orders are debited electronically the day they are filled.

Typically, branch change orders should be called in at least four hours before pick-up is required. A list of City employees authorized to pick-up change orders should be maintained at the appropriate branch.

Cash Order 1 of 1

* Required field For more information

Account Number: 0011111111
 Location Number: 0000000000
 Account Name: DEMO INC
 Location Address: 45 1st Street
 Next Available Delivery Date: * 06/08/2003 (mm/dd/yyyy)

- Currency: Enter the amounts you want to order. You may order in singles or straps of 100 notes. Straps are more cost effective than singles.
- Coin: Enter the amounts. You may order by roll or standard full/half boxes. Standard full boxes are most cost efficient.
- Bundles: These must be ordered in 1,000 note bundles.

Currency		Coin		Bundles	
Ones:	100 .00	Pennies:		Hundreds:	
Twos:		Nickels:		Fifties:	
Fives:		Dimes:		Twenties:	
Tens:		Quarters:	100 .00	Tens:	
Twenties:		Halves:		Fives:	
Fifties:		Dollars:		Ones:	
Hundreds:					
Subtotal: 100.00		Subtotal: 100.00		Subtotal: 0.00	
GRAND TOTAL: 200.00					
<input type="button" value="Continue"/>		<input type="button" value="Cancel"/>			

Wells Fargo maintains a good working relationship with numerous armored carrier providers and will gladly work with the City to coordinate service. The contract will continue to be between the armored carrier and the City of Palo Alto. At your election, your monthly armored carrier fees can be included on your account analysis statement at the cost you negotiated with the carrier. At Wells Fargo, we offer this convenience without mark-up.

H. BALANCE AND DETAIL REPORTING**1. Please describe the bank's on-line information reporting system, its features and its "user-friendliness."**

The City can access the Treasury Information Reporting (TIR) service within the Commercial Electronic Office (CEO) to view balance and account activity information over the Internet. The City may access a variety of previous day and intraday reports including Previous Day Composite, Intraday Composite and Wire Transfer Detail reports. TIR is a convenient way to conduct treasury management business over the Internet. It lets you quickly review the latest information from a single web page with a single sign-on using state-of-the-art security. Features include:

- ◆ **Early morning report availability.** Reports are available starting at 5:00 AM PT.
- ◆ **Get the information you need.** View, print and download balance and transaction information with flexible and user-friendly reporting capabilities.
- ◆ **Comprehensive reporting options.** Choose from a wide range of previous day and intraday reports that provide comprehensive balance, summary, and transaction detail information, as well as reports on specific types of transactions.
- ◆ **Custom views.** Customize any of these reports, narrowing the results to just the data that interests you.
- ◆ **Save time.** Quicker access to the information you want to see and create your own report templates that you can save and reuse.
- ◆ **Image availability.** Easy access to check images from hyperlinks included in the Previous Day Composite and DDA Cycled Statement reports.

a. What time is the previous day report available?

The previous day report is available by 5:00 AM.

b. What are the computer hardware and software specifications for the bank's on-line system?

- | | |
|---|--|
| ◆ PC compatible-Pentium II with 333 MHz or higher processor | ◆ VGA or higher resolution monitor |
| ◆ 56 kbps baud or faster modem (or cable, ISDN, T1, T3 or DSL) | ◆ Account with Internet Service Provider (ISP) or LAN connection to corporate Internet service |
| ◆ Windows 95, Windows 98, Windows 2000, Windows NT or Windows XP operating system | ◆ Microsoft Internet Explorer versions 5.01 SP2, 5.5 base release, SP1 or SP2 and 6 or Netscape version 7.XX. (Your browser must support 128-bit SSL encryption or RC4 encryption) |
| ◆ 64MB RAM | |
| ◆ 20MB free hard disk space | |

c. Can the report be custom-tailored for the end-user?

Yes, each user at the City will have the ability to customize the reports to meet each user's needs. If you are using location reporting or subaccounting you have the option of sorting and subtotaling by location.

2. What is the bank's contingency plan for providing this information in the event of unexpected bank systems problems or natural disasters?

Should you experience an issue pulling information reports, please contact your Client Service Officer (CSO) immediately. Your CSO will be able to update you on the status of the system and may be able to provide the information in an alternative format. Wells Fargo has a sound business continuity planning program in place, consisting of multiple strategies for each of our core lines of business, functions, and individual products and services - including our Commercial Electronic Office business portal. We regularly test our recovery strategies in order to maintain their optimal reliability and effectiveness. In the event of an unexpected disaster or emergency, every reasonable attempt will be made to restore and maintain normal service levels as soon as possible.

3. Please provide a sample of the prior day report that is itemized and has text description.

Please see the sample reports attached at the end of this section. We are also enclosing a Commercial Electronic Office Demo CD-ROM for a demonstration of our Internet capabilities. We can also provide an on-site demonstration or walk through an interactive demonstration over the phone.

TREASURY MANAGEMENT



TREASURY INFORMATION REPORTING

Previous Day Composite Report

The Previous Day Composite Report is one of many reports available from the Treasury Information Reporting (TIR) service, a treasury management component of the *Commercial Electronic Office*® (CEO®) portal. This report offers a complete view of previous day—or posted—information, including balances, images for each check transaction, transaction summaries, and transaction detail for each account. Extensive customization features allow you to create a report that fits your exact business requirements making the Previous Day Composite Report a tool you can use for all your previous-day reporting needs.

How You Benefit

- **Make more educated decisions.** Easily determine your current cash position to make better investment and borrowing decisions. The report provides the balance data for each account, the total dollar value of funds available, your float position, and a detailed listing of transactions that have posted to your account.
- **Reconcile quickly and easily.** The report includes totals for each account and a summary total of all accounts in the report. Reference numbers, descriptions, and transaction codes for detail items make reconciling easier.

Standard and Custom Reporting

A mouse click brings you to the Previous Day Composite Report. Your options include:

- View the report in HTML or PDF format.
- View images for most of your debit check transactions.
- Print the report and check images.
- Download a check image in PDF format.
- Download the report in BAI version I or II, comma-delimited, or Microsoft® Excel formats.

Customizing the Report

You can also use a host of customization options to tailor your report so it more closely meets your business requirements. Options include:

- **Define the report content** to include any combination of balances, summaries, and transactions. Your options vary depending on the report content you choose.
- **Select the banks and accounts you want to see.** Highlight the accounts you want or, if you have a long list of accounts, use the filter feature to narrow the list.
- **Choose a reporting period.** Choose either previous business day, any business day within the last week, or enter custom beginning and ending dates.
- **Control how much detail you see.** You can select the details you want in your report, such as recap by location, subtotals, or a summary of your customization selections. You can also use a range of filter options to select a number of transaction variables, including balance type, transaction criteria, transaction amount, and reference number.
- **Sort the data.** Choose various sort options to view your data; for example, by location or reference number.
- **Save your customization options.** After you tailor your reports to meet your business needs, you can save them and reuse them any time you want. TIR lets each user in your company save up to 100 customized report templates. You can also easily modify, rename and delete report templates as your business needs change.


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TREASURY INFORMATION REPORTING

Previous Day Composite Report - Continued

For more information on this report, other reports available through TIR, or to find out about other services available through the *Commercial Electronic Office* business portal, please contact your Wells Fargo treasury management representative or call (877) 283-8991.

	06/18/2004 11:18 AM ET	WIDGETS, INC.	
	CUSTOMER ID: 15001	Previous Day Composite Report	
	OPERATOR ID: OPEAR02	From 06/01/2004 Through 06/30/2004	
Commercial Electronic Office*		Treasury Information Reporting	
Currency: USD			WELLS FARGO BANK STATE, N.A.
Bank: 12345678			WIDGETS, INC.
Account: 99999			
Balances			
Closing Ledger Balance			23,600,331.72
Closing Collected Balance			23,375,893.77
Opening Available Balance			23,600,331.72
One Day Float			314,439.00
Two + Day Float			0.00
MTD Average Closing Ledger Balance			8,744,874.24
MTD Average Closing Collected Balance			8,592,444.94
Total Credits			118,025,575.94
Total Number Credits			166,610,780.17
Total Debits			2
Total Number Debits			2
Summary			
Type of Credit	Number of Items		Amount
Total ZBA Credits	2		118,025,575.94
Credit Totals	2		118,025,575.94
Type of Debit	Number of Items		Amount
Total ACH Debits	2		166,610,780.17
Debit Totals	2		166,610,780.17
Credit Transactions			
06/17/2004	777 ZBA CHECK TRANSFER Credit Ref: 0000000000 Float - Zero Day: 83,648,780.00 One Day: 8,854.00 ZBA FUNDING ACCOUNT TRANSFER FROM 0401826011	Credit Amount: Bank Ref: 1A06050003383 Two + Day: 15,251.00	93,672,885.19
06/17/2004	777 ZBA CREDIT TRANSFER Credit Ref: 0000000000 Bank Ref: 1A06050007857 Float - Zero Day: 24,432,268.00 One Day: 20,422.00 ZBA FUNDING ACCOUNT TRANSFER FROM 0000901239	Credit Amount: Two + Day: 0.00	24,432,690.75

ZBA CREDIT TRANSFER		Credit Amount:	118,025,575.94
Float - Zero Day: 118,025,575.94	One Day: 29,276.00	Two + Day: 15,251.00	
Credit Total		Credit Amount:	237,068,640.03
Float - Zero Day: 236,274,810.00	One Day: 314,035.00	Two + Day: 0.00	
Debit Transactions			
06/17/2004	475 CHECK PAID Cust Ref: 00000011143	Credit Amount: Bank Ref: 1A001028322840	225.00
Check Paid Total		Debit Amount:	930.00
Debit Totals		Debit Amount:	166,610,780.17

TREASURY MANAGEMENT



TREASURY INFORMATION REPORTING

Intraday Composite Report

The Intraday Composite Report is one of many Internet reports available from the Treasury Information Reporting (TIR) service, the cash management and treasury services component of Wells Fargo's business portal, the *Commercial Electronic Office*® (CEO®). This report provides a comprehensive picture of current-day or—not yet posted—information, including balances, transaction summaries, and transaction details for each account. Extensive customization features make the Intraday Composite Report the ideal tool for current-day reporting, allowing you to closely control the accounts and data you want in your report. And since the report is available through the CEO business portal, you can access this information whenever and wherever you want.

How You Benefit

- **Get current, accurate information.** Account information is updated continuously throughout the day, ensuring that reports are current.
- **Determine your cash position.** Easily determine your current cash position to make better investment and borrowing decisions. The report provides the balance data for each account, the total dollar value of available funds, your float position, and detail of the transactions that will post to your account that evening.
- **Reconcile quickly and easily.** The report includes totals for each account and a summary total of all accounts in the report. Reference numbers, descriptions, and transaction codes for detail items make reconciling easier.

Standard and Custom Reporting

A mouse click brings you to the Intraday Composite Report. Your options include:

- View the report online in HTML or PDF formats.
- Print the report using your browser's tool bar.
- Download the report in BAI version I or II, comma-delimited, or Microsoft® Excel formats.
- Click Help from anywhere on any screen to obtain help on that topic.

Customizing the Report

You can also use a host of customization options to tailor your report so it more closely meets your business requirements. Options include:

- Define the report content to include any combination of balances, summaries, and transactions. Your options vary depending on the content you choose.

- Select only the banks and accounts you want to see. Highlight the accounts you want or, if you have a long list of accounts, use the filter feature to narrow the list.
- Choose a reporting period. Choose either the current business day, any business day within the last week, or enter custom beginning and ending dates. You can also enter a time range to see only those transactions within a specific time period.
- Control how much detail you see. You can select the details you want in your report, such as recap by location, subtotals, or a summary of your customization selections. You can also use a wide range of filter options to select a number of transaction variables, including balance type, transaction criteria, transaction amount, and reference number.
- Sort the data. Choose various sort options to view your data; for example, by location and amount or location and reference number.
- Save your customization options. After you tailor your reports to meet your business needs, you can save them and reuse them any time you want. TIR lets each user in your company save up to 50 customized report templates. You can also easily modify, rename and delete report templates as your business needs change.

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TREASURY MANAGEMENT

WELLS
FARGO

TREASURY INFORMATION REPORTING

Wire Transfer Detail Report

The Wire Transfer Detail Report is one of many reports available through the Treasury Information Reporting (TIR) service, the cash management and treasury services component of Wells Fargo's business portal, the *Commercial Electronic Office*® (CEO®). This report shows a comprehensive, current-day — not yet posted — detail of all outgoing and incoming funds transfers, conveniently grouped by type: book transfers, Federal Reserve domestic wires, and international wires, including SWIFT and CHIPS. The Wire Transfer Detail Report is often the quickest way to keep close track of all your outgoing and incoming funds transfers. And, since the report is available through the CEO business portal, you can access this information whenever and wherever you want.

How You Benefit

- **Get current, accurate information.** Account information is updated continuously throughout the day, ensuring up-to-date information, regardless of when you access the reports.
- **Reduced risk of fraud.** Wire transfers tend to be large-value transactions posing a serious risk of fraud. Run this report as often as necessary to see your funds transfer activity as soon as possible.
- **Validation of internal records.** You can use the Wire Transfer Detail report to validate your internal records of outgoing wires as well as verify that the Bank processed all wires that day.
- **Quick advisory of incoming transfers.** This report is often your first notice that you've received an incoming wire transfer.

Standard and Custom Reporting

A mouse click brings you to the Wire Transfer Detail Report. Your options include:

- View the report online in HTML or PDF formats.
- Print the report using your browser's tool bar.
- Download the report in BAI version 1 or II, comma-delimited, or Microsoft® Excel formats.
- Click Help from anywhere on any screen to obtain help on that topic.

A host of customization options allow you to tailor your report to meet your business requirements.

Options include:

- **Select only the banks and accounts you want to see.** Highlight the accounts you want, or, if you have a long list of accounts, use the filter feature to narrow the list.
- **Choose a reporting period.** Choose either the current business day, any business day within the last week, or enter custom beginning and ending dates. You can also enter a time range to see only those transactions within a specific time period.
- **Define the report content to include debits or credits, full transaction details, or subtotals.** Or, select by a wire dollar amount or a range of dollar amounts.
- **Control how much detail you see.** Add details to your report, such as full text details associated with the wire, subtotals, or a summary of your customization selections.
- **Save your customization options.** After you tailor your reports to meet your business needs, you can save and reuse them. TIR lets each user in your company save up to 50 customized report templates. You can also easily modify, rename, and delete report templates as your business needs change.

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TREASURY INFORMATION REPORTING

Wire Transfer Detail Report - Continued

For more information on this report, other reports available through TIR, or to find out about other services available through the *Commercial Electronic Office* business portal, please contact your Wells Fargo treasury management representative or call (877) 283-8991.



06/18/2007 11:18 AM ET
 CUSTOMER ID: TR01
 OPERATOR ID: OPER02
 Commercial Electronic Office*

WIDGETS, INC.
 Wire Transfer Detail Report
 06/18/2007
 Treasury Information Reporting

Note: Intraday information subject to change

Currency: USD
 Bank: 555555555
 Account: 99999

WELLS FARGO BANK, N.A.
 WIDGETS, INC.

Credit Wire Amount	Process Date Time	Wire Service Wire Detail	Status
462,732.00	06/18/2007 08:16 AM CT	From: FEDWIRE ROYAL BANK OF CANADA-PAYMENT CENTER DAYTEX ENERGY LTD N/A Corresponding Bank: N/A Wire Service Reference Number: 9999 Wells Message Number: 77772777777 PC Reference/Confirmation Number: 000000 Value Date: 06/18/2007 Text: 8666666666 FIRST AMERICAN BANK, NA AKRON, OH 44316 DRG-FIRST AMERICAN COMMERCIAL LNS TOW 24 CDR-BRO AOUA PRC OF LOUISIANA 5701 MAIN STREET, SMALL CITY, LA 70123/FTB Completed Timestamp 030618140307	COMPLETE
462,732.00		Credit Subtotal for FEDWIRE	
462,732.00		Credit Total for Account 99999	

Credit Wire Amount	Process Date Time	Wire Service Wire Detail	Status
34,067.44	06/14/2007 09:36 AM CT	To: FEDWIRE N/A FIRST AMERICAN TITLE ESCROW ACCOUNT 99999999 Corresponding Bank: N/A Wire Service Reference Number: 5555 Wells Message Number: 33333333333 PC Reference/Confirmation Number: 666666 Value Date: 06/14/2007 Text: 230123012 AMERICAN INTL BK & TR CO OF CHICAGO, CHICAGO, IL 51111108-REFERENCE ESCROW NUMBER HA 51111, TRIC DRIFANATE, AL DEYHA J77RVDH-0900006 FIRST AMERICAN TITLE ESCROW ACCOUNT Completed Timestamp 030618140307	COMPLETE
34,067.44		Debit Subtotal for FEDWIRE	
34,067.44		Debit Total for Account 99999	
462,732.00		Credit Total for Account 99999	
34,067.44		Debit Total for Account 99999	
428,664.56		Account Net Total	
462,732.00		Grand Total (Credit) For Currency (USD)	
34,067.44		Grand Total (Debit) For Currency (USD)	
428,664.56		Net Grand Total For Currency (USD)	

-- END OF REPORT --

I. BANKCARD PROCESSING

1. Describe the bank's Bankcard and Point-of-Sale processing capabilities.

Wells Fargo Merchant Services (WFMS) can fully support Bankcard, non-bankcard, online and offline debit, check guarantee, electronic check conversion and stored value cards. These payment methods can be processed on a variety of point-of-sale terminals, software, internet or telephone interfaces. WFMS currently has a Master Service Agreement with the State of California for payment processing. Additionally, WFMS has state processing contracts in Utah, Colorado, New Mexico and Iowa.

2. What authorization methods do you support and which do you recommend?

WFMS supports many authorization methods, such as, dial, internet, lease line, frame relay, ISDN and IPN. WFMS recommends that the City use EDC via dial-up transmission for retail processing. This can be accomplished with dedicated terminals or PC-based processing software such as ICVerify. We are a market leader in alternative payment processes. We can combine web, telephone, telephone interactive voice response, kiosks and face-to-face processing on an integrated payments platform. WFMS can also support the collection of convenience fees to offset the cost of payment processing.

3. Please quote a discount rate and all other applicable charges for the credit card processing described above. Quote rates for both swiped and no-swiped transactions.

WFMS has a Master Service Agreement with the State of California for electronic payment processing. WFMS will extend the State's favorable pricing, terms and conditions to the City of Palo Alto. This pricing is on a "Cost Plus" basis. At the estimated average transaction amount of \$100, the WFMS fee and Association assessments would be .23% of the transaction amount. As examples, the cost for Visa card present transactions and card not present transactions, with an approximate average transaction amount of \$200, would be:

RATES NOT WELLS FARGO CONTROLLED			WF CONTROLLED RATE
VISA INTERCHANGE +	COST PER ITEM +	ASSOCIATION ASSESSMENTS	WFMS PROCESSING FEE
1.43%	\$0.05	0.0925%	0.138%
\$2.86	\$0.05	\$0.19	\$0.28

The total fee would be \$3.38, for a total overall effective rate of 1.69%. Please see other examples in the Pricing Examples attached at the end of this section. All examples are priced using a Wells Fargo processing platform. Third party processing platforms are generally more expensive. Please see the pricing exhibit attached at the end of this section for the State of California Pricing. Please see the Visa and MasterCard Interchange Tables for all rates and qualifying criteria. Please contact Discover and American Express directly for their fee structure or WFMS can assist in establishing the entitlements.

4. What are the fees associated with debit card transactions?

Debit fees are calculated on a cost plus basis. WFMS will directly pass the lowest qualifying debit network fees plus the WFMS fee of \$.08 per transaction. Please see the attached pricing exhibit for the State of California Pricing.

5. How is the applicable interchange fee determined for each transaction? What does the bank recommend to minimize interchange fees?

The underlying interchange from the card association is passed directly to the City and WFMS assesses a processing fee to cover costs. Each transaction will clear at the lowest qualifying interchange rate. The WFMS fee remains the same, regardless of the underlying interchange. There are no downgrade fees or billbacks. This pricing methodology allows the City to benefit from the various public sector interchange rates available.

Interchange fees can be minimized several ways. Most importantly, by having all processing accounts set up correctly with appropriate supporting hardware and/or software. Next, association authorization and settlement rules must be followed for transactions to clear at the lowest possible interchange rate. WFMS will provide the City with the current bankcard interchange rates and qualification matrices. Additionally, WFMS, through Relationship Management, will monitor and advise the City on processing efficiently to minimize interchange fees.

6. When and how are the discount rate and other fees charged the City? Can this fee be paid through account analysis?

Discount fees and charges are debited once per month and can be debited from the main merchant processing checking account or a separate checking account. Merchant processing fees are generally not paid through account analysis. This is due to the fact that the majority of the fees are passed directly to the bankcard associations for interchange fees and assessments.

Generally, merchant processing fees are not paid through analysis. The cost of the service is primarily the Visa and MasterCard interchange fees and assessments, which are passed directly to the card associations.



CITY OF PALO ALTO

7. Describe your reporting methodology and how adjustments and charge backs are handled. Are charge backs and other debit adjustments netted from daily process or debited separately? Is the discount fee refunded when a charge back or refund occurs?

WFMS provides monthly paper statements and, under the State of California contract, fee-free access to a secure, internet-based, reporting tool. MyMerchantView.net is a secure, easy-to-use internet-based service that provides access to transaction data for in-depth research, retrieval and chargeback history and statistics, non-compliance statistics for managing Interchange qualifications and a host of other financial data to help merchants manage their credit card activity. The mymerchantview.net service allows the City to view reports in a variety of formats and export data to Excel spreadsheets that can be manipulated or further loaded to a variety of database and accounting software programs. For a guided tour visit our Website at <http://mymerchantview.net>.

Chargebacks are normally separate debits and can be debited to a separate account as long as the ABA is the same. The discount fee is not refunded when a charge back or refund occurs. The Chargeback process is initiated with a Retrieval Request. Retrieval requests are received by WFMS from card issuing banks through the interchange process. Retrieval requests are loaded to the retrieval systems on the day the file is received. If WFMS does not receive a response to a retrieval request, a second request is sent as a reminder to the merchant. Follow up calls are also made on items over \$100.00. Additionally, WFMS responds to mail and telephone order transactions and retail retrieval requests where the reason code for the chargeback does not require a signature or is not fraud related with substitute drafts. This benefits the merchant in several ways because the merchant does not spend time searching for drafts and avoids many fatal "non-receipt" chargebacks.

Merchant responses that are returned via fax go through a robust fax server gateway and are presented to our retrieval team as images that are then processed quickly and efficiently through our retrieval system. This fax gateway retains an archive of all images received for research and validation purposes. Valid retrieval responses are processed through our systems within three days of receipt. Substitute drafts are processed on the day the retrieval team receives the draft. Our Positive Chargeback Defense group monitors retrieval requests and, in many cases, responds without the merchant's involvement.

8. When and how will the City receive funds for each day's transactions? Are settlement amounts listed separately on the bank statement or will they appear as one lump sum? Will the bank break out settlement amounts by merchant location?

Funds availability for bankcards is next day, when deposited to a Wells Fargo business checking account. Deposits to non-Wells Fargo accounts generally incur a funding delay due to the interbank transfer and the specific financial institution's funds availability policy. Non-bankcard funding depends on the contractual arrangement that the City maintains with the specific card issuer. WFMS can assist merchants in establishing or reviewing these arrangements. The settlement transmission timeframe, for dial terminal based processing, for Visa, MasterCard, Discover, American Express, Diners and JCB is 11:00 p.m. PT. Settlement times for other transmission methodologies vary. WFMS operates on a 24/7/365 schedule for transmission acceptance. Settlement is generally made by ACH.

Settlement deposit accounts can be listed separately by batch, by location or rolled up. Detailed settlement reporting is available. Weekend settlement amounts are broken out into daily detail for Saturday and Sunday. Detailed settlement information is available daily through our secured online reporting site, <http://mymerchantview.net>. There is a demonstration of the site's reporting capabilities on the website.

9. The City currently owns and leases its credit card terminals and printers. Can this be reprogrammed to process transactions through your bank? If not, can the bank supply the City with the terminals, printers, and pin pads, and if so, what is the cost to lease or purchase the requisite equipment?

Wells Fargo offers payment solutions that can be processed on a variety of point-of-sale terminals, software, internet or telephone interfaces. WFMS can process using the IC Verity point-of-sale software currently in use by the Revenue Collections department. We will consult with the City of Palo Alto and the various departments to determine the best customer interface to meet departmental needs.

WFMS can reprogram most nonproprietary point-of-sale terminals to process on one or more of its platforms. If the City must purchase, rent or lease equipment, WFMS would extend the State of California equipment pricing and public sector software or hosted solution pricing.

10. Is the bankcard relationship managed by a separate unit of the bank, or by the Account Relationship Manager? Please briefly describe the structure of this area.

The bankcard relationship will be managed by a specifically assigned Relationship Manager. The WFMS RM will partner with the overall bank Relationship Manager to ensure that the entire relationship is meeting the City's financial services needs.

The processing of credit and debit card transactions is subject to the terms, conditions, policies and procedures of the Visa and MasterCard Associations and the non-bankcard issuers. WFMS Merchant Services Agreement and the State of California Master Service Agreement reference and incorporate those terms and conditions. All Card Processing responses in this document are subject to the Wells Fargo Merchant Services Agreement. If there are conflicts with the terms and conditions in the WFMS Merchant Services Agreement and the terms and conditions of this Request for Proposal, WFMS will negotiate in good faith to resolve. The terms, conditions, policies and procedures of the Visa and MasterCard Associations and the non-bankcard issuers

WELLS FARGO MERCHANT SERVICES EXHIBITS

Wells Fargo Merchant Services
 State of California RFP Pricing Proposal
 Effective 01/18/03
 WFMS Front End (Cardnet, Nashville, Wellservice, FDR)

AVERAGE TICKET AMOUNT	MC/VISA DISCOUNT RATE
\$1,000.00 and Up	0.19%
\$500.00 - \$999.00	0.20%
\$200.00 - \$499.00	0.21%
\$100.00 - \$199.00	0.23%
\$50.00 - \$99.00	0.27%
\$30.00 - \$49.00	0.34%
\$20.00 - \$29.00	0.43%
\$10.00 - \$19.00	0.59%
\$5.00 - \$9.00	1.24%

Notes:

- ◆ Grid is fixed based on the individual agency's signed average ticket.
- ◆ Grid is valid for all processing modes (i.e. Retail, MOTO, Internet, etc.)
- ◆ Pricing proposal structure is Interchange + Rate (rate includes MC/Visa assessments and MC/Visa access fees).
- ◆ MC/Visa rate applies to the gross MC/Visa volume of each agency that signs with Wells Fargo Merchant services.
- ◆ Each agency will receive the best interchange level for their transactions as a straight pass through (see association interchange chart for interchange levels and descriptions).
- ◆ Non-Bank Card authorization fees (Discover, AMEX, JCB, Diners) are \$0.08 per authorization attempt.
- ◆ Debit transaction fees are \$0.08 per transaction plus all applicable network interchange, switch and adjustment fees, which are passed through to each agency at cost.
- ◆ Wells Fargo Merchant Services offers a variety of custom reports/electronic files. Sizing is required to determine actual cost. If internet service is chosen, our online service mymerchantview.net will be provided at no charge.
- ◆ Pricing assumes that the individual agencies will be utilizing an FDMS front end.

CITY OF PALO ALTO

Wells Fargo Merchant Services
 State of California RFP Pricing Proposal
 Effective 01/17/03
 Third Party Network (Visanet, GPS (MAPP/NDC), Bypass)

AVERAGE TICKET AMOUNT	MC/VISA DISCOUNT RATE
\$1,000.00 and Up	0.20%
\$500.00 - \$999.00	0.21%
\$200.00 - \$499.00	0.23%
\$100.00 - \$199.00	0.29%
\$50.00 - \$99.00	0.38%
\$30.00 - \$49.00	0.54%
\$20.00 - \$29.00	0.75%
\$10.00 - \$19.00	1.10%
\$5.00 - \$9.00	2.82%

Notes:

- ◆ Grid is fixed based on the individual agency's signed average ticket.
- ◆ Grid is valid for all processing modes (i.e. Retail, MOTO, Internet, etc.)
- ◆ Pricing proposal structure is Interchange + Rate (rate includes MC/Visa assessments and MC/Visa access fees).
- ◆ MC/Visa rate applies to the gross MC/Visa volume of each agency that signs with Wells Fargo Merchant services.
- ◆ Each agency will receive the best interchange level for their transactions as a straight pass through (see association interchange chart for interchange levels and descriptions).
- ◆ Non-Bank Card authorization fees (Discover, AMEX, JCB, Diners) are \$0.08 per authorization attempt.
- ◆ Debit transactions fees are \$0.08 per transaction plus all applicable network interchange, switch and adjustment fees, which are passed through to each agency at cost.
- ◆ Wells Fargo Merchant Services offers a variety of custom reports/electronic files. Sizing is required to determine actual cost. If internet service is chosen, our online service mymerchantview.net will be provided at no charge.



Wells Fargo Merchant Services
State of California RFP Pricing Proposal
Effective 01/18/03
Equipment Addendum

TYPE	PURCHASE PRICE	36 MONTH LEASE	48 MONTH LEASE
Omni 3200	\$510.00	\$21.00	\$17.00
Hypercom ICE 5500	\$645.00	\$24.00	\$18.00
Linkpack 3000	\$536.00	\$20.00	\$15.00
Hypercom T7P Thermal	\$480.00	\$18.00	\$14.00
S8 Pinpad	\$235.00	\$8.66	\$6.55
Pinpad 1000	\$215.00	\$7.50	\$5.75

Notes:

- ◆ Wells Fargo Merchant Services supports a variety of products and solutions. The Equipment Addendum reflects suggested products based on your type of business.



CITY OF PALO ALTO

WELLS FARGO MERCHANT SERVICES PRICING EXAMPLES

The Card Associations (Visa and MasterCard) now provide reduced interchange fees for the Public Sector markets. These interchange fees are for credit and offline debit card transactions.

The cost for a Visa CheckCard (signature debit) transaction, with an approximate average transaction amount of \$200 would be:

RATES NOT WELLS FARGO CONTROLLED			WF CONTROLLED RATE
VISA INTERCHANGE +	COST PER ITEM +	ASSOCIATION ASSESSMENTS	WFMS PROCESSING FEE
0.80%	\$0.25	0.0925%	0.138%
\$1.60	\$0.25	\$0.19	\$0.28

The total fee would be \$2.32, for a total overall effective rate of 1.16%.

As an example, the cost for MasterCard card present and keyed transactions, with an approximate average transaction amount of \$200, would be:

RATES NOT WELLS FARGO CONTROLLED			WF CONTROLLED RATE
MC INTERCHANGE +	COST PER ITEM +	ASSOCIATION ASSESSMENTS	WFMS PROCESSING FEE
1.55%	\$0.10	0.0950%	0.135%
\$3.10	\$0.10	\$0.20	\$0.28

The total fee would be \$3.67, for a total overall effective rate of 1.84%.

The cost for a MasterCard check card (signature debit) transaction, with an approximate average transaction amount of \$100, would be:

RATES NOT WELLS FARGO CONTROLLED			WF CONTROLLED RATE
MC INTERCHANGE +	COST PER ITEM +	ASSOCIATION ASSESSMENTS	WFMS PROCESSING FEE
0.80%	\$0.25	0.0950%	0.135%
\$0.80	\$0.25	\$0.20	\$0.14

The total fee would be \$2.33, for a total overall effective rate of 1.17%.

The examples are priced using a Wells Fargo processing platform. Third party processing platforms are generally more expensive. Please see the attached pricing exhibit for the State of California Pricing. Please see the Visa and MasterCard Interchange Tables for all rates and qualifying criteria.



Qualifying Criteria for Interchange Levels

Interchange Level	Rate	Position	Does Your Business Qualify for this Interchange Level?	Electronic Authorization Requirements	How do you qualify for this interchange level?	Other Important Information
Retail (Payment System) Debit	1.54% 1.05%	\$0.10 \$0.15	Available to most businesses	1 electronic authorization	<ul style="list-style-type: none"> Swipe card Get customers signature When processing an Off-Line Debit transaction the authorization amount and settlement amount must match 	Days to settle - 1
Restaurant Debit	1.54% 1.19%	\$0.10 \$0.10	Restaurants (MCC 5812) and Fast Food Restaurants (MCC 5814) MCC-Merchant Category code	1 electronic authorization	<ul style="list-style-type: none"> Swipe card Get customers signature 	Days to settle - 1
Service Station Debit	1.43% 0.70%	\$0.10 \$0.17	Service Stations (MCC 5541)	1 electronic authorization	<ul style="list-style-type: none"> Swipe card Get customers signature If a Commercial Card, must pass Level II Data** 	Days to settle - 1
Supermarket Debit	1.24% 1.05%	\$0.05 \$0.15 (\$0.35 cap)	Supermarket (MCC 5411)	1 electronic authorization	<ul style="list-style-type: none"> Swipe Card Get customers signature Must be registered with Visa When accepting Off-Line Debit transactions the authorization amount and settlement amount must match 	Days to settle - 1
Retail Key-Entered Debit	1.85% 1.80%	\$0.10 \$0.15	Available to most businesses	1 electronic authorization AVS*** required	<ul style="list-style-type: none"> Magnetic stripe not readable, key-enter transaction Get customers signature Use Address Verification (AVS****) feature on terminal or software; zip code must match 	Days to settle - 1
Small Ticket Debit	1.65% 1.60%	\$0.04 \$0.04	local commuter transport (MCC 411), taxi/limo service (MCC 4121), parking lots (MCC 7523), video rental (MCC 7841), restaurants (MCC 5812) and fast food restaurants (MCC 5814)	1 electronic authorization	<ul style="list-style-type: none"> Swipe card Must be a consumer card Transaction amount less than or equal to \$15.00 	Days to settle - 1 Restaurants and fast food restaurants that take Signature and Infinite cards are eligible for CPS Small Ticket when clearing requirements are met
Retail Z (Emerging Mkt) Debit	1.43% 0.80%	\$0.05 \$0.25	Government (MCC 9399, 9211, 9222), Schools (MCC 8220, 8211, 8299), Utilities (MCC 4900, 4899) and Insurance Companies (MCC 8300, 5960)	1 electronic authorization	<ul style="list-style-type: none"> Swipe or key enter transaction AVS is not required AVS is required for MCC 5960-Direct Marketing Insurance, must meet CPS/CNP or CPS/E-C Commerce qualification criteria 	Days to settle - 2
Hotel/Car Rental Card Not Present & Commerce Debit	1.58% 1.36%	\$0.10 \$0.15	Available to lodging, cruise lines, and car rental merchants	1 or more electronic authorization 1**** authorization reversal	<ul style="list-style-type: none"> Swipe or key enter transaction Transaction must include: Folio/Rental Agreement#, Check-in/Pick Up, Check-Out/Return dates, Duration, No Show /Extra Charge indicator, Preferred Customer indicator (P) when card is not present 1 day to settle between the check out and settlement date Can settle within 15% of the authorized amount E-Commerce transactions must perform Verified by Visa (VBV) and include an e-commerce Indicator of a 5 or 6 	Days to settle - 1 If transaction meets CPS Retail requirements, transaction will qualify at CPS Retail

VISA

Qualifying Criteria for Interchange Levels

Interchange Level	Rate	Payment Term	Does your business qualify for this Interchange level?	Electronic Authorization Requirements	How do you qualify for this interchange level?	Other Important Information
Automated Fuel Dispenser Debit	1.50% 0.70%	\$0.05 \$0.17	Automated Fuel Dispenser merchants (MCC) 5542	1 electronic authorization	<ul style="list-style-type: none"> Card swiped on a Card Activated Terminal (CAT) \$1.00 authorization check \$75.00 transaction limit Must pass CAT level indicator of a "3" for fuel dispenser Must settle transaction in 1 day 	Days to settle - 1
Card Not Present Debit	1.85% 1.60%	\$0.10 \$0.15	Available to most businesses	1 electronic authorization 1*** authorization reversal AVS*** required	<ul style="list-style-type: none"> Key-enter transaction Use AVS*** feature on terminal or software: enter up to first 5 alpha characters of address then zip code Transaction date must equal shipping date and that date is no more than 7 days after authorization, 1 day to settle between ship date and settlement date Can settle within 15% of authorized amount, but the authorized amount between the ship date and the settlement date must match Transaction must include: order number, customer service phone number and card not present indicator of a "08" If Commercial Card, must pass Level II Data** 	Days to settle - 1
E-Commerce Basic Debit	1.85% 1.60%	\$0.10 \$0.15	Internet merchants	1 electronic authorization 1*** authorization reversal AVS*** required	<ul style="list-style-type: none"> Key-enter transaction Use AVS*** feature on terminal or software: enter up to first 5 alpha characters of address then zip code Transaction date must equal shipping date and that date is no more than 7 days after authorization, 1 day to settle between ship date and settlement date Can settle within 15% of authorized amount, but the authorized amount between the ship date and the settlement date must match Transaction must include: order number, customer service phone number and E-Commerce indicator of a "7" If Commercial Card, must pass Level II Data** 	Days to settle - 1
E-Commerce Preferred Debit	1.80% 1.55%	\$0.10 \$0.15	Internet merchants	1 electronic authorization 1*** authorization reversal	<ul style="list-style-type: none"> Key-enter transaction Transaction date must equal shipping date and that date is no more than 7 days after authorization, 1 day to settle between ship date and settlement date Can settle within 15% of authorized amount, but the authorized amount between the ship date and the settlement date must match Transaction must include: order number, customer service phone number and secured e-commerce indicator of "5" or "6" Must perform Verified by Visa (VBV) If Commercial Card, must pass Level II Data** 	Days to settle - 1
Passenger Transport Debit	1.75% 1.60%	\$0.10 \$0.15	Restricted to Airlines & Railways	1 electronic authorization	<ul style="list-style-type: none"> Swipe or key enter transaction Get customers signature when the transaction is face to face Must be a consumer card Transaction must include: ticket number, sequence number, count and itinerary information E-Commerce transactions must include E-Commerce indicator of "5" or "6". Must perform Verified by Visa (VBV) 	Days to settle - 7
Gas Payment Service Debit	2.00% 1.95%	\$0.02 \$0.02	Restricted to Restaurants (MCC 5812), Fast Food Restaurants (MCC 5814), Parking Lots (MCC 7523) and Movie Theaters (MCC 7832)	1 electronic authorization	<ul style="list-style-type: none"> Swipe card \$25.00 transaction limit for restaurants and movie theaters \$75.00 transaction limit for Parking Lots 	Days to settle - 2

VISA Qualifying Criteria for Interchange Levels

Interchange Level	Rate	Processing Fee	Does your business qualify for this Interchange level?	Electronic authorization requirements	How do you qualify for this interchange level?	Other Important Information
Debit	2.14% 1.75%	\$0.10 \$0.20	Available to most businesses	1 electronic authorization	<ul style="list-style-type: none"> Swipe or key enter transaction Get signature when the transaction is face to face Authorize sale through terminal/software or telephone Transaction must contain original authorization 	Days to settle - 2
Signature Standard Debit	2.63% 1.90%	\$0.10 \$0.25	Available to most businesses	Valid authorization not required	<ul style="list-style-type: none"> Swipe or key enter transaction Get customers signature when the transaction is face to face Must be a consumer card 	Days to settle - 29 Only level available for high-risk merchants and non-secure E-commerce transactions
Signature Commercial Card	2.20%	\$0.10	Available to most businesses	1 electronic authorization	<ul style="list-style-type: none"> Swipe or key enter transaction Get customers signature when the transaction is face to face Must be a Commercial Card Must meet CPS requirements Do not pass Level II Data** 	Days to settle-refer to CPS qualifying level Best Commercial Card level for T&E and Touch-Tone merchants
Signature Electronic	2.14%	\$0.10	Travel & Entertainment (T&E) merchants	1 electronic authorization	<ul style="list-style-type: none"> Swipe card Get customers signature Must be a Visa Signature Card Must meet CPS requirements 	Days to settle - 1 T&E services include MCC's: 3000-3999, 4112, 4411, 4722, 5812, 5814, 7011, 7512
Signature Standard	2.63%	\$0.10	Restricted to Travel & Entertainment (T&E) merchants	Valid authorization not required	<ul style="list-style-type: none"> Swipe or key enter transaction Get customers signature when the transaction is face to face Must be a Visa Signature Card Transaction does not meet CPS requirements 	Days to settle - 29 T&E services include MCC's: 3000-3999, 4112, 4411, 4722, 5812, 5814, 7011, 7512
Signature Commercial Card	2.70%	\$0.10	Available to all businesses	Valid authorization not required	<ul style="list-style-type: none"> Swipe or key enter transaction Get signature when the transaction is face to face Must be a Commercial Card Transaction does not meet CPS requirements Do not pass Level II Data** 	Days to settle - 29
Purchasing Card Large	0.85%	\$35.00	Available to most businesses	1 electronic authorization	<ul style="list-style-type: none"> Swipe or key enter transaction Get customers signature when the transaction is face to face Must be a GSA (Government Services Agency) Purchasing card Non-T&E merchant Transaction must be equal to or greater than \$5,000 but less than \$8,750 Must meet CPS requirements Pass Level II and Level III Data** 	Days to settle-refer to CPS qualifying level
Purchasing Card Large	1.35%	\$0.00	Available to most businesses	1 electronic authorization	<ul style="list-style-type: none"> Swipe or key enter transaction Get customers signature when the transaction is face to face Must be a GSA (Government Services Agency) Purchasing card Non-T&E merchant Transaction must be equal to or greater than \$8,750 Must meet CPS requirements Pass Level II and Level III Data** 	Days to settle-refer to CPS qualifying level
Signature Commercial Card Level II	1.90%	\$0.10	Available to most businesses	1 electronic authorization	<ul style="list-style-type: none"> Swipe or key enter transaction Get customers signature when the transaction is face to face Must be a Commercial Card Must be CPS Qualified Must pass Level II Data 	Days to settle-refer to CPS qualifying level

VISA

Qualifying Criteria for Interchange Levels

Card Type	Rate	Payment	Does Your Business Qualify for this Interchange Level?	Electronic Authorization Requirement	Additional Eligibility Criteria/Interchange Level	Other Important Information
Commercial Card Level III	1.70%	\$0.10	Available to most businesses	1 electronic authorization	<ul style="list-style-type: none"> Swipe or key enter transaction Get customer's signature when the transaction is face to face Must be a Commercial Card Must be CPS Qualified Must pass Level II and III Data 	Days to settle-refer to CPS qualifying level
Purchasing Card Large Ticket	0.85%	\$35.00	Business to Business merchants	1 electronic authorization	<ul style="list-style-type: none"> Swipe or key-enter transaction Get customer's signature when transaction is face to face Must be a Purchasing Card Must register with Visa and have a Business to Business MCC Transaction is equal to or greater than \$4,100 Must meet CPS requirements Pass Level II and Level III Data** 	Days to settle - 7
International Consumer Card (PS 2000 Foreign)	1.10%	\$0.00	Available to most businesses	1 electronic authorization	<ul style="list-style-type: none"> Swipe transaction Original authorization Non-U.S merchant 	Days to settle - 3
International Consumer Standard (PS 2000 Standard)	1.50%	\$0.00	Available to most businesses	1 electronic authorization	<ul style="list-style-type: none"> Key-enter transaction Original authorization Non U.S merchant 	Days to settle - 29
International Commercial Card	1.80%	\$0.00	Available to most businesses	1 electronic authorization	<ul style="list-style-type: none"> Swipe transaction Non-US merchant Must be a Commercial Card 	Days to settle-4
Passenger Transport Credit	-1.94%	\$0.00	Passenger transport merchants	N/A	<ul style="list-style-type: none"> All card types eligible 	
Non-Passenger Transport Credit	-1.62%	\$0.00	Non-Passenger Transport merchants	N/A	<ul style="list-style-type: none"> Must be a Consumer Card Return credits apply to US originating transactions only 	
Commercial Card Credit	-1.31%	\$0.00	Available to most businesses	N/A	<ul style="list-style-type: none"> Must be a Commercial Card Return credits apply to US originating transactions only 	
E-Commerce Credit	-2.21%	\$0.00	Available to most businesses	N/A	<ul style="list-style-type: none"> Must be a Consumer Card Return credits apply to US originating transactions only Must qualify 70% or more of the dollar volume in consumer sales at Card Not Present (MOTO), E-Commerce Basic, or E-Commerce Preferred 	High risk MCC's 5962, 5966 & 5967 are not eligible

Electronic authorization is obtained through a terminal or software

** Level III Data includes sales tax and customer code for Commercial Cards. Sales tax must be between 0.1% and 22% when the tax is greater than zero. Level III Data is Level II Data plus line item detail, which includes; description, item quantity, item unit of measure, extended item amount, product code, credit and debit indicator. Equipment must be programmed to recognize Commercial Cards.

Merchant must be programmed to prompt for the Address Verification System (AVS) to reduce fraud

When a settled amount is over the tolerance from the initial authorized amount a reversal needs to be performed. A merchant must call the issuing bank and ask for the authorization to be reversed so it does not tie up the cardholders credit. Then a merchant may re-authorize.

MasterCard

Qualifying Criteria for Interchange Level

Interchange Level	Rate	Cap/Item	Does your business qualify for this Interchange level?	Electronic Authorization Requirement	How do you qualify for this Interchange level?	Other Important Information
III Line Debit	1.54% 1.05%	\$0.10 \$0.15	Available to most businesses	1 electronic authorization	<ul style="list-style-type: none"> Swipe card Get customers signature Restaurants, Bars, Barber Shops and Beauty Salons can settle within 25% of the authorized amount Hotels, Car Rental Agencies and Cruise Lines have no restrictions on differences between the authorized and settled amount All others can settle within 10% of the authorized amount Authorization and settlement information must match 	Days to settle - 1
II / E-Commerce Line Debit	1.90% 1.64%	\$0.10 \$0.16	Available to most businesses	1 electronic authorization	<ul style="list-style-type: none"> Key-enter transaction Restaurants, Bars, Barber Shops and Beauty Salons can settle within 25% of the authorized amount Hotels, Car Rental Agencies and Cruise Lines, E-Commerce, non-face to face, Automated Fuel Dispenser, Airline and Mail/Phone Order transactions have no restrictions on differences between authorized and settled amount All others can settle within 10% of the authorized amount Authorization and settlement information must match E-Commerce transactions must include Card Activated Terminal (CAT) level 6 in settlement 	Days to settle - 2
Entered Line Debit	1.90% 1.54%	\$0.10 \$0.16	Available to most businesses	1 electronic authorization	<ul style="list-style-type: none"> Key-enter transaction Direct Marketing, Tax Preparation, Quasi Cash, Automated Fuel Dispenser, Travel Agent, Travel & Entertainment (T&E), Airlines, Hotels and Car Rental Agencies not eligible Authorization and settlement information must match 	Days to settle - 1
cc Sector	1.55%	\$0.10	Restricted to Courts (MCC 9211) Fines (MCC 9222), Bail Bonds (9223), Taxes (MCC 9311) and Government not elsewhere classified (MCC 9399)	1 electronic authorization	<ul style="list-style-type: none"> Key enter transaction Must be a consumer card Authorization and settlement information must match 	Days to settle - 2
Supermarket Line Debit	1.35% 1.05%	\$0.00 \$0.15 (\$0.35 cap)	Supermarkets (MCC 5411)	1 electronic authorization	<ul style="list-style-type: none"> Swipe card Get customers signature Can settle within 10% of authorized amount Must be registered with MasterCard Supermarket indicator must be present Authorization and settlement information must match 	Days to settle - 1
Utility Industries Line (SIIP)	1.15%	\$0.05	Restricted to Utility, Insurance, Cable and Telecommunication companies	1 electronic authorization	<ul style="list-style-type: none"> Key-enter transaction Can settle within 10% if authorized amount Must be registered with MasterCard Recurring Payments indicator must be present Authorization and settlement information must match 	Days to settle - 1
MasterCard T&E	2.20%	\$0.10	T&E merchants	1 electronic authorization	<ul style="list-style-type: none"> Must be a World MasterCard use at a T&E merchant Key-enter transaction Hotels, Car Rental Agencies and Cruise Lines are exempt from timeliness edits Authorization and settlement information must match 	Days to settle - 2
Government Line Debit	0.80%	\$0.25	Government (MCC 9211, 9222, 9223, 9311, 9399), Schools (MCC 8211, 8220, 8299), Utilities (MCC 4900), Insurance (MCC 5960, 6300), Cable (MCC 4899)	1 electronic authorization	<ul style="list-style-type: none"> Swipe or key-enter transaction Off-Line Debit transaction 	Days to settle - 2

Mast Card

Qualifying Criteria for Interchange Levels

Change Level	Rate	Settlement Term	Merchant Qualification (MCC - Interchange level)	Electronic Authorization Requirements	Additional Qualification for this Interchange Level	Other Important Information
Debit	1.15%	\$0.10	Restaurants (MCC 5812) & Fast Food Restaurants (MCC 5814)	1 electronic authorization	<ul style="list-style-type: none"> Swipe card Off-Line Debit transaction 	Days to settle - 1
Ticket Debit	1.60%	\$0.04	Local commuter transport (MCC 4111), taxi/limo service (MCC 4121), parking lots (MCC 7523), video rental (MCC 7841), Theaters (MCC 7832), restaurants (MCC 5812) and fast food restaurants (MCC 5814)	1 electronic authorization	<ul style="list-style-type: none"> Swipe card Off-Line Debit transaction Transactions must be equal to or less than \$15.00 Must be a consumer card 	Days to settle - 1
Premier Service (TIPS) Debit	1.58% 1.36%	\$0.10 \$0.15	Merchants with a non-Generic T&E MCC code	1 electronic authorization	<ul style="list-style-type: none"> Key-enter transaction on subsequent stays with signature on file Must be registered with MasterCard Preferred Customer indicator must be present Transaction must include settlement detail addendum Settle within 1 day of check-out Authorization and settlement information must match 	Days to settle - 1
Passenger Transport Debit	1.75% 1.60%	\$0.10 \$0.15	Passenger Transport merchants	1 electronic authorization	<ul style="list-style-type: none"> Swipe or key-enter transaction Get customer's signature when the transaction is face to face Transaction must include passenger name, ticket number, issuing carrier and itinerary data in settlement Must be a consumer card 	Days to settle - 8
Warehouse Club Debit	1.38% 1.05%	\$0.00 \$0.15	Wholesale merchants (MCC 5300)	1 electronic authorization	<ul style="list-style-type: none"> Swipe card Get customer's signature Can settle within 10% of authorized amount Must be registered with MasterCard Warehouse indicator must be present Authorization and settlement information must match 	
Convenience Purchases Service Station Off-Line	1.80% 0.70%	\$0.00 \$0.17	Restricted to miscellaneous food stores (MCC 5499), service stations (MCC 5541), automated fuel dispensers (MCC 5542), movie theaters (MCC 7832) and fast food restaurants (MCC 5814)	1 electronic authorization	<ul style="list-style-type: none"> Swipe card or customer initiates a Card Activated Terminal (CAT) Get customer's signature when the transaction is face to face Automated Fuel Dispensers require a CAT Level of a "2" All other must have a CAT Level of a "7" Convenience Stores and Movie Theaters can settle within 10% of the authorized amount for transactions over \$10.00 Restaurants can settle amount within 25% of authorized amount for transactions over \$25.00 Authorization and settlement information must match 	Days to settle - 1
Standard Debit	2.70% 1.90%	\$0.10 \$0.25	Available to most businesses	No electronic authorization required	<ul style="list-style-type: none"> Swipe or key-enter transaction Get customer signature when the transaction is face to face Must be a consumer card 	Days to settle - 29
Non-Electronic	1.37%	\$0.00	Available to most businesses	1 electronic authorization	<ul style="list-style-type: none"> Swipe card Get customer's signature Must be a non-U.S. issued consumer card Restaurants, Bars, Barber Shops and Beauty Salons can settle within 25% of authorized amount All others can settle within 10% of authorized amount Authorization and settlement information must match 	Days to settle - 4
Standard	2.10%	\$0.10	Available to most businesses	1 electronic authorization	<ul style="list-style-type: none"> Swipe or key-enter transaction Get customer's signature when the transactions is face to face Must be non-U.S. issued consumer card 	Days to settle - 29

Master Card Qualifying Criteria for Interchange Levels

Interchange Level	Rate	Per Item	Eligible Business Qualification Interchange Level	Electronic Authorization Requirements	How to qualify for this interchange level?	Other Important Information
Rate Face to Face	1.54%	\$0.10	Available to most businesses	1 electronic authorization	<ul style="list-style-type: none"> Must be a Commercial Card, Non T&E merchant Swipe Card, get customers Signature Barber & Beauty Salons can settle within 25% of authorized amount All others can settle within 10% of authorized amount Must pass Level II Data** Authorization and settlement information must match 	Days to settle - 2
Rate Data Rate II	1.95%	\$0.00	Available to most businesses	1 electronic authorization	<ul style="list-style-type: none"> Must be a Commercial Card, Non T&E merchant Key-enter transaction Must pass Level II Data** Authorization and settlement information must match 	Days to settle - 2
Rate Data Rate I	2.65%	\$0.10	Available to most businesses	1 electronic authorization	<ul style="list-style-type: none"> Must be a Commercial Card, Non T&E merchant Key-enter transaction Authorization and settlement information must match 	Days to settle - 2
Rate T&E II	2.15%	\$0.10	Available to most businesses	1 electronic authorization	<ul style="list-style-type: none"> Must be a Commercial Card Swipe or Key-enter transaction; get customers signature when transaction is face to face Must pass industry specific T&E II criteria; folio #, rental agreement #, check-in/pick up and check-out/return dates, duration, no show indicator/extra charge indicator 	Days to settle - Non Airline - 2/Airline - 8 Restaurants are not eligible Best Commercial card rate for T&E merchants
Rate T&E I	2.30%	\$0.00	Available to most businesses	1 electronic authorization	<ul style="list-style-type: none"> Must be a Commercial Card Swipe or Key-enter transaction; get customers signature when transaction is face to face Restaurants and Bars can settle within 25% of the authorized amount Hotels, Car Rental Agencies, Cruise lines and Passenger Transport merchants can be exempt from authorization tolerance and timeliness edits Authorization and settlement information must match 	Days to settle - Non Airline - 2 Airline - 8
Rate Large Ticket	1.20%	\$40.00	Available to most businesses	1 electronic authorization	<ul style="list-style-type: none"> Must be a Commercial Card, Non-T&E merchants Swipe or Key-enter transaction; get customers signature when transaction is face to face Transaction must be equal to or greater than \$3,000 Can settle within 25% of the authorized amount (excludes AFD merchants) Must pass Level II Data** Authorization and settlement information must match 	Days to settle - 1
Rate Standard	2.70%	\$0.10	Available to most businesses	1 electronic authorization	<ul style="list-style-type: none"> Must be a Commercial Card Swipe or key-enter transaction, Get customers signature when transaction is face to face 	Days to settle - 29
Rate National Purchasing Data	1.55%	\$0.00	Available to most businesses	1 electronic authorization	<ul style="list-style-type: none"> Must be a non-U.S. issued Purchasing or Fleet (Government Purchasing) cards Swipe or Key-enter transaction; get customers signature when transaction is face to face Must pass Level II Data** 	Days to settle - 4 Fleet cards used at Fuel merchants with MCC's 5541, 5542, 7511 are not eligible
Rate National Purchasing Ticket	0.75%	\$30.00	Available to most businesses	1 electronic authorization	<ul style="list-style-type: none"> Must be a non-U.S. issued Purchasing or Fleet (Government Purchasing) cards Swipe or Key-enter transaction; get customers signature when transaction is face to face Must be a non T&E merchant Transaction must be equal to or greater than \$3,000 	Days to settle - 29
Rate National Commercial	2.15%	\$0.00	Available to most businesses	1 electronic authorization	<ul style="list-style-type: none"> Must be a non-U.S. issued Purchasing or Fleet (Government Purchasing) cards Swipe or Key-enter transaction; get customers signature when transaction is face to face 	Days to settle - 29

Electronic authorization is obtained through a terminal or software

Level II Data includes sales tax and customer code for Commercial Cards. Sales tax must be between 0.1% and 22% when the tax is greater than zero. Level III Data is Level II Data plus line item detail, which includes; item description, item unit of measure, extended item amount, product code, credit and debit indicator. Equipment must be programmed to recognize Commercial Cards.



J. CONTROLLED DISBURSEMENT

1. Describe the controlled disbursement program offered by your bank. Include the time of day that the current day payment information would be available.

Wells Fargo has seven endpoints available to our clients, including a California endpoint in Calabasas. Of the seven endpoints available, we *recommend* our Van Wert, Ohio point to best suit your needs. The Van Wert, Ohio service offers you the advantages of an eastern time zone endpoint and early reporting, along with a variety of available technologies, such as image access and electronic reporting, to optimize your cash management activities. Additionally, it also includes our premier Perfect Presentment Positive Pay service. With this service:

- ◆ A summary of the day's disbursement total is available to you by 7:00 A.M. Pacific Time. (Presentment times are at 6:00 AM PT and 7:00 AM PT.)
- ◆ You'll receive timely, complete information; you'll have the ability to accurately forecast your daily cash needs. Early summary information enables you to fund your account with the amount necessary to cover daily check clearing totals and avoid excess balances, so your money works harder for you.
- ◆ Your daily funding totals accurately match posting totals, and adjustments due to encoding errors are virtually eliminated. Perfect Presentment compares checks to your issued check file and our stop payment database prior to posting to your account. We identify and correct encoding errors and report only "true" exceptions to you. Because Perfect Presentment runs in real time rather than at end-of-day, it does in one day what other positive pay services take three days to do:

DAY	PERFECT PRESENTMENT	TRADITIONAL POSITIVE PAY
DAY 1	<p>Morning</p> <ul style="list-style-type: none"> ◆ Checks are presented ◆ Stop payment items are identified ◆ Positive Pay exceptions (unmatched checks) are identified ◆ Matched items are reported in funding totals <p>Afternoon</p> <ul style="list-style-type: none"> ◆ Exceptions are reported ◆ Pay/return decisions are made <p>Evening</p> <ul style="list-style-type: none"> ◆ Only matched items are posted 	<p>Morning</p> <ul style="list-style-type: none"> ◆ Checks are presented ◆ All items are reported in funding totals <p>Evening</p> <ul style="list-style-type: none"> ◆ All other checks are posted ◆ Positive Pay exceptions (unmatched checks) are identified
DAY 2	Day 1 exceptions that have been reviewed and authorized to pay are reported in first presentment total	<ul style="list-style-type: none"> ◆ Exceptions are reported ◆ Pay/return decisions are made
DAY 3	The Perfect Presentment service does in 1 day what traditional positive pay does in 3 days!	<ul style="list-style-type: none"> ◆ Encoding errors are reversed ◆ Corrected items are posted ◆ Adjustments are reported

Controlled Disbursement Service is subject to initial and annual satisfactory review of the financial statements of the City, credit approval by Wells Fargo Bank and satisfactory completion of any necessary documentation.

2. Can Account Reconciliation and Positive Pay be used with your bank's Controlled Disbursement program?

Yes, Account Reconciliation and Positive Pay can be used with our controlled disbursement program. Please see the description of our Perfect Presentment Positive Pay service in question 1 above.

3. State the detail cost and benefits of this service.

CONTROLLED DISBURSEMENT - VAN WERT	PRICE
CDOH - Acct Maintenance With CheXstor	\$75.00000
CDOH - Checks Paid	\$0.06000
CDOH - Credits Posted	\$0.20000
CDOH - Perfect Present + Pay Exception	\$3.00000
CDOH - Perfect Present Checks Return	\$8.00000
CDOH - Perfect Present Pos Pay Maintenance	\$0.00000

Benefits of our Controlled Disbursement Service:

- ◆ **Sure Funding.** With our funding and reporting process, you are required to fund only the transactions reported on your daily Controlled Disbursement Summary report. So you know your funding totals early and surely.
- ◆ **Integrated Electronic Delivery.** All the services and information you need to monitor and manage your check disbursements activity (Stops-Photocopy-Search, Image Positive Pay, Treasury Information Reporting) are delivered electronically through our Commercial Electronic Office Internet portal. Access them any time, anywhere with a single sign-on.
- ◆ **Image Services.** Your staff has cleared check images at their fingertips for fast research and proof of payment.
- ◆ **Perfect Presentment - only at Wells Fargo.** We compare checks to your issued check file and our stop payment database *prior* to posting to your account. We identify and correct encoding errors and report only "true" exceptions to you. Account reconciliation is simple because your ARP statements contain no adjustments for misencoded checks.

K. OVERNIGHT SWEEP**1. When does the sweep occur?**

Wells Fargo Corporate Cash Management Account (CCMA) sweep product provides competitive rates with several investment choices that will allow the City to customize the product to best meet your investment criteria.

The CCMA is a fully automated, end-of-day investment sweep. At the end of each day, the excess collected balance in your Wells Fargo wholesale checking account is automatically "swept" into one or more investments to maximize the return on those funds overnight. Since the sweep occurs after all other account activity has been processed, accidental overdrafts are not a concern. Each morning the funds are returned to your concentration account and are available for business.

CCMA offers a variety of high-quality investment options and includes the following powerful features:

- ◆ **Same-Day Sweep** - Interest income is maximized by using daily collected balances to increase investment balances.
- ◆ **Daily Interest** - Investment interest is paid daily and is available for immediate reinvestment the following day.
- ◆ **Automated Investment of Funds** - Eliminates costly or time-consuming funds movement associated with manually transferring funds to/from investment accounts.
- ◆ **Accuracy of Funds Transfer** - Since the sweep transfer is performed after all of the day's debits and credits have been tabulated, accidental account overdrafts are impossible.
- ◆ **Direct Ownership of Securities** - the account holder, not the Bank, owns CCMA securities and mutual fund shares. A daily confirmation serves as the documented proof of ownership.
- ◆ **Detailed Reporting** - Investment confirmations are mailed daily, detailing the amount invested and the securities supporting the investment. Activity is summarized at the end of the month in a clear, concise statement.

2. What investments or funds are available for public sector clients? Does the investment options listed meet the California Government Code for allowable investments by City governments?

As a CCMA investor, the City may choose from several investment options in the following Government Agencies: Federal Home Loan Bank, Federal Farm Credit Bank, and Federal National Mortgage Association (Fannie Mae). Yes, the funds meet the California Government Code for allowable investments.

3. What is the detailed cost of the sweep services?

Maintaining a peg balance of \$50,000 for each sweep account can eliminate the monthly maintenance fee of \$250.00. No set-up charge would apply.

4. Provide average rate of return on the proposed sweep fund(s) for the past 12 months.

Please refer to the CCMA Rate Sheets attached at the end of this section.

5. Please describe alternative overnight investments options available to maximize the City's earnings potential.

Other overnight investment options available to the City would be a variety of money market securities. Daily cash management needs can often be met through money market securities — short-term fixed income securities with maturities of less than one year. Interest rates on money market securities vary daily, and the yield corresponds to the current yield on bank deposits and Treasury bills. Overnight money market securities available to the City would be:

- ◆ Commercial paper
- ◆ Treasury bills
- ◆ Agency securities
- ◆ Money market mutual funds

L. DAYLIGHT OVERDRAFT PROTECTION

Describe any issues, concerns or charges associated with a line of credit to cover inadvertent overdrafts up to \$5,000,000.

Wells Fargo has the capability to extend a daylight overdraft facility to you. Establishment of such a limit would be subject to the review of financial statements of the City and subject to credit approval by Wells Fargo. There are currently no fees charged for intra-day activity.

Daylight Overdraft is subject to initial and annual satisfactory review of the financial statements of the City, credit approval by Wells Fargo Bank and satisfactory completion of any necessary documentation.

EXHIBIT B



Government & Educational Banking Carole La Rocca
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November 3, 2004

Tarun Narayan
Senior Financial Analyst
City of Palo Alto
PO Box 10250
Palo Alto, CA 94303

Dear Tarun:

Wells Fargo is pleased that the City of Palo Alto will be recommending to City Council for approval its intent to award the banking services contract to our bank.

I acknowledge the terms of this contract based on the "Scope of Services for Banking" (RFP No. 109043) dated September 14, 2004, plus the following addendums agreed to by the City and Wells Fargo Bank as reflected below.

- Six year fixed term contract.
- Merchant Services bank processing fee to be fixed for four years and increases in the subsequent two years will not exceed 3 basis points.
- Wells Fargo will reimburse the City of Palo Alto up to \$3000 for program conversion costs charged by the City's two external vendors.
- Wells Fargo also agrees to the following price concessions:
 - Checks deposited selected in district- CA - from \$0.045 to \$0.040
 - Checks deposited - CA - from \$0.060 to \$0.055
 - CD Rom Per Image - from \$0.04 to \$0.035
 - On-Line Previous Day Report STD item - from \$0.080 to \$0.075
 - ACH monthly maintenance - from \$45 to \$40
 - On-Line Previous day report maintenance - from \$60 to \$50

Once again I would like to express my thanks to the City of Palo Alto for selecting Wells Fargo Bank as your new bank. I look forward to a long banking partnership.

Sincerely,

M. PRICING TERMS AND CONDITIONS AND PRICING SCHEDULE

The City has the option of compensating on a fee or balance basis or a combination of both.

OPTION A: COMPENSATING BALANCE METHOD

Compensating balances are collected balances maintained in non-interest bearing accounts adjusted to meet the Federal Reserve Requirements. The compensating balance requirement for a given month varies based upon the current earnings allowance rate, services utilized, and volumes. When using the quarterly settlement method, you may carry excess balances forward to offset a deficit incurred during a calendar month and to cover charges in subsequent months, but excess balances cannot be carried beyond one calendar quarter. Any shortfall will be directly debited from your account within ten days of presentment of the analysis or in the final month of the quarter.

OPTION B: COMPENSATING BALANCE WITH SWEEP

Utilizing this option, the City would utilize a sweep product. The City and the Bank would set a peg balance that would accommodate offsetting the monthly banking fees. Any balances above the peg would automatically sweep into one of the Bank's sweep vehicles and earn hard dollar dividends. Actual monthly charges will vary depending on the type and volume of services used.

OPTION C: SWEEP WITH DIRECT FEES

Section 53682 of the California Government Code allows public entities to pay direct fees for services. By paying in direct fees, the City would eliminate the need to maintain collected balances required for the above compensating balance methods. The daily collected balance must be positive to avoid uncollected funds charges. If you choose this alternative, fees will be billed at the time the account analysis for the month is presented. Wells Fargo can either directly debit your account or bill you for the service fees. Fees will be due and payable within ten days of this presentment.

Utilizing this option, the City would utilize a sweep product. The City and the Bank would set a peg balance of zero. All collected balances above this peg would automatically sweep into one of the Bank's sweep vehicles and earn hard dollar dividends. Actual monthly charges will vary depending on the type and volume of services used.

For the compensating balance payment option, respond to the following questions:

1. How will the bank stipulate the required compensating balance?

The compensating balances method is selected by the client from the options listed above. Wells Fargo does not stipulate a specific method for our clients to use.

2. On what rate or index will this be determined?

The Earnings Credit Rate used to figure the compensating balance requirement is based upon the 91-day Treasury Bill Auction Rate, discount basis, for the prior month. Please refer to question #5 below.

3. Will compensating balance be based on closing ledger or collected balances?

The compensating balance will be based on collected balances.

4. Will the excess or deficit earnings be carried forward to future months or backward to prior months?

When using the quarterly settlement method, you may carry excess balances forward to offset a deficit incurred during a calendar month and to cover charges in subsequent months, but excess balances cannot be carried beyond one calendar quarter. Any shortfall will be directly debited from your account within ten days of presentment of the analysis or in the final month of the quarter.



CITY OF PALO ALTO

5. Provide the formula for computing the compensating balance requirement.

The Earnings Credit Rate is based upon the 91-day Treasury Bill Auction Rate, discount basis, for the prior month. Earnings allowances are calculated on an actual day year basis using the Earnings Credit Rate times the average investable balance (collected balance less the 10% reserve requirement) for that month.

The formula for calculating the Collected Balance Requirement is as follows:

Investable Balance Available for Services X # of Calendar Days in Month X ECR
Actual # of Days in the Year

6. For what period of time would the bank agree to a fixed amount for compensating balance, regardless of the volume of transactions?

Wells Fargo does not offer a fixed amount option for compensating balances.

7. How much notice prior to effective date of any change in compensating balance will the bank provide?

30 days.

8. In the event that the City's actual collected balances exceed the amount stipulated, would the bank agree to pay interest on the excess? If so, please explain, stating period for calculation and providing the formula.

Since Wells Fargo does not offer a fixed amount option this question does not apply

9. How is float calculated on checks deposited? Explain the impact of "Check 21" implementation on the City's float.

We determine availability of items deposited using availability schedules. Availability is assigned on an item-by-item basis according to the routing and transit number for the check, the deposit location and time of day deposited. We give immediate availability to on-us items. We define on-us items as checks drawn on the Wells Fargo Bank in the state (or regional legal entity) where the deposit was made and all checks drawn on Wells Fargo Bank, N.A. Items drawn on other Wells Fargo state or regional entities receive fractional availability.

Northern California Unencoded Check Deposit Availability Schedule

All unencoded checks deposited to your public funds checking accounts and received before the cutoff time posted in the store, cash vault, or any other department/office receive collected funds in accordance with the following schedule:

Table with 2 columns: Description and COLLECTED FUNDS. Rows include Wells Fargo Bank California checks (Same Day), Wells Fargo National Bank checks (Same Day), U.S. Government checks (One Day), Northern California financial institutions (One Day), Southern California financial institutions (Two Days), Other financial institutions within neighboring states (Two Days), and All other checks (Three Days).

Collected funds are stated in business days. Collected funds on checks drawn on banks in Federal Reserve areas closed in observance of a holiday are delayed one additional day. This schedule is subject to change without notice.

1 Except for Bank of America, City National Bank, Bank of the West and Union Bank of California, which are one-day items.

2 Two-day availability will be assigned to items drawn on financial institutions located in the following states: Alaska, Arizona, Idaho, Nevada, Oregon, Utah, Washington. Note: Federal Reserve designated "Country" checks drawn on institutions in these states are three-day items.

Please see the Corporate Accelerated Availability Schedule for Northern California for encoded deposits, attached at the end of section O.

The enactment of Check 21 Legislation will lead to faster clearing times for business and consumer checks drawn on US financial institutions. While it may take some time for these benefits to achieve mass scale, Wells Fargo will be offering new products and services to take advantage of the opportunities that Check 21 will bring. By implementing these products and services, our clients will see the benefit of faster clearing times on the depository side of their business. Wells Fargo will launch three products in 2005 after a successful pilot starting October 28th of 2004. These products include Desktop Deposit, Chicago Wholesale Image Lockbox and electronic check file.

- ◆ Desktop Deposit will allow our clients to scan images using bank provided hardware and software and transmit a batch of payments to Wells Fargo for processing.
- ◆ Chicago Wholesale Image Lockbox will give Wells Fargo a wholesale image lockbox-processing center located in Chicago, from which we will process all items using Check 21 processing rules and provide images of checks and remittance documents online via the CEO. We are also planning on rolling out this service to other lockbox sites in the eastern half of the US (Atlanta, Boston and Philadelphia) throughout 2005.
- ◆ Our electronic check file will allow our clients to use their existing internal imaging equipment to generate a file of images of checks and related data for processing at Wells Fargo. This further expands our integration capabilities that are already considered to be superior in the industry.

With all of these products, Wells Fargo will be giving 0 day availability to on-us items and 1 day availability on all others provided that we receive the file before our established cutoff times.

The availability to all items not processed through one of the Check 21 related services above will remain the same as it is today.

For the direct fee payment option, respond to the following questions:

1. **Will the bank credit against fees the interest on average collected balance (monthly or other period). Indicate what index the interest rate is tied to and specify formula for calculating interest.**

Yes, we will credit the City against fees based on the ECR. The 91-day T-bill is used. Please refer to Tab N for the formula used.

2. **For how long a period would the bank guarantee the fixed charges quoted? (Note that the City requires at least one year of firm charges)**

The City's pricing will be fixed for a four-year period with the option to renew for an additional two years. All pricing adjustments beyond the fixed term will be coordinated through Carole LaRocca, the City's Relationship Manager.

3. **On what basis would the fixed charges be modified?**

Price increases in subsequent years will be tied to the Consumer Price Index.

4. **When would payment be due for fees?**

For the direct fee payment option, fees will be billed at the time the account analysis for the month is presented. Wells Fargo can either directly debit your account or bill you for the service fees. Fees will be due and payable within ten days of this presentment.

BANKING SERVICES PROPOSAL SUBMISSION BID FORM

DESCRIPTION	PER UNIT COST	EST MONTHLY UNIT VOL	TOTAL MONTHLY FEE	EST TOTAL ANNUAL COST
BALANCE & COMPENSATION INFORMATION				
FDIC ASSESSMENT (Qtly Chg. Converted to Monthly Avg.)	\$0.00001	990	\$0.01	\$0.12
GENERAL ACCOUNT SERVICES				
ACCOUNT MAINTENANCE	\$10.00000	6	\$60.00	\$720.00
PHOTOCOPY/MICROFICHE COPY	\$3.50000	1	\$3.50	\$42.00
MULTIPLE STATEMENT COPIES	\$5.00000	1	\$5.00	\$60.00
ZBA ACCOUNT MAINTENANCE	\$5.00000	1	\$5.00	\$60.00
FACSIMILE TRANSMISSION (ARP Optional Reports)	\$8.00000	2	\$16.00	\$192.00
TOTAL GENERAL ACCOUNT SERVICES			\$89.50	\$1,074.00
DEPOSITORY SERVICES				
BANKING CENTER DEPOSIT	\$1.00000	9	\$9.00	\$108.00
QBD/NIGHT DROP DEPOSIT	\$1.00000	2	\$2.00	\$24.00
CURRENCY-COIN DEPOSIT/\$100-QBD-ND-CA	\$0.00110	16	\$0.02	\$0.21
CURRENCY-COIN DEPOSIT/\$100-VLT-CA	\$0.00080	1,631	\$1.30	\$15.66
VAULT DEPOSIT-REGULAR HR-CA	\$1.00000	89	\$89.00	\$1,068.00
VAULT DEPOSIT-EXTENDED HOURS-CA	\$1.00000	189	\$189.00	\$2,268.00
CASH LETTER/ITEM PROC DEPOSITS	\$1.00000	25	\$25.00	\$300.00
CHECKS DEPOSITED ON US-CA	\$0.03500	3,107	\$108.75	\$1,304.94
CHECKS DEPOSIT LOCAL CLEARINGS-CA	\$0.04000	989	\$39.56	\$474.72
CHECKS DEPOSIT SELECT IN DIST-CA	\$0.04500	11,919	\$536.36	\$6,436.26
CHECKS DEPOSIT ALL OTHER-CA	\$0.05500	2,581	\$141.96	\$1,703.46
CHECKS DEPOSITED-CA	\$0.06000	6,573	\$394.38	\$4,732.56
RETURN ITEMS CHARGEBACK	\$2.00000	29	\$58.00	\$696.00
RETURN ITEMS RECLEAR	\$1.00000	43	\$43.00	\$516.00
DEPOSIT CORRECTION-CASH	\$5.00000	12	\$60.00	\$720.00
TOTAL DEPOSITORY SERVICES			\$1,697.32	\$20,367.81
PAPER DISBURSEMENT SERVICES				
GENERAL CHECKS PAID	\$0.06000	13	\$0.78	\$9.36
GENERAL CHECKS PAID TRUNCATED	\$0.06000	2,743	\$164.58	\$1,974.96
POSITIVE PAY RETURNS/OTHER	\$8.00000	1	\$8.00	\$96.00
DIRECT STOP PAY INQUIRY	\$0.00000	2	\$0.00	\$0.00

CITY OF PALO ALTO

DESCRIPTION	PER UNIT COST	EST MONTHLY UNIT VOL	TOTAL MONTHLY FEE	EST TOTAL ANNUAL COST
PAPER DISBURSEMENT SERVICES (continued)				
NSF ITEMS PAID/RETURNED	\$3.00000	1	\$3.00	\$36.00
STOP PAY AUTOMATED<=12 MONTHS	\$6.00000	10	\$60.00	\$720.00
STOP PAY AUTOMATED>12 MONTHS	\$6.00000	9	\$54.00	\$648.00
CHECK PRINTING/SUPPLIES	At Cost	1		
PHOTO CHARGE	\$3.50000	2	\$7.00	\$84.00
CD ROM MAINTENANCE	\$30.00000	3	\$90.00	\$1,080.00
CD ROM PER IMAGE	\$0.04000	2,570	\$102.80	\$1,233.60
STOP PAY-CHECK & IMAGE (ONLINE) VIEW & RETRIEVAL	\$2.00000	12	\$24.00	\$288.00
TOTAL PAPER DISBURSEMENT SERVICES			\$514.16	\$6,169.92
PAPER DISB RECON SERVICES				
FULL RECON MAINT-AUTO	\$50.00000	3	\$150.00	\$1,800.00
PARTIAL MAINTENANCE	\$40.00000	1	\$40.00	\$480.00
FULL RECON MAINT-ADDL	\$50.00000	1	\$50.00	\$600.00
PARTIAL ITEM	\$0.04000	1,956	\$78.24	\$938.88
PARTIAL AR-CREDIT PER ITEM	\$0.10000	697	\$69.70	\$836.40
PARTIAL AR-MIN MONTHLY MAINT	\$40.00000	1	\$40.00	\$480.00
PARTIAL AR DEP REC MSSG LOC	\$0.10000	3	\$0.30	\$3.60
AR TRANSMISSION INPUT PER ITEM	\$0.01000	3,013	\$30.13	\$361.56
CHECK ISSUE INPUT-TRANSM MEDIA	\$0.00000	16	\$0.00	\$0.00
CHECK ISSUE-INPUT MANUAL	\$0.05000	13	\$0.65	\$7.80
CHECK ISSUE INPUT-FILE REJECTS	\$0.00000		\$0.00	\$0.00
PARTIAL AR-TRANSM OUT-IST ACCT	\$7.00000	20	\$140.00	\$1,680.00
TOTAL PAPER DIS RECON SERVICES			\$599.02	\$7,188.24
GENERAL ACH SERVICES				
ACH MONTHLY MAINTENANCE	\$45.00000	2	\$90.00	\$1,080.00
PC TAX PAYMENT	\$2.00000	3	\$6.00	\$72.00
CONSUMER ON US CREDITS	\$0.04000	495	\$19.80	\$237.60
CONSUMER OFF US CREDITS	\$0.04000	2,486	\$99.44	\$1,193.28
CONSUMER ON US DEBITS	\$0.05000	466	\$23.30	\$279.60
CONSUMER OFF US DEBITS	\$0.05000	2,105	\$105.25	\$1,263.00
ACH DEBIT RECEIVED ITEM	\$0.10000	72	\$7.20	\$86.40
ACH CREDIT RECEIVED ITEM	\$0.10000	355	\$35.50	\$426.00



DESCRIPTION	PER UNIT COST	EST MONTHLY UNIT VOL	TOTAL MONTHLY FEE	EST TOTAL ANNUAL COST
GENERAL ACH SERVICES (continued)				
ACH RETURN ITEM	\$2.00000	9	\$18.00	\$216.00
ACH INPUT-TRANSMISSION	\$5.00000	17	\$85.00	\$1,020.00
DELETE/REVERSAL-BATCH/FILE	\$10.00000	1	\$10.00	\$120.00
ACH DELETE/REVERSAL	\$7.00000	2	\$14.00	\$168.00
EXPRESS TAX RECEIPT	\$2.00000	3	\$6.00	\$72.00
EXPRESS TAX FAX RECEIPT	N/A	3	\$0.00	\$0.00
ACH TRACE REQUEST	\$15.00000	1	\$15.00	\$180.00
ACH NOTIF OF CHANGE (NOC)	\$2.00000	77	\$154.00	\$1,848.00
ACH OPTIONAL REPORTS-FAX	\$1.00000	44	\$44.00	\$528.00
ACH STANDARD REPORTS-MAIL	\$1.50000	4	\$6.00	\$72.00
ACH STANDARD REPORTS-FAX	\$1.00000	18	\$18.00	\$216.00
TOTAL GENERAL SERVICES			\$756.49	\$9,077.88
WIRE & OTHER FUNDS TRANSFER SERVICES				
MANUAL TRANSFER (Book Transfer)	\$5.50000	2	\$11.00	\$132.00
MANUAL WIRE OUT-DOMESTIC	\$6.00000	15	\$90.00	\$1,080.00
MANUAL WIRE BOOK DEBIT	\$5.50000	1	\$5.50	\$66.00
INCOMING DOMESTIC WIRE	\$6.00000	14	\$84.00	\$1,008.00
TOTAL WIRE & OTHER FUNDS TRANSFER SERVICES			\$190.50	\$2,286.00
INFORMATION SERVICES				
ON-LINE PREVIOUS DAY REPORT MAINT	\$60.00000	1	\$60.00	\$720.00
ON-LINE PREVIOUS DAY REPORT STD ITEM	\$0.08000	2,256	\$180.48	\$2,165.76
ON LINE PREVIOUS DAY REPORT ACCT FEE	\$0.00000	1	\$0.00	\$0.00
TOTAL INFORMATION SERVICES			\$240.48	\$2,885.76
TOTAL COSTS			\$4,087.47	\$49,049.61
ADDITIONAL CHARGES FOR REQUIRED SERVICES				
ARP Checks Paid Full	\$0.06000			
ARP Frequent Statement Cycle	\$5.00000			
ARP Full Recon/Item - Transmission	\$0.05000			
ARP Optional Reports	\$8.00000			
ARP Statement Via CEO	\$0.00000			
CEO Image Positive Pay image	\$1.00000			
Payee Validation Per Item - Standard	\$0.01500			

CITY OF PALO ALTO

DESCRIPTION	PER UNIT COST	EST MONTHLY UNIT VOL	TOTAL MONTHLY FEE	EST TOTAL ANNUAL COST
ADDITIONAL CHARGES FOR REQUIRED SERVICES (continued)				
Positive Pay Exceptions	\$1.50000			
Positive Pay Maintenance	\$0.00000			
ACH Fax Service	\$0.50000			
ACH On-Ups Same Day	\$0.40000			
ACH Returned Item - Dishonored	\$2.00000			
ACH Returns - Redeposit	\$2.00000			
CEO ACH Fraud Filter Review Base	\$5.00000			
CEO ACH Fraud Filter Review Item	\$2.00000			
CEO ACH Fraud Filter Stop Base	\$5.00000			
CEO Fraud Filter Stop Per Item	\$2.00000			
Internet ACH Base Fee	\$25.00000			
Internet ACH Batch Release Fee	\$5.00000			
Internet ACH One Day Item	\$0.06000			
Internet ACH Same Day Item	\$0.50000			
Internet ACH Two Day Item	\$0.04000			
Branch Cash Deposited/\$1	\$0.00130			
Branch Currency Ordered/\$1	\$0.00160			
Branch Change Order Charge	\$5.00000			
Branch Rolled Coin Ordered	\$0.15000			
Non Account Holder Check Cashing - Payee	\$0.00000			
Treasury Express Deposit/\$1	\$0.00110			
Cash Vault Base Fee	\$10.00000			
Deposit Report - Email	\$50.00000			
Vault Cash Orders - CEO	\$4.00000			
Vault Coin Deposit - Std Bag	\$3.50000			
Vault Coin Dep - Partial/Mixed Bag	\$7.50000			
Vault Coin Dep - Standard Half Bag	\$3.00000			
Vault Coin Dep - Subject To Count	\$12.00000			
Vault Coin Furnished - Rolls	\$0.10000			
Vault Coin Furnished - Std Box	\$3.50000			
Vault Coin Furnished - Std Half Box	\$2.00000			
Vault Currency Furnished	\$0.00120			

CITY OF PALO ALTO

DESCRIPTION	PER UNIT COST	EST MONTHLY UNIT VOL	TOTAL MONTHLY FEE	EST TOTAL ANNUAL COST
ADDITIONAL CHARGES FOR REQUIRED SERVICES (continued)				
Vault Currency Furnished - Non Standard	\$0.00150			
Check Image Retrieval Base Fee	\$0.00000			
CDOH - Van Wert - Account Maintenance w/CheXstor	\$75.00000			
CDOH - Checks Paid	\$0.06000			
CDOH - Credits Posted	\$0.20000			
CDOH - Perfect Presentment + Pay Exception	\$3.00000			
CDOH - Perfect Presentment Checks Returned	\$8.00000			
CDOH - Perfect Presentment Positive Pay Maintenance	\$0.00000			
Encoded Checks - Excess Rejects	\$0.50000			
Encoded Checks - Regional Select	\$0.05000			
Encoded Checks - Travelers Cks	\$0.06500			
Encoded Checks - WFB Affiliates	\$0.04500			
Encoded Checks - Regional Country	\$0.06500			
CV Deposited Checks - Local	\$0.07000			
CV Deposited Checks - Local Clearing	\$0.06500			
CV Deposited Checks - On-U's	\$0.05500			
CV Deposited Checks - Regional	\$0.08000			
CV Deposited Checks - Transit	\$0.08500			
CV Deposited Checks - WFB Affiliates	\$0.06500			
Deposited Checks - Regional	\$0.09000			
Deposited Checks - Transit	\$0.09500			
Deposited Checks - Local	\$0.08000			
Deposited Checks - Local Clearing	\$0.07500			
Deposited Checks - On-U's	\$0.06500			
Deposited Checks - WFB Affiliates	\$0.07500			
ACH Received Item	\$0.10000			
OD Charges - Returned Item	\$2.00000			
Overdrafts (Per Day)	\$20.00000			
Photocopy - PC Request - Mail	\$4.50000			
Sub Account Maintenance	\$5.00000			
Stop Payment Renewal	\$1.00000			
CEO Previous Day Subscription Per Account	\$60.00000			

CITY OF PALO ALTO

DESCRIPTION	PER UNIT COST	EST MONTHLY UNIT VOL	TOTAL MONTHLY FEE	EST TOTAL ANNUAL COST
ADDITIONAL CHARGES FOR REQUIRED SERVICES (continued)				
CEO Previous Day Subscription Per Item Detail	\$0.08000			
Returned Items Special Instruction Base Charge	\$1.00000			
Returned Items Special Instruction Item Charge	\$0.25000			
CCMA Sweep Base Charge	\$0.00000			
CEO WellsTAX Premium Payment	\$4.00000			
CEO WellsTAX Subscription	\$5.00000			
Outgoing Domestic Wire - Voice Non Repetitive	\$15.00000			
Outgoing Domestic Wire - Branch	\$5.50000			
Wire Mail Confirmation	\$3.00000			
ONE TIME SET UP FEES				
ACH Fraud Filter Set Up Charge	\$10.00000	Waived		
ACH Set Up Transmission	\$300.00000	Waived		
ARP Set Up - Full	\$100.00000	Waived		
ARP Set Up - Partial	\$50.00000	Waived		
ARP Set Up - Location Reporting	\$25.00000	Waived		
CDOH - Account Set Up	\$100.00000	Waived		
Internet ACH Set Up	\$0.00000	Waived		
WellsImage CD Set Up 1st Acct	\$100.00000	Waived		
WellsImage CD Set Up Add'l Accounts	\$25.00000	Waived		
WellsImage CD Software Per PC	\$225.00000	Waived		



N. PRICING ADJUSTMENTS

- Prices are to remain firm for the first year of the contract. For subsequent years, indicate what the bank proposes for a price increase, if any. Banks may propose an annual adjustment to prices either on a fixed-percentage basis or on a variable percentage based on a nationally recognized index. If the latter, indicate the not to exceed annual increase percentage.

The City's pricing will be fixed for a four-year period with the option to renew for an additional two years. All pricing adjustments beyond the fixed term will be coordinated through Carole LaRocca, the City's Relationship Manager. Price increases in subsequent years will be tied to the Consumer Price Index, not to exceed 3%.

- If a compensating balance is used to pay for services, what interest rate is used and how is it calculated? What is the charge for negative balances? Describe all potential penalties and how these penalties are calculated?

The Earnings Credit Rate is based upon the 91-day Treasury Bill Auction Rate, discount basis, for the prior month. Earnings allowances are calculated on an actual day year basis using the Earnings Credit Rate times the average investable balance (collected balance less the 10% reserve requirement) for that month.

The formula for calculating the Collected Balance Requirement is as follows:

$$\frac{\text{Investable Balance Available for Services} \times \text{\# of Calendar Days in Month} \times \text{ECR}}{\text{Actual \# of Days in the Year}}$$

The following is the six-month history of the Earnings Credit Rate:

MONTH	RATE
September 2004	1.50%
August 2004	1.35%
July 2004	1.32%
June 2004	1.03%
May 2004	0.94%
April 2004	0.94%

The bank uses the following formula to compute the charge for uncollected funds:

$$\frac{\text{Average Daily Negative Collected Balance} \times \text{Overdraft Rate (Prime + 2\%)} \times \text{Days in Period}}{360 \text{ day/year.}}$$

Additional charges would include:

Funds Advanced Overdrafts Per Day	\$20.00
Overdraft Charge - Paid Item	\$3.00
Overdraft Charge - Returned Item	\$2.00



O. FDIC CHARGES AND FLOAT

Provide information on applicable FDIC charges and the bank's availability schedule. Also present any float advantages by converting or maintaining our relationship to your bank, if any in light of the "Check 21" legislation.

FDIC CHARGES

The Federal Deposit Insurance Corporation (FDIC) imposes an assessment in order to service the debt on bonds issued to pay depositors of failed savings and loan associations. The assessment will continue through the year 2017 at an annually determined rate.

Wells Fargo calculates the FDIC charge at \$0.00001 times the average ledger balance on a monthly basis. The calculation is based on the actual fee that the FDIC charges Wells Fargo Bank. Wells Fargo is in compliance with the Federal Reserve requirement of 10%. With the use of our automated sweep product, the reserve requirement can be reduced or eliminated.

NORTHERN CALIFORNIA UNENCODED CHECK DEPOSIT AVAILABILITY SCHEDULE

All unencoded checks deposited to your public funds checking accounts and received before the cutoff time posted in the store, cash vault, or any other department/office receive collected funds in accordance with the following schedule:

	COLLECTED FUNDS
Cash, Wires and ACH credits	Same Day
Wells Fargo Bank California checks	Same Day
Wells Fargo National Bank checks	Same Day
U.S. Government checks	One Day
Northern California financial institutions	One Day
Southern California financial institutions ¹	Two Days
Other financial institutions within neighboring states ²	Two Days
All other checks	Three Days

Collected funds are stated in business days. Collected funds on checks drawn on banks in Federal Reserve areas closed in observance of a holiday are delayed one additional day. This schedule is subject to change without notice.

¹ Except for Bank of America, City National Bank, Bank of the West and Union Bank of California, which are one-day items.

² Two-day availability will be assigned to items drawn on financial institutions located in the following states: Alaska, Arizona, Idaho, Nevada, Oregon, Utah, Washington. Note: Federal Reserve designated "Country" checks drawn on institutions in these states are three-day items.

Please see the Corporate Accelerated Availability Schedule for Northern California for encoded deposits, attached at the end of this section.

FLOAT

Based upon market share statistics from the FDIC website, Wells Fargo has a market share of 16.06% in Santa Clara County. This means that approximately 16% of checks deposited will receive immediate credit. When comparing other major bank's market share statistics, Wells Fargo enjoys the second highest ranking.

With regard to float, the Bank offers products that convert checks into ACH credits, thus reducing overall float on transit (non-Wells Fargo) items. Section U contains information on Accounts Receivable Conversion (ARC), which is one of the products that the City may want to consider to reduce float. Please refer to Service Enhancements to review the benefits that ARC can offer the City.

If the City selects one of the products mentioned in response to question M. 9 (please see page 24), you will receive 0 day availability on all on-us items and 1 day availability on all other items. Therefore, by maintaining your relationship with Wells Fargo and implementing one of our Check 21 related products (Desktop Deposit, Wholesale Image Lockbox, or electronic check file) you can leverage Check 21 for faster clearing times.

P. SUBVENTION PAYMENTS FROM THE STATE, COUNTY AND LAIF

1. Is the Bank an approved State of California depository?

Yes.

2. What is the charge for transfers from the above three agencies and to LAIF?

Transferring to LAIF may be handled two ways. If processed through our Government Banking Unit, a book transfer charge of \$5.50 would apply. If the City chooses to transfer funds via wire, an outgoing wire charge of \$6.00 applies. For all monies coming from LAIF, an incoming wire charge of \$6.00 applies.

- a. Describe the LAIF transfer process.

LAIF transfers are handled as follows:

- ◆ **Funds Transfer to LAIF:** The City contacts the State of California LAIF office to advise of a funds transfer. A LAIF representative will provide a transfer confirmation number. Deadline: 10:00 a.m. You may initiate the funds transfer electronically via wire or instructions may be telephoned, faxed or emailed to the Government Banking Group for repetitive transfers.
- ◆ **Funds Transfer from LAIF:** Contact the State of California LAIF office to request a withdrawal. Deadline: 10:00 a.m. The funds will be transferred into your Wells Fargo account via wire transfer the same day.

SAME-DAY BANKING

Wells Fargo participates in the State Controller's "same day banking" program. The State Controller's office sends Wells Fargo a daily FAX identifying state agencies that participate in the program and public agency(s) with Wells Fargo account(s) who are receiving a payment(s). The FAX also identifies the payment amount, which we credit on a same day basis to your account. Payment information is received in the morning and your accounts are credited with funds that are available that same day. No fees would be assessed.

SACRAMENTO LOCKBOX SERVICE

Government & Educational Banking offers a customized remittance banking service specifically designed for our government clients receiving State warrants from the State Controller's Office. This service is offered in addition to our Same-Day Banking service, which is provided in conjunction with the State Controller's Office. Our State warrant processing offers the following advantages:

Benefits

- ◆ **Reduced Mail Float.** We provide an early morning pick-up of mailed remittances at a West Sacramento PO Box. Our early morning pick-up ensures that all received mail is processed immediately.
- ◆ **Accurate Processing.** Stringent processing standards are consistently met for accuracy, prompt mail pickup and sorting, and timely depositing and reporting. Remittance information and warrants are scanned and electronically provided via email attachment to your office.
- ◆ **Superior Availability.** We present your State warrants directly to the State Treasurer's Office for same day availability. State warrant totals are electronically deposited to your account.
- ◆ **Timely Remittance Reporting.** Remittance detail and deposit totals are reported by 9:00 AM PST.

State Warrant Processing is offered in conjunction with our Sacramento vendor, Check Processor's Inc. (CPI). Our development of this service reaffirms our continuing commitment to provide focused product enhancements supporting our public agency clients.



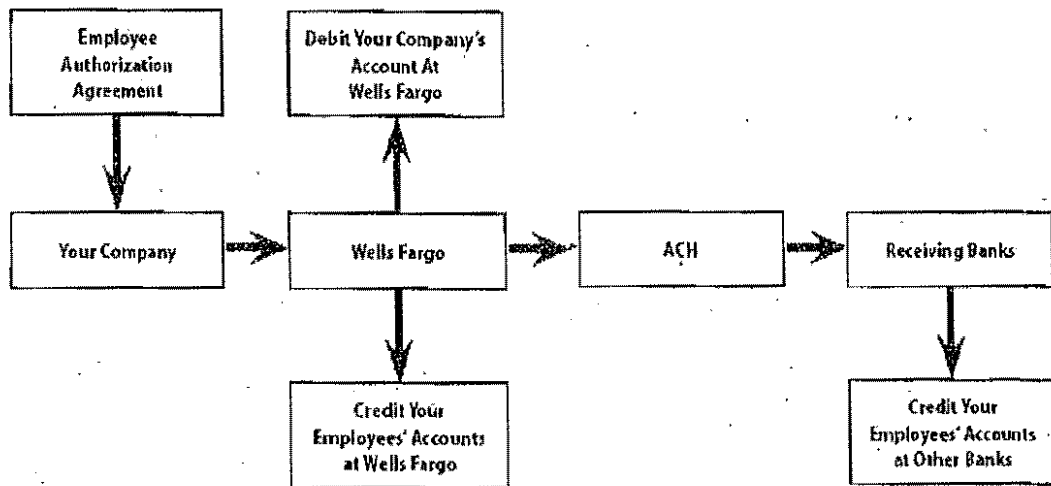
Q. DIRECT DEPOSITS

1. Describe the bank's ACH and Direct Deposit service in detail.

As one of the nation's largest ACH processors, we have one of the most advanced ACH systems in the country to meet your disbursement and payment needs. Wells Fargo was recently the recipient of the Electronic Payment Association NACHA's highest honor, the George Mitchell Payments System Excellence Award. We were also the winner of their ACH Quality Awards for both 2002 and 2003.

Wells Fargo's state-of-the-art ACH processing system provides timely and accurate electronic deposit for your payroll on payday, streamlining the process for the you and your employees. You can pay your employees' salaries electronically using a nationwide connection of Automated Clearing Houses. Payments can be delivered to employees' checking, credit union or brokerage cash management accounts maintained at over 10,000 financial institutions in the United States.

The City would submit an electronic file of payment information in a format approved by the National Automated Clearing House Association. Wells Fargo reads your file and, following your instructions, delivers payroll entries to your employee's accounts. The employees' salaries are immediately available in their accounts on the morning of payday.



ACH Services are subject to initial and annual satisfactory review of the financial statements of the City, credit approval by Wells Fargo Bank and satisfactory completion of any necessary documentation.

2. What are the transmission deadlines for Direct Deposit ACH files? What day and time does the bank need the file from the City, and when are funds debited from the City's account?

You may send files anytime, 7 days a week, 24 hours a day. Although a file may be sent at anytime, for 1-day settlement, the file must be received by 6:00pm (PT) the day prior to settlement. For 2-day settlement, the file must be received by 9:00pm (PT) for a file sent via direct transmission or Secure File Transport and 6:00pm (PT) for a file sent via Internet ACH. For files transmitted with an effective date of a holiday or weekend, the transactions will automatically settle on the next business day.

CUSTOMER INPUT METHOD	CUT-OFF TIME		
	SAME-DAY SETTLEMENT	ONE-DAY SETTLEMENT	TWO-DAY SETTLEMENT
Internet ACH	4:00 p.m. PT for On-U's same-day settlement	6:00 p.m. PT for next day settlement	6:00 p.m. PT for two day settlement
PC/CPU-CPU/SFT	4:00 p.m. PT for On-U's same-day settlement	6:00 p.m. PT for next day settlement	9:00 p.m. PT for two day settlement

CITY OF PALO ALTO

3. Detail the bank's back up plans for data transmissions.

Many of our clients schedule regular telecommunications tests between Wells Fargo and their hot sites. If a client is having system problems that lead to late file transmissions, Wells Fargo's ACH throughput power will work with you in trying to meet last-minute processing deadlines.

Wells Fargo utilizes the Federal Reserve ACH network and the Arizona/PAX private processing network. This diversity provides the backbone for contingency alternatives. Should either our clients or Wells Fargo ever encounter system problems, we are prepared to implement short-term contingency or emergency processing.

For handling Fed ACH failures, we have a relationship with the Arizona Clearing House and Deluxe Data to provide backup in case of a Fed failure. Our contingency procedures encompass switchover of client communications as well.

Wells Fargo's implementation plan for new clients includes discussions and plans for contingency.

4. Describe the banks process of notification of any changes or problems and the ability to re-send a file or to delete a file.

Confirmation Notification - Due to our continuous processing environment, Wells Fargo provides transmittal registers as confirmation notifications (CNotes) to all transmission customers. This confirmation verifies Wells Fargo's receipt of your ACH file, notifies you that processing has begun, and indicates if your file contains errors. CNotes are faxed or transmitted within fifteen minutes of receipt of a file.

When Wells Fargo receives transmissions, we run the data through a series of tests, including a verification of NACHA format, mandatory content and settlement date. If a discrepancy is found, you are immediately notified. In addition, we can automatically confirm receipt of a file and the total number of items and dollars and transmit the confirmation back to you.

5. What are the different ACH file transmission options available?

ACH file transmission options available are asynchronous (PC), bisynchronous (mainframe) and Secure File Transport (internet) transmission protocols.

R. PAYROLL TAX PROCESSING

Describe the services available from the bank to accommodate the City's payment and reporting of payroll state and federal taxes. In detail, describe the bank's system for insuring that the reporting of payroll taxes is performed in a timely manner and in accord with federal regulations.

We offer two convenient options the City can utilize to make tax payments: Internet ACH and WellsTAX.

INTERNET ACH

The Internet ACH service via the CEO portal offers a flexible suite of solutions to address your ACH activities. Each offering functions independently, so you can choose only those services that meet your particular business needs. The services available include:

- ◆ Federal & State Tax Payments
- ◆ Vendor Payments
- ◆ Payroll
- ◆ Employee Expense Reimbursements
- ◆ Consumer Debits & Credits
- ◆ Convert Wire Payments

WELLSTAX

Wells Fargo Bank offers WellsTAX Service, which provides the City with the ability to make Federal and State Tax Payments electronically. Tax payments are made using a PC terminal, touch-tone telephone or online via the CEO portal. It is simple and fully automated.

The City may initiate payment of applicable federal and state taxes on or before the payment date indicated by the City. Following easy-to-use automated instructions; you simply enter tax period, tax type and dollar amount of your tax payment. Wells Fargo does the rest.

Our tax service provides:

- ◆ On-line access to tax filing; no more coupons to complete.
- ◆ No more trips to the bank to make your tax payments.
- ◆ More time to make your tax deposit.
- ◆ Federal employment and corporate withholding tax payments can be paid using WellsTAX.
- ◆ Immediate confirmation of tax transactions.
- ◆ For added convenience, you can enter your payments by phone or PC anytime between 2:00 A.M. and midnight (PST), 7 days a week.

EXHIBIT C

CERTIFICATION OF NONDISCRIMINATION

SECTION 410

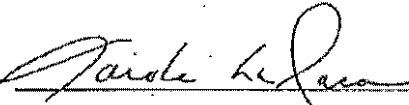
Certification of Nondiscrimination

As suppliers of goods or services to the City of Palo Alto, the firm and individuals listed below hereby certify:

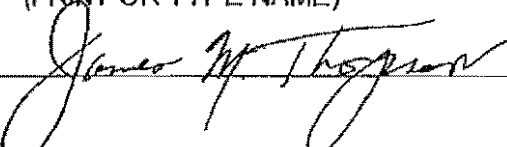
- a) that they are currently in compliance with all federal and state of California laws covering nondiscrimination in employment; and
- b) that, if awarded the contract, the proposer will not discriminate in employment of any person under the contract because of race, color, national origin or ancestry, religion, disability, gender or marital status of such person.

THE INFORMATION HEREIN IS CERTIFIED CORRECT BY SIGNATURE(S) BELOW.

Firm: Wells Fargo Bank

Signature: 

Name: Carole La Rocca
(PRINT OR TYPE NAME)

Signature: 

Name: James M. Thompson (see attached Designation of Authority)
(PRINT OR TYPE NAME)

Note: *California Corporations Code Section 313 requires two corporate officers to execute contracts.*

**The signature of First Officer* must be one of the following: Chairman of the Board; President; or Vice President.*

***The signature of the Second Officer** must be one of the following: Secretary; Assistant Secretary; Chief Financial Officer; or Assistant Treasurer.*

(In the alternative, a certified corporate resolution attesting to the signatory authority of the individuals signing in their respective capacities is acceptable)

Wells Fargo Agreement Forms – Exhibit D

- D-1: Acceptance of Services**
- D-2: Commercial Account Agreement**
- D-3: ACH Security Services Procedure Agreement**
- D-4: Public Sector: Wells Fargo Corporate Card**
- D-5: Authorization for Automatic Payment**
- D-6: Wire Transfer Services Security Procedure Agreement**
- D-7: Contract for Deposit of Moneys**
- D-8: Master Agreement for Treasury Management Services**



ACCEPTANCE OF SERVICES

Part I - Certification

Bank: Wells Fargo Bank, N. A. New Agreement Additional Service

Each person signing this Acceptance of Services ("Acceptance") certifies that:

- (a) the undersigned Company has received and agrees to be bound by the Service Documentation, as defined in Bank's Master Agreement for Treasury Management Services ("Agreement"), and, if checked below, Bank's Security Procedures, Sweep Services and Credit Sweep Services;
- (b) he or she has full authority to execute this Acceptance on behalf of Company, to enter into other agreements with Bank for Services now or hereafter offered by Bank and to amend, terminate or otherwise act on behalf of Company with respect to such agreements and Services; and
- (c) Company's use of any Service confirms its agreement to be bound by the Service Documentation relating to that Service.

All terms defined in the Agreement shall have the same meaning when used in this Acceptance.

Company's elections with respect to Security Procedures, Sweep Services, and Credit Sweep Services are:

- Yes No Security Procedures – ACH. (If yes, go to Part II, below)
- Yes No Security Procedures – Wire Transfers. (If yes, go to Part II, below)
- Yes No Sweep Services. (If yes, go to Part III, below)
- Yes No Credit Sweep Services. (Obligation # _____)

Part II - Security Procedures

A. Important Information about Security Procedures.

Company understands that when Bank acts on any instruction to transfer funds by ACH or wire transfer from accounts Company maintains at Bank (each, an "Order"), Bank and any beneficiary's bank may rely solely on (i) the beneficiary's account number even if it identifies a person different from the named beneficiary, and (ii) if provided to Bank, the identification number of any other financial institution through or to which the funds are to be transferred, rather than the name of the financial institution. Company expressly agrees to be bound by any Order, whether or not authorized, issued in its name and accepted by Bank in compliance with the security procedure(s) Company has selected as indicated below. If Company selects a security procedure that is set forth in an Addendum, that Addendum is incorporated in this Acceptance by this reference.

B. Security Procedures for ACH Services. (Select Option 1 or Option 2.)

Option 1 Yes No Bank's Standard Security Procedures (as set forth in Bank's ACH Services Security Procedures Agreement that is incorporated in this Acceptance by this reference).

If Company elects Bank's Standard Security Procedures, Company must select one of the following Security Procedures:

- Yes No Internet ACH security procedure.
- Yes No Other ACH Services security procedures (If yes, select procedure that applies.)
 - Token Card/Passcode – File Transmission/Batch Release
 - Secure File Transport.
 - Password – File Transmission
 - Password – Tapad or Written Instructions.

Option 2 Yes No **Special Security Procedures.** Company has refused the security procedures set forth in Option 1 above. Instead Company has requested use of the security procedure(s) set forth in the Addendum.

Individual(s) authorized to receive information regarding the ACH security procedure selected above:

Name Tarun A. Narayan

Name Joseph V. Saccio

Name Joyce A. White

Name Myrna F. McCaleb

C. Security Procedures for Wire Transfer Services. (Select Option 1 or Option 2.)

Option 1 Yes No **Bank's Standard Security Procedures** (as set forth in Bank's Wire Transfer Services Security Procedures Agreement that is incorporated in this Acceptance by this reference).

In addition to Bank's Standard Security Procedures, Company has selected the following security procedures:

Yes No **Security Procedure for Telephone Verification** (voice-initiated Orders only). Voice-initiated, non-repetitive Orders exceeding \$_____ will be subject to telephone verification. (If no amount is designated, \$500,000 will be used.)

Yes No **Security Procedure for Commercial Electronic Office® ("CEO®") Wire Transfer Service** (or WellsNet® Wire Transfer Service.)

Yes No **Security Procedures for Electronic Commerce/Payment Manager Services** (If yes, select procedure that applies.)

Password - File Transmission (Non-encrypted). (This procedure requires that a unique eight-digit code separately agreed upon in writing by Company and Bank be presented with Company's wire file. Company may be required to change the code on a regular basis.)

Secure File Transport (Encrypted). (This procedure uses 128-bit Secure Sockets Layer encryption and requires the use of a transmission ID and a transmission password. Use of a digital certificate is optional.)

Option 2 Yes No **Special Security Procedures.** Company has refused the security procedures set forth in Option 1, above. Instead Company has requested use of the security procedure(s) set forth in the Addendum.

Individual(s) authorized to receive information regarding the Wire Transfer security procedure selected above:

Name Tarun A. Narayan

Name Joseph V. Saccio

Name Joyce A. White

Name Myrna F. McCaleb

Part III - Sweep Services

A. IMPORTANT DISCLOSURES

General. The investment instruments below that are offered, sold, or placed by Bank are not deposits in or obligations of, and are not guaranteed by, Bank or any affiliate (except for Repurchase Agreements, see below); are not insured by the FDIC, the Securities Investors Protection Corporation, or the United States of America; and are subject to investment risk including possible loss of principal invested or the nonpayment of interest. Yields vary with market conditions. Past performance is no guarantee of future results. Bank makes no representation or warranty as to the suitability or safety with respect to any investments. Bank and its affiliates and their respective employees, officers and directors, will not be liable to Company for any reason whatsoever related to investments or redemptions made through the Services.

Electronic Delivery. Confirmations and/or Statements will be sent to Company by electronic means unless otherwise requested by Company. Electronic means include the Commercial Electronic Office®, facsimile or Secure E-Mail.

Mutual Funds. Wells Fargo Funds Management, LLC, a wholly-owned subsidiary of Wells Fargo & Company, provides investment advisory and administrative services for the Wells Fargo Funds®. Other affiliates of Wells Fargo & Company provide sub-advisory and other services for the Funds. The Funds are distributed by Stephens, Inc., Member NYSE/SIPC. Wells Fargo & Company and its affiliates are not affiliated with Stephens, Inc. Fees for such services are disclosed in the prospectuses for these Funds. Bank may act as agent or as principal for Company for mutual fund transactions.

For more complete information about the Wells Fargo Money Market Funds including fees and expenses that apply to an investment in them, obtain a current prospectus by contacting your Treasury Management sales officer, relationship or other manager or Institutional Brokerage & Sales representative. Please read the prospectus carefully before investing. Money market mutual funds seek to preserve the value of your investment at \$1.00 per share; it is possible to lose money by investing in the money market mutual funds.

Eurodollar Sweep. Funds invested in the Eurodollar Sweep account are not domestic bank deposits, are not insured by the Federal Deposit Insurance Corporation and are not guaranteed by the United States government or any agency thereof.

Repurchase Agreements. Repurchase Agreement transactions are obligations of, but not deposits with, the repurchase counterparty (Bank or affiliates).

Government Sponsored Enterprises ("GSE"). Bank will act as principal for all GSE transactions. Discount notes and other short-term obligations issued by GSE's are obligations of their respective Issuers. The obligations of such issuers are not obligations of, nor are they guaranteed by the United States of America.

B. DESIGNATION OF INVESTMENT INSTRUMENTS

Company designates the following investment instruments (Select only one per checking account):

- Yes No **OVERLAND EXPRESS® SWEEP.** (Wells Fargo Overland Express Sweep Fund)
- Yes No **INVESTACCOUNT®.** In addition to this Acceptance and the Service Description, a Master Repurchase Agreement must be completed and signed.
- Yes No **EURODOLLAR SWEEP.**
- Yes No **CORPORATE CASH MANAGEMENT ACCOUNT ("CCMA").** In addition to this Acceptance and the Service Description, a Master Repurchase Agreement must be completed and signed.
- Yes No **CORRESPONDENT FED FUNDS SOLD.** In addition to this Acceptance and the Service Description, a Federal Funds Sale Agreement-Principal Only-Sweep letter must be completed and signed.

- **Government Sponsored Enterprise Investment Option (You must select at least two)**

- Federal Farm Credit Bank ("FFCB")
- Federal Home Loan Bank ("FHLB")
- Federal National Mortgage Association ("Fannie Mae")

- **Concentration Account Elections**

The Concentration Account, Interest Account and Specified Balance listed below are subject to Bank's Corporate Cash Management Account Service Description.

Concentration Account Name	Account Number	Specified Balance (if desired)
		\$
Interest Account Name (May be the Concentration Account)	Account Number	

Agreed To and Accepted By:

Company: CITY OF PALO ALTO

By: 

Name: Carl L. Yeats

Title: Director of Administrative Services

Date: December 30, 2004

Commercial Account Agreement

General

In this Commercial Account Agreement ("Agreement"), "Company" refers to the owner (account holder) of a Wells Fargo bank commercial deposit account (the "account"), and "Bank" refers to the Wells Fargo bank at which Company maintains the account. This Agreement contains the terms and conditions governing the account and replaces any prior agreements regarding the account. All fees and other charges for the account and the Services referenced below are detailed in Bank's separate fee and information schedule which has been provided to Company. By using the account or a Service after receipt of this Agreement, Company is deemed to have agreed to all terms and conditions set forth in this Agreement, as may be modified or supplemented by Bank from time to time. This Agreement incorporates by reference the applicable fee and information schedule, collection schedule, funds availability policy, and rate sheets for interest-bearing accounts that have been separately provided to Company concerning the account.

Dispute Resolution Program: Arbitration Agreement

Company and Bank further agree:

Non-Judicial Resolution of Disputes: Maintaining good relationships is very important to Bank. Company must contact Bank immediately if Company has a problem with one of its accounts or a Service Bank provides. Often a telephone call to Company's relationship manager at Bank resolves the matter quickly and amicably. However, if Company and Bank are not able to resolve such differences informally, Company agrees, by opening or maintaining a commercial deposit account with Bank or by accepting a Service from Bank, that any dispute between Company and Bank, regardless of when it arose, will be settled using the following procedures.

Company understands and agrees that both Company and Bank are waiving the right to a jury trial or a trial before a judge in a public court.

Disputes: A dispute is any unresolved disagreement between Company and Bank that relates in any way to this Agreement, Company's account(s), Services, or to Company's use of any Bank branch, Bank ATM, online Internet banking or any other method Company may use to access Bank. It includes any claim that rises out of or is related to Company's account(s), Service(s) or related agreements. It includes claims based on broken promises or contracts, torts (injuries caused by negligent or intentional conduct), or other wrongful actions. It also includes statutory, common law and equitable claims. A dispute also includes any disagreement about the meaning of this Arbitration Agreement, and whether a disagreement is a "dispute" subject to binding arbitration under this Arbitration Agreement.

Binding Arbitration: Binding arbitration is a means of having an independent third party resolve a dispute without using the court system, judges or juries. Either Company or Bank may require the submission of a dispute to binding arbitration at any reasonable time notwithstanding that a lawsuit or other proceeding has been commenced. If either Company or Bank fails to submit to binding arbitration following a lawful demand, the one who fails to submit bears all costs and expenses incurred by the other compelling arbitration. Neither Company nor Bank shall be entitled to join or consolidate disputes by or against others in any arbitration, or to include in any arbitration any dispute as a representative or member of a class, or to act in any arbitration in the interest of the general public or in a private attorney general capacity.

Each arbitration, including the selection of the arbitrator(s), shall be administered by the American Arbitration Association (AAA), according to the Commercial Arbitration Rules and the Optional Rules For Emergency Measures Of Protection of the AAA ("AAA Rules"). To the extent that there is any variance between the AAA Rules and this Arbitration Agreement, this Arbitration Agreement shall control. Arbitrator(s) must be licensed attorney(s) of the state in which the Bank office where Company executed this Agreement is located with expertise in the substantive laws applicable to the subject matter of the dispute. Company and Bank agree that in this relationship each is participating in transactions involving interstate commerce, and that each arbitration is governed by the provisions of the Federal Arbitration Act (Title 9 of the United States Code), and, to the extent any provision of that Act is inapplicable, unenforceable or invalid, the laws of the state that govern the relationship between Company and Bank about which the dispute arose. To find out how to initiate an arbitration, please call any office of the AAA.

Right Of Set Off Preserved: This Arbitration Agreement and the exercise of any of the rights Company or Bank have under this Arbitration Agreement do not stop Company or Bank from exercising any lawful rights either has to use other remedies available to preserve, foreclose or obtain possession of real or personal property; exercise self-help remedies, including set-off and repossession rights; or obtain provisional or ancillary remedies such as injunctive relief, sequestration, attachment, garnishment or court appointment of a receiver.

Miscellaneous: Company and Bank agree to take all steps, and execute all documents, necessary for the implementation of arbitration proceedings. The arbitrator may hear and rule on appropriate dispositive motions as part of the arbitration proceeding, such as motions for judgments on the pleadings, summary judgment or partial summary judgment. The AAA, arbitrator(s), Company and Bank, must take all feasible steps to assure that an arbitration proceeding, as described herein, is completed within 180 days of filing the dispute with the AAA and may not disclose the existence, content or results of the arbitration, except for disclosures of information by Company or Bank required in the ordinary course of business or by applicable law or regulation. Arbitration proceedings are conducted in the state in which the Bank office where Company executed this Agreement is located, or a location determined by the AAA. All statutes of limitations applicable to any dispute apply to any arbitration between Company and Bank. The provisions of this Arbitration Agreement shall survive termination, amendment or expiration of this Agreement, Company's account relationship or any other relationship between Company and Bank. This Arbitration Agreement constitutes the entire agreement between Company and Bank and supersedes all prior arrangements and other communications concerning dispute resolution. In the event more than one arbitration agreement has been entered into between Company and Bank, the one most directly related to the account or transaction that is the subject of the dispute shall control.

Modification of Terms. Bank reserves the right to add, change, or delete (individually and collectively referred to as a "modification") the terms and conditions described in this Agreement and the fees contained in any fee and information schedule. Except in the case of modifications in FDIC charges, Bank will send Company prior notice of any such modification. If Company does not wish to be bound by modification, it may discontinue using the Service affected by the modification or close the account before the effective date of the modification. Company's continued use of the account, or, if the modification only affects a specific Service, Company's use of that Service, after the modification becomes effective will be deemed to be Company's agreement to it.

Laws Governing the Account. The account is governed by the laws and regulations of the United States and, to the extent applicable, the laws of the state in which the office of the Bank that maintains the account is located (unless Bank has notified Company in writing that the laws of another state shall govern the account), without regard to conflicts of laws principles. Company and Bank agree that any lawsuits, claims, or other proceedings arising from or relating to the account or this Agreement will be venued exclusively in the state or federal courts in the state whose laws govern the account. Any term or condition contained in this Agreement which is inconsistent with applicable law or regulation will be deemed modified and applied in a manner consistent with such law or regulation. Any term or condition deemed unenforceable or invalid will not affect the enforceability or validity of the remaining provisions of this Agreement.

Verification of Transactions; Right to Reverse Erroneous Credits. All transactions, including without limitation those for which Bank has provided a receipt, are subject to Bank's final verification. Bank is not responsible for a deposit until it has been received and verified by a Bank employee. A receipt received at the time of deposit is not evidence that a deposit has been verified. Bank may reverse or otherwise adjust any credit it believes it has erroneously made to the account at any time without prior notice to Company.

Affiliates. Deposits and withdrawals may be made at a bank affiliated with Bank (an "affiliate"), provided the affiliate agrees. If a deposit is made at an affiliate, the availability of the deposit for withdrawal will be described in the affiliate's funds availability policy. If an affiliate cashes an Item for Company, Bank may place a hold on the account for a corresponding amount of funds. If the Item is later returned to the affiliate for any reason, Bank may debit the account at Bank for the amount of the Item.

Statements and Items Paid. Statements, notices, and other information regarding the account will be mailed to the address reflected in Bank's records for the account, unless Bank agrees otherwise in writing. Company agrees to promptly examine each statement received from Bank and to promptly report any erroneous credit or debit. Company also agrees that within thirty (30) days after Bank mails or otherwise makes the statement available, Company will report to Bank any claim for credit or refund due to an erroneous or unauthorized debit, a missing signature, an unauthorized signature, or an alteration. Statements are deemed to have been mailed on the first business day following the statement date. Within six (6) months after Bank mails or otherwise makes the statement available, Company will report to Bank any claim for credit or refund resulting from a forged, unauthorized, or missing endorsement. Such reports are to be made by (i) calling the telephone number listed on Company's account statement for such purpose and (ii) submitting a written report to Bank as soon as possible, but in any event, within the time frames described in this section. Without regard to care or lack of care on the part of Bank, if Bank does not receive notice within the time frames specified above, Bank is released from all liability for the Items charged to the account and for all other transactions or matters covered by the statement.

Check Endorsement Requirements. By Federal regulation, the area on the back of an Item between 1-1/2 inches from the "trailing edge" and 3 inches from the "leading edge" is reserved for depository bank endorsement (the "Depository Bank Endorsement Area") and must be kept clear and unobstructed. The endorsement of the payee or depositor should be placed on the back of the Item along the "trailing edge" but must not be placed in the Depository Bank Endorsement Area.

If Company marks or obscures the Depository Bank Endorsement Area or Company cashes or deposits an Item on which the Depository Bank Endorsement Area is marked or obscured, a delay may occur if the Item must be returned. Examples of marks which may obscure the reserved area are endorsements, rubber stamp imprints, carbon bands and preprinted information. Any resulting delay or loss is Company's responsibility.

COMPANY AGREES TO HOLD BANK HARMLESS FROM ANY LOSS, LIABILITY, OR DAMAGE BANK MAY SUFFER OR INCUR ARISING FROM OR IN ANY WAY RELATED TO MARKS APPEARING IN THE DEPOSITORY BANK ENDORSEMENT AREA AT THE TIME OF ENCASHMENT OR DEPOSIT.

When Deposits Are Credited to the Account. All over-the-counter deposits or ATM deposits to the account which are received before Bank's established cutoff time on any Business Day will be credited (and will be considered deposited) to the account as of the close of business that day, and will be reflected in that day's Ledger Balance. All other deposits (such as cash letter or lockbox) will be processed in accordance with separate agreements or banking practice. All deposits received after Bank's established cutoff time on a Business Day or at any time on a day which is not a Business Day will be credited (and will be considered deposited) to the account at the end of the next Business Day. Deposits placed in one of Bank's "night depositories" before the established deadline on any Business Day will be credited to the account at the close of business on that same day; all other deposits placed in the "night depository" will be credited to the account at the end of the next Business Day. All deposits are accepted subject to verification. Bank reserves the right to make adjustments to the account for computation or other errors.

Use of Funds. Company's use of funds deposited to its account will be governed by Bank's separately disclosed collection schedule and funds availability policy. The collection schedule describes when deposits of items that satisfy certain criteria will be considered collected. Uncollected funds may not be available to be used for all purposes. There may also be a fee charged in connection with any use of uncollected funds that is permitted by Bank. The funds availability policy describes when funds deposited to Company's checking account will be available to be used for all purposes. The collection schedule and funds availability policy may change from time to time without prior notice.

Deposited Items Returned. Bank has the right to charge back or otherwise debit any of Company's account(s) for any Deposited Item that is returned (and to reverse or recover any associated interest that may have accrued), even if Company made withdrawals against it. This right of charge-back or debit is not affected by the expiration of any applicable midnight deadline, provided Bank does not have actual knowledge that such deadline has expired, or having such knowledge, Bank concludes that: (i) the Deposited Item is returned according to a law, regulation, or rule (including a clearinghouse rule) that is binding on Bank; or (ii) Bank has received a claim that a transfer or presentment warranty has been breached in connection with the Deposited Item. Bank has the right to pursue collection of such Deposited Item, even to the extent of allowing the payor bank to hold the Deposited item beyond the midnight deadline in an attempt to recover payment. Bank may redeposit a returned Deposited Item and represent it for payment by any means (including electronic means), unless Bank has received instructions from Company not to redeposit such Deposited Item. Bank will have no liability for taking or failing to take any action to recover payment of a returned Deposited Item. If a Deposited item is returned with a claim that there has been a breach of a warranty (for

example, that it bears a forged endorsement or has been altered in any way), Bank may debit Company's account for the amount of the Deposited Item (plus any associated fees) and pay the amount to the claiming party. Bank is under no duty to question the truth of the facts that are being asserted, to assess the timeliness of the claim, or to assert any defense. Bank need not give Company any prior notification of its actions with respect to the claim. Bank will have no liability to Company if there are insufficient available funds to pay your Items because Bank has withdrawn funds from the account or in any way restricted Company's access to funds because it has placed a hold on or debited the account in connection with a Deposited Item returned for a breach of a warranty claim. Company agrees to immediately repay any overdraft caused by the return of a Deposited Item.

Breach of Warranties. If Company breaches any warranty with respect to any Item, Company is not released or otherwise discharged from any liability for such breach as long as Bank notifies Company of the breach within one hundred twenty (120) days after Bank is notified. If Bank fails to notify Company within this one hundred twenty (120) day period, Company is released from liability and discharged only to the extent that Bank's failure to provide Company notice within such time period caused a loss to Company.

Determining Balance; Debiting the Account; Order of Posting. A determination of the account balance for purposes of making a decision to dishonor an Item for insufficiency or unavailability of funds may be made at any time between the presentment of the Item (or earlier upon receipt of any notice of presentment) and the time of return of the Item. No more than one such determination need be made. The account may be debited on the day an Item is presented by any means, including without limitation electronically, or at an earlier time based on notification received by Bank that an Item will be presented for payment or collection. Bank may pay Items presented against the account in any order it chooses, unless a particular order is either required or prohibited by law. In particular, Bank may, if it chooses, pay Items in the order of highest dollar amount to lowest dollar amount (unless such a practice is specifically prohibited by an applicable state or federal law, rule, or regulation). Bank may change the order of posting Items to the account at any time without notice.

Security Interest; Bank's Right to Setoff. Bank may setoff against any accounts of Company maintained with Bank or any affiliate (including matured and unmatured time accounts) for any obligation Company owes Bank, whether due or not, at any time and for any reason as allowed by law. Company grants Bank a security interest in the account for the purpose of securing any obligations that may from time to time arise under this Agreement. Bank may consider this Agreement as Company's consent to Bank's exercising its right of setoff or asserting its security interest should any law require consent. Bank may fund all or a portion of any overdraft in one of Company's accounts at Bank by charging any of Company's other deposit accounts at Bank or any affiliate of bank, including without limitation any transaction account that is part of a sweep account, even though such charge overdraws the other account. The rights described in this section are in addition to and apart from any other rights, including any rights granted under any security interest agreement, that may have been granted to Bank.

Lost Items. When Company cashes or deposits a check or other Item at Bank, Bank acts as Company's collecting agent to collect the Item. Company has the risk of loss, including reconstruction costs, for Items lost while in the process of collection. If an Item deposited in the account is lost in transit, Bank may reverse the credit given for

that Item. If an Item Company cashes at Bank is lost in transit, Bank may recover the funds given to Company from any of Company's accounts at Bank or any affiliate, or directly from Company.

Service Fees. Company agrees to pay Bank in accordance with the fees set out in Bank's then current fee and information schedule applicable to the account. Company also agrees to pay an amount equal to any applicable taxes, however designated, exclusive of taxes based on the net income of Bank.

Usury Savings Clause. It is never the intention of Bank to violate any applicable usury or interest rate laws. Bank does not agree or intend to contract for, charge, collect, take, reserve or receive (collectively referred to herein as "charge or collect"), any amount in the nature of interest or in the nature of a fee, penalty or other charge, which would in any way or event (including demand, prepayment or acceleration) cause Bank to charge or collect more than the maximum Bank would be permitted to charge or collect by any applicable federal or state law. Any such excess interest or unauthorized fee will, notwithstanding anything stated to the contrary, be applied first to reduce the true indebtedness, if any, and any excess amounts will be refunded.

Earnings Allowance. The average monthly Investable Balance in a commercial demand deposit account may earn an "Earnings Allowance" which, depending on the arrangement with Bank, may be applied against that month's service fees for the account. An Earnings Allowance in excess of the total monthly service fees cannot be credited to the account as interest and may not be carried forward to the following month. Earnings Allowances are calculated on a 365/366-day year basis using an "Earnings Allowance Rate", which is a variable rate established by Bank (and which may be as low as zero percent). This rate is determined monthly and is applied to the average Investable Balance for that month using the following formula: Earnings Allowance Rate multiplied by the number of days in the month divided by 365/366 days multiplied by the average Investable Balance for that month. As the factors used in the formula change, the Earnings Allowance earned on a given average monthly Investable Balance will vary.

Payment of Fees; Finance Charges. Company may either be directly debited or invoiced for fees, charges and taxes incurred in connection with the account. Except as otherwise agreed in writing, all fees and taxes will be periodically debited against Company's accrued Earnings Allowance. Bank may debit Company's account(s) with Bank for any amount by which the fees or taxes exceed the accrued Earnings Allowance, or may send an invoice to Company for such amount which Company will promptly pay. Bank may assess finance charges on any invoiced amounts that are not paid within forty (45) days of the date of invoice. Finance charges are assessed at a rate of 1.5% per month (18% per annum) or the highest amount permitted by law, whichever is less. Charges for accrued and unpaid interest and previously assessed finance charges will not be included when calculating finance charges. Payments and other reductions of amounts owed will be applied first to that portion of outstanding fees attributable to charges for accrued and unpaid interest and previously assessed finance charges, then to other fees and charges. Debiting of service fees occurs on the twentieth day of each month, or, if the twentieth day is not a Business Day, on the next succeeding Business Day.

Dates and Special Instructions on Checks. Bank may, without inquiry or liability, pay Company's checks even though: (i) special instructions written on the checks indicate that Bank should refuse payment (e.g., "Void after 30 days," "Paid-in-Full", or "Void over \$100"); (ii) the check is stale-dated (i.e., it bears a date that is

more than six (6) months in the past), even if Bank has knowledge of the date on the check; (iii) the check is post-dated (i.e., it bears a date in the future); or (iv) the check is not dated. In addition, Bank may pay in U.S. dollars the amount that has been MICR-encoded on any check drawn by Company, even though Company has purportedly drawn the check in a foreign currency.

Stop Payment Orders; Notices of Post Dating. The term "stop payment order" refers to both an order to Bank not to pay a check and to a notice of postdating. To be effective, a stop payment order must be received in a time and manner that gives Bank a reasonable opportunity to act on it before paying, accepting, certifying, cashing or otherwise becoming obligated to pay Company's check as provided in the Uniform Commercial Code. In addition to Company's name and account number, Bank requires the exact name of the payee, the exact check number, and the exact amount of the check. All of the information must be correct in order for Bank to stop payment of a check. Bank will have no liability for paying the check if any of the information provided in the stop payment order is incorrect or incomplete. Bank may require information regarding the underlying transaction for which the check was issued including without limitation proof that Company does not owe the money to the payee of the check prior to making any decision regarding recrediting the account. Bank need not honor a written stop payment order for more than six (6) months. However, there are circumstances in which Bank may, in its sole discretion, elect to honor a stop payment order for a longer period of time without notice. Company must renew its stop payment order if it does not want the stop payment order to expire. Each renewal is treated as a new stop payment order. If the check is presented for payment during the period a stop payment order is effective, every effort will be made to return the check, provided the stop payment order is accurate and complete. Bank may pay a check after an order has expired even though the check is more than six (6) months old. An instruction to revoke a stop payment order must be received in a time and manner that gives Bank a reasonable opportunity to act on it. If Bank recredits the account after paying a post-dated check over a valid and timely notice, Bank may charge the account for the amount of the check as of the date of the check. If Company does not comply with these conditions, Company will be responsible to Bank for the full amount of the check, and Bank may charge the account for that amount.

Adverse Claims. If Bank receives a claim to all or a portion of the account that is adverse to Company's interest or if a dispute arises regarding the identity of the authorized signer(s), and Bank (i) cannot in good faith determine the relative rights of the person(s) making claim to the funds or authority or (ii) does not believe that it is otherwise adequately protected if it ignores the claim or dispute, Bank may without liability to Company and in its sole discretion: (a) place a hold on funds in the account or any other Company account subject to the claim or dispute, (b) close the account and send the funds to Company or to Company and the claimant(s), or (c) interplead the funds. If Bank places a hold on the funds, the hold may be placed for any period of time Bank believes to be reasonably necessary to allow a legal proceeding to determine the merits of the claim or dispute to be instituted.

Overdrafts and Insufficient Funds. Bank may, at its option, pay or refuse to pay any Item if it would create an overdraft without regard to whether Bank may have previously established a pattern of honoring such Items. Bank may place a hold on balances in any other account of Company until the overdraft is paid or it may setoff the amount of the overdraft against any other accounts of Company in accordance with the terms of this Agreement. Bank has no obligation to notify Company before it decides to either pay an Item that creates an overdraft or to

dishonor an Item that is drawn against insufficient funds. If Bank pays an Item against insufficient funds, Company agrees to repay any overdraft immediately. Company will be required to pay for any costs of collection that Bank incurs in recovering the overdraft from it, including its reasonable attorneys' fees and court costs.

Acts and Omissions of Other Financial Institutions. When Bank cashes or collects an Item for Company or accepts an Item for deposit to the account (each of which is referred to in this Agreement as a "Deposited Item"), Bank is not responsible for the insolvency, neglect, misconduct, mistake or default of another bank or person or for the loss or destruction of an Item or notice of non-payment in transit or in the possession of others. If a Deposited Item is lost or misrouted by another financial institution (a "Collecting Bank") during the collection process: (i) Bank will have no responsibility to Company for the actions or inactions of the Collecting Bank; (ii) Bank may charge the account for the amount of the Deposited Item (and reverse any interest that may have accrued to the account in connection with the Deposited Item); and (iii) Company agrees to cooperate with Bank in recreating the Deposited Item.

Checks Presented Over-the-Counter for Payment by a Non-Customer. If a check drawn against the account is presented over-the-counter for payment by a person who is not a deposit customer of Bank, Bank may charge a fee to the person presenting the check as a condition for payment of the check. Bank may require identification acceptable to Bank and not prohibited by law, including a fingerprint of the person presenting the check. Bank may dishonor the check if the person refuses to pay the fee or provide the identification requested by Bank.

Forgeries or Missing Signatures; Alterations. Bank will have no responsibility for reviewing the number or combination of signatures on an Item drawn against the account. This means that if Company has indicated that more than one signature is required in connection with an Item drawn on the account, Bank will have no liability to Company if a transaction is conducted on or through the account contrary to the signature requirements Company has specified, provided at least one of the required signatures appears on the Item. Bank will have no liability to Company for failing to detect a forged signature or an alteration of an Item, if the forgery or alteration is such that a reasonable person could not reasonably be expected to detect it.

Limitation of Liability; Indemnification

WHETHER IN CONNECTION WITH A SERVICE OR THE ACCOUNT, IN NO EVENT WILL BANK, ITS DIRECTORS, OFFICERS, EMPLOYEES, OR AGENTS BE LIABLE FOR ANY SPECIAL, CONSEQUENTIAL, INDIRECT OR PUNITIVE DAMAGES, WHETHER ANY CLAIM IS BASED ON CONTRACT OR TORT OR WHETHER THE LIKELIHOOD OF SUCH DAMAGES WAS KNOWN TO BANK.

Except to the extent that Bank is liable, Company agrees to indemnify and hold Bank and its directors, officers, employees and agents harmless from all claims, demands, losses, liabilities, judgments, and expenses (including their reasonable attorneys' fees and legal expenses) arising out of or in any way connected with performance under this Agreement. Company agrees that this indemnification will survive termination of this Agreement.

Legends. Company is responsible for all claims, demands, losses, liabilities, judgments or expenses that result from a restrictive legend or notation on Company's checks.

Facsimile or Mechanical Signatures. If Company uses a facsimile or other mechanical signature (including a stamp) to sign Items or endorse Items, Bank may rely on that signature as Company's authorized signature without regard to when or by whom or by what means such signature may have been made or affixed to an Item deposited to the account or drawn against or otherwise debited from the account. If Company uses a facsimile or other mechanical signature (including a stamp) to sign or endorse Items, Bank may also conclusively treat as authorized any signature that reasonably resembles Company's facsimile or mechanical signature.

Lost or Stolen Checks. Company is in the best position to prevent the wrongful use of the account. If Company's checks are lost or stolen, Company must immediately notify Bank at the telephone number listed on Company's account statement for such purpose. Failure to do so will hamper Bank's ability to prevent loss and will, therefore, relieve Bank of any liability regarding the checks. Upon such notification, Bank may at its discretion, close the account and open a new one. All checks will then be returned as "Account Closed" unless Company specifically requests that a particular check be paid. (To make such an exception, Bank must agree to provide the service and Company must in a timely manner provide Bank with the check number, dollar amount and the name of the payee.) If third parties make regular deposits to or withdrawals from the account (such as wires or ACH transfers), Company must notify those parties of the new account number immediately.

Protection Against Unauthorized Items. Company acknowledges that there is a growing risk of loss from the increasing use of unauthorized Items including without limitation counterfeit checks, demand drafts, and unauthorized ACH items. Company is aware that Bank offers Services that provide effective means for controlling the risk from unauthorized Items. These Services include:

- "Positive Pay" Service (offered by Bank in conjunction with Bank's account reconciliation plan Services), and
- "ACH Fraud Filter."

Bank has advised Company that if Company does not use Bank's Positive Pay Service and ACH Fraud Filter Service, Bank will be unable to prevent losses on Company's account(s) from unauthorized Items including without limitation counterfeit checks, demand drafts, and unauthorized ACH items, and Company will therefore be treated as having assumed the risk of these losses.

Internal Controls. Company shares responsibility for preventing the fraudulent or unauthorized use of the account. Company agrees to take reasonable steps to ensure the integrity of its internal procedures with respect to its checks and the account.

Payment Authorization Service. Company may, by executing and delivering to Bank a Payment Authorization Service Setup Form ("Setup Form"), elect to utilize Bank's Payment Authorization Service for the account. Under the terms of such Service, Bank will, without Company's specific approval as to any particular Item, (i) automatically return unpaid (marked "REFER TO MAKER") Items drawn against the account which are presented to Bank, and which exceed the "Maximum Dollar Authorized Payment Amount" specified on the Setup Form, (ii) refuse encashment of Items drawn against the account which are presented to Bank through its branch/store network, and which exceed the "Maximum Check Cashing Amount" specified on the Setup Form, (iii) refuse withdrawal requests against the account which are presented to Bank through its branch/store network, and which exceed the "Maximum over the Counter Withdrawal Amount" specified on the

Setup Form, and/or (iv) refuse encashment of items drawn against the account which are presented to Bank through its branch/store network, and which are made payable to an individual.

Transferring an Interest in the Account. The account may not be pledged, assigned, or in any other manner transferred, whether in whole or in part, without the written agreement of Bank. Bank does not have to accept or in any way recognize the transfer.

Interest-Bearing Accounts. If the account earns interest, the account is a variable-rate account. Interest is compounded daily and paid monthly to the account when the statement cycles. The account earns interest on the Investable Balance maintained. Bank may in its sole discretion change the interest rate on the account at any time. If an item, such as a check, is deposited to the account, interest begins to accrue no later than the Business Day Bank receives credit for the deposit of that item.

Checking Subaccounts. For each checking account, Bank may establish on Company's behalf, a master account and two subaccounts. All information that is made available to Company about the account will be at the master account level. The subaccounts are comprised of a savings account and a transaction account. At the beginning of each statement period, Bank will allocate funds between the two subaccounts as it deems appropriate. Checks received by Bank that are drawn against the master account will be presented for payment against the transaction subaccount. Funds will be transferred from the savings subaccount to cover checks presented against the transaction subaccount as may be needed. On the sixth transfer from the savings subaccount during a statement period all of the funds on deposit in the savings subaccount will be transferred to the transaction subaccount. If the account earns interest, the use of subaccounts will not affect the interest earned.

Additional Terms Applicable to All Commercial Money Market Deposit Accounts. Bank has the right to require seven (7) days' written notice before Company withdraws money from any commercial money market deposit account ("MMDA"). Preauthorized transfers, automatic transfers, on-line transfers, point of sale purchases, payments to other persons, and transfers by telephone from Company's MMDA are limited to a total of six in any calendar month or statement cycle. Preauthorized transfers include automatic bill payments, transfers to Company's other accounts with Bank, or automatic transfers to other persons that Company has authorized Bank to make. If Bank permits transfers from Company's MMDA by check, draft, check card or any similar order for withdrawal, no more than three of the six transfers may be made by such means in any calendar month or statement cycle. If Bank determines that Company is exceeding the limits described above on more than an occasional basis, Bank will, at its option, either close Company's MMDA, transfer the funds on deposit in Company's account to another account that Company is eligible to maintain, or terminate Company's right to make transfers and wire items against its MMDA.

Target Balance Accounts. If Company maintains multiple accounts at Bank, Company may designate in writing one such account as its "Principal Account" and one or more additional accounts as "Target Balance Accounts". For each Target Balance Account, Company will separately specify to Bank in writing the Ledger Balance or Collected Balance which Company wishes to maintain in such account (the "Target Balance"). At the end of each Business Day, Bank will determine the applicable balance on deposit in each Target Balance Account. If the applicable balance in a Target Balance Account exceeds its Target Balance, Bank will transfer from the Target Balance Account to the Principal Account such funds as are

necessary to bring the applicable balance to the Target Balance. If the applicable balance is less than the Target Balance, Bank will transfer from the Principal Account to the Target Balance Account such funds as are necessary to bring the applicable balance to the Target Balance. Bank may, but will not be required to, transfer funds if the transfer would create an overdraft or exceed the Collected Balance then on deposit in the Principal Account.

Funds Transfers

Rules of Funds Transfer Systems. Funds transfers to or from the account will be governed by the rules of any funds transfer system through which the transfers are made, as amended from time to time, including without limitation the National Automated Clearing House Association and any regional association (each an "ACH"), Clearing House Interbank Payments Society, Society for Worldwide Interbank Financial Telecommunications, and Electronic Check Clearing House Organization. The following terms and conditions are in addition to, and not in place of, any other agreements Company has with Bank regarding electronic transactions.

Notice of Receipt of Funds. Unless Bank has otherwise agreed in writing, it will notify Company of funds credited to the account through Company's account statement covering the period in which the funds were credited. Bank is under no obligation to provide Company with any additional notice or receipt.

ACH Transactions. The following terms apply to payments to or from the account that are transmitted through an ACH.

- Company's rights as to payments to or from the account will be governed by the laws of the state that govern the account.
- Credit given by a receiving bank to its customer for a payment from the account is provisional until final settlement has been made or until payment is considered received under applicable law.
- If final settlement or payment is not made or received, the receiving bank will be entitled to a refund from its customer and Company, as the originator of the payment, will not be considered to have paid Company's customer.
- If a payment is made to the account and Bank does not receive final settlement or payment is not received under applicable law, Company will not be considered to have received payment and Bank will be entitled to reimbursement from Company for that payment.

Business ATM™ and Express ATM™ Services. Company may elect to utilize Bank's Business ATM Service or Express ATM Service by completing and returning to Bank a Business ATM Setup Form or an Express ATM Setup Form, respectively. These Services will allow Company to make deposits to the account using a Business Express Deposit Card ("Deposit Card") and either a designated depository attached to an ATM ("Business ATM Depository") (in the case of the Business ATM Service) or a designated ATM (in the case of the Express ATM Service.) Company shall make such deposits according to the instructions Bank provides and shall gain access to the Business ATM Depository or ATM using the Deposit Card and a PIN, the risk of misuse of both of which Company agrees to assume. Bank will process the deposits, and each deposit to the account will be generated electronically via Company's ATM input. Company will receive immediate intra-day availability for currency and food

stamps subject to the standard cut-off time established for the ATM into which the deposit was entered and funds availability for checks in accordance with Bank's most recent ATM funds availability policy schedule. If there is a difference between Bank's total and Company's total (as shown on Company's ATM receipt) of the dollar amount of the Deposited Items, Bank will send Company a statement showing the amount of this difference. In the event that such difference cannot be resolved, Bank's count of the dollar amount will be conclusive and binding on Company. Company will have full responsibility for each bag or envelope used to make deposits and its contents until the bag has dropped completely down into a Business ATM Depository or the envelope has been completely physically accepted into the ATM depository. If Company contends that a Deposited Item was lost or stolen while in Bank's custody, Company acknowledges that it has the burden of proving that claim. Company authorizes Bank to initiate debits to the account and credits to the accounts of third party vendors to cover the cost of Business ATM or Express ATM Service supplies provided to Company. Transfers may be processed through an automated clearing house or any other means chosen by Bank and will be subject to the rules of the funds transfer system used by Bank. This authorization will remain in full force and effect until Bank has received written notification from Company of its termination in such time and in such manner as to afford Bank and any third party vendor a reasonable opportunity to act on it.

CheXstor[®] Service. Company may elect to utilize Bank's CheXstor Service in connection with the account. As part of this Service, Bank will maintain microfilm records of all Items paid against the account for a period of seven years or any longer period required by applicable law ("Record Period"). Canceled Items are shredded and recycled as part of Bank's commitment to improve the environment. Under this service, Bank will provide a photocopy of any Item posted against the account which Company requests during the Record Period. Company may request a photocopy electronically via its personal computer or by contacting Bank at the telephone number listed on Company's account statement for such purpose. If Bank fails to provide Company with a copy of an Item Company requests during the Record Period, Bank will reimburse Company for (and Bank's liability will be limited to) any direct loss Company incurs as a result of the Item's unavailability (not to exceed the amount of the Item). Bank will require Company to substantiate any claimed loss.

Treasury ExpressSM Deposit bag ("TEDb") service. If Company elects to utilize Bank's TEDb service, Company will prepare, package and deliver TEDb deposits to Bank in accordance with Bank's instructions. Bank will provisionally credit Company's account for the currency shown on the deposit ticket enclosed in Company's TEDb bag as follows: (i) same day credit for deposits delivered to a Bank office before that office's cut-off time on any Business Day or for deposits placed in a Bank night depository before 6:00 a.m. on any Business Day; or (ii) next Business Day credit for deposits delivered on any Business Day on or after the Bank's office's cut-off time or on any non-Business Day. All TEDb deposits are subject to Bank's acceptance and verification. Bank will verify the currency in Company's TEDb bag either at a later time in the Bank office or when Company's TEDb bag is delivered to Bank's cash vault. Checks will be verified when they are delivered to Bank's check processing center. Bank reserves the right to adjust (debit or credit) Company's account if Bank determines that the amount shown on Company's deposit ticket is incorrect. Because the frequency of armored courier transportation from Bank's offices to Bank's vaults varies from office to office, the time it takes to verify

Company's deposit may vary, depending on the office to which Company's TEDb bag is delivered. In most cases, adjustments will be made and notification will be sent within three Business Days. Adjustments will be effective as of the date provisional credit was given for Company's deposit.

Legal Process. Bank may accept and act on any legal process that it believes is valid, whether served in person, by mail or by facsimile transmission, at any Bank location. Legal process includes a levy, garnishment or attachment, tax levy or withholding order, injunction, restraining order, subpoena, search warrant, government agency request for information, forfeiture, or other legal process relating to the account. Any such legal process is subject to Bank's security interest and right of setoff. Bank will not notify Company of a grand jury subpoena affecting its account. Any fees or expenses Bank incurs in responding to any such legal process may be charged against any account, Company maintains with Bank. Bank will not have any liability if there are insufficient available funds to pay Company's items because Bank has withdrawn funds from the account or in any way restricted Company's access to funds because of legal process.

Disclosure of Information. Generally, Bank will not disclose information about Company's accounts, but may do so under the following circumstances: (i) to comply with a statute, regulation, or rule; (ii) in connection with examinations by state and federal banking authorities; (iii) to comply with any legal process, including without limitation a subpoena, search warrant or other order of a government agency or court; (iv) when Bank determines that disclosure is necessary or appropriate in order to complete a transaction; (v) to verify the existence and condition of the account for a third party, such as a merchant or credit bureau; (vi) to provide information to Company's legal representative or successor; (vii) when reporting the involuntary closure of the account; (viii) when Bank concludes that disclosure is necessary to protect Company, the account, or the interests of Bank; (ix) to agents, independent contractors, and other representatives of Bank in connection with the servicing or processing of the account or account transactions, account analysis, or similar purposes; (x) to its affiliated banks and companies; or (xi) if Company gives its permission.

Inactive Accounts. If the account has had no withdrawal or deposit activity, and Bank has had no contact from Company regarding the account for one year, the account will be considered inactive and Bank may cease sending account statements. Except where prohibited, Service fees and other terms applicable to active accounts, including all changes to these terms, will apply to the account while it is inactive. If the account has any deposit or withdrawal activity or Company contacts Bank about the account, it will be reinstated as an active account.

Closing the Account. Either Company, through its authorized signer(s), or Bank may close the account at any time without prior notice. If the signature of more than one authorized signer is required for signing checks, the same number of authorized signers will be required for Company to close its account. Instructions received by facsimile to close the account will not be accepted. Closure of the account will not affect Company's obligation to pay Wells Fargo any amounts owed with respect to the account.

Customer Service. In the event of questions or errors regarding Company's account transactions, records or statements Company should immediately call the telephone number listed on Company's account statement for such purpose.

Warranty. In addition to any other warranties that Company makes by law or agreement, Company also warrants that all signatures on any Deposited Items are authentic and authorized.

Monitoring Telephone Communications. Bank may monitor, record and retain telephone conversations, electronic messages, electronic records and other data transmissions at any time without further notice to anyone and will have no liability for doing or failing to do so.

Credit Reports. Company authorizes Bank to obtain credit reports and make whatever other inquiries Bank deems appropriate concerning Company.

Questions. Company's relationship manager can answer questions and assist in resolving any issues that may arise from time to time.

Miscellaneous. This Agreement will constitute the entire agreement between Bank and Company and supersede prior oral or written representations, conditions, warranties, understandings, proposals or agreements regarding the account. Headings do not constitute a part of this Agreement. Any notice or other communication may be sent to Company at its then current address on file with Bank. Bank will have a reasonable time after receipt of any notice or other communication to act on it. No person or entity will be deemed to be a third party beneficiary under this Agreement. Bank may establish cut-off times, and may change those cut-off times upon reasonable notice to Company.

Certain Defined Terms

Business Day—is a day, other than a Saturday, Sunday or day when Federal Reserve Banks are closed.

Collected Balance—is the Ledger Balance in the account less Deposit Float.

Deposit Float—is the total dollar amount of Items deposited in the account for which, based on the collected funds schedule used by Bank or the applicable affiliate for this type of account, the account has not yet been credited for purposes of calculating the Collected Balance.

Investable Balance—is the Collected Balance in the account less (i) the portion of such Collected Balance that Wells Fargo is required by law to hold in reserve at a Federal Reserve Bank and (ii) other adjustments.

Item—includes a check, draft, demand draft, preauthorized draft, or other order or instruction for the payment, transfer, or withdrawal of funds (including a withdrawal slip), automatic transfers, and electronic transactions (including ACH, ATM, and POS). "Item" also includes any writing created or authorized by Company that would be a check or draft but for the fact that it has not been signed.

Ledger Balance—is the balance in the account after all debits and credits for the day are posted.

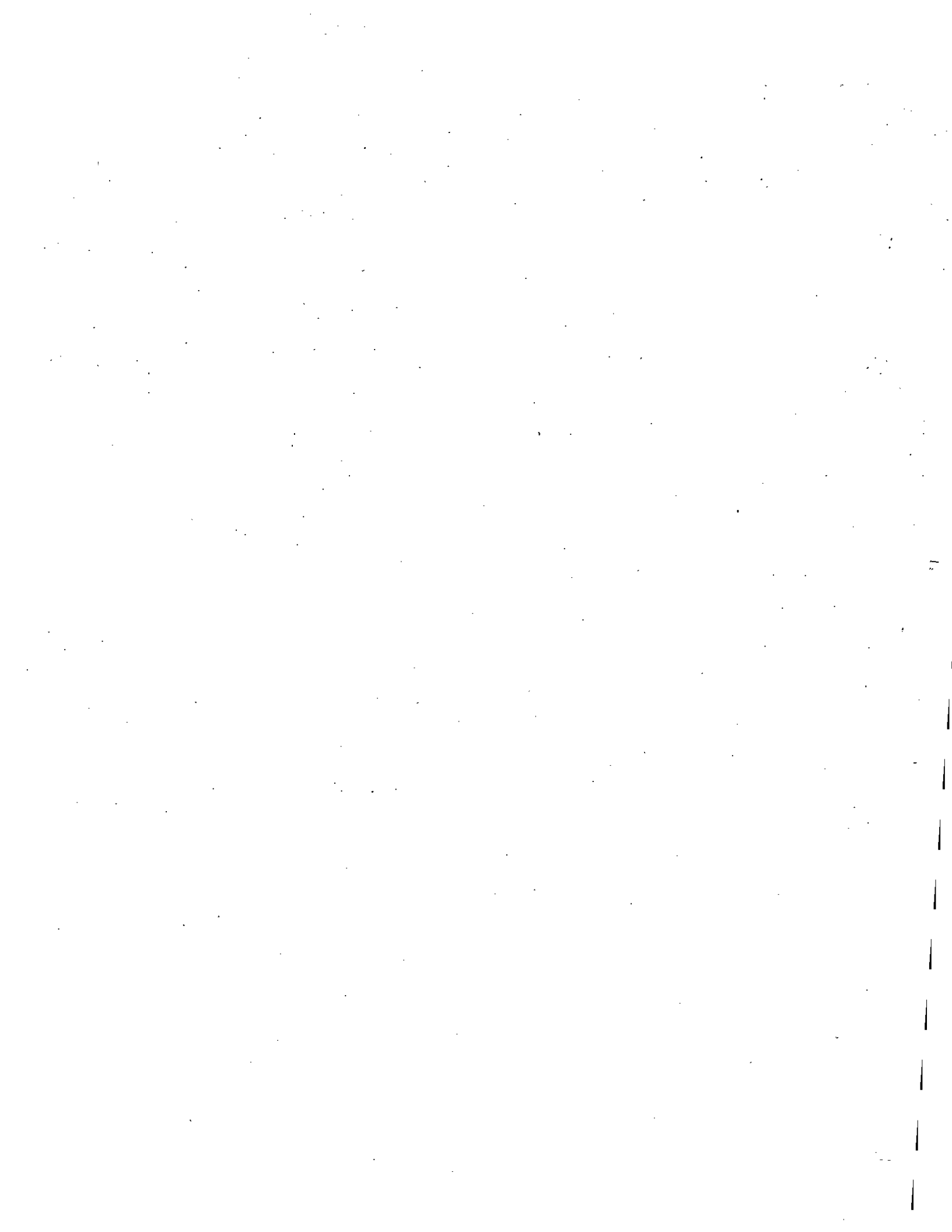
Service—any Service Bank provides to Company including, without limitation, any Treasury Management Service.

**Addendum to
Wells Fargo Bank, N. A. Commercial Account Agreement**

This Addendum is effective _____, 2004. It amends the Wells Fargo Bank, N. A. Commercial Account Agreement ("Agreement"). All terms defined in the Agreement have the same meaning when used in this Addendum. If there is a conflict between this Addendum and the Agreement, this Addendum will control. Except as expressly amended by this Addendum, the Agreement remains in full force and effect.

The text of the Section titled "Stop Payment Orders; Notices of Post Dating" is deleted in its entirety and replaced with the following:

"Stop payment order" refers to both an order to Bank not to pay a paper Item and to a notice of postdating. To be effective, a stop payment order must be received in a time and manner that gives Bank a reasonable opportunity to act on it before paying, accepting, certifying, cashing or otherwise becoming obligated to pay Company's paper Item as provided in the Uniform Commercial Code. Each stop payment order is subject to Bank's verification that the paper Item described in the order has not been paid. This verification may occur subsequent to the time Bank accepts the stop payment order. Bank requires the exact name of the payee, Company's account number, paper Item amount and the paper Item number or a range of paper Item numbers. All of the information must be correct in order for Bank to stop payment of a paper Item. Company agrees to indemnify and hold Bank harmless from and against any loss or liability incurred by Bank as a result of Bank's paying a paper Item if any of the information provided in the stop payment order is incorrect or incomplete (or as a result of Bank's not paying a paper Item for which a valid stop payment order is in effect.) Bank may, at its sole discretion, use only a portion of the required information in order to identify a paper Item. Bank need not honor a written stop payment order for more than six (6) months. For accounts that do not have Bank's STOP RENEWALS service, Company must renew its stop payment order if it does not want the stop payment order to expire. Each renewal is treated as a new stop payment order. For accounts with Bank's STOP RENEWAL Service, a stop payment order is subject to annual renewals for up to six (6) twelve-month periods, unless Company has otherwise notified Bank. If Bank pays a paper Item over a valid stop payment order, Bank may require information regarding the underlying transaction for which the paper Item was issued including without limitation proof that Company does not owe the money to the payee of the paper Item prior to making any decision regarding re-crediting Company's account. Bank may pay a paper Item after a stop payment order has expired, even though the paper Item is more than six (6) months old. Company acknowledges that, notwithstanding Bank's timely return of any paper Item due to a valid stop payment order, Company may remain liable under applicable law for the amount of that paper Item. An instruction to revoke a stop payment order must be received in a time and manner that gives Bank a reasonable opportunity to act on it. If Bank re-credits Company's account after paying a post-dated paper Item over a valid and timely notice of post-dating, Bank may charge Company's account for the amount of the post-dated paper Item as of the date of the post-dated paper Item.



ACH Services Security Procedure Agreement



Bank and Company have entered into a Master Agreement for Treasury Management Services (the "Agreement") which governs the ACH services to be provided by Bank.

Bank and Company agree:

1. **Security Procedure Selection.** The Token Card/Passcode - File Transmission/Batch Release security procedure described below is required for the product known as the Internet ACH Service. If Company uses the Internet to access ACH services, but does not use the Internet ACH Service, the Secure File Transport security procedure is required. For each of the other ACH services, Company acknowledges that Bank offers each of the security procedures described below for the purpose of verifying the authenticity of an instruction to originate an ACH credit or debit entry (a "payment order") received by Bank in the name of Company. Company refuses to have its payment orders verified by any security procedure other than the security procedure it has expressly designated. Company has reviewed various security procedures including the following and has determined that the security procedure designated in the Acceptance of Services best meets its requirements, given the size, type and frequency of the payment orders it will issue to Bank:

Token Card/Passcode - File Transmission/Batch Release (for Internet ACH Service) - This procedure combines a token card with a personal identification number (PIN). A token card will be assigned to each Operator (as defined below). The PIN is set by each Operator individually upon first logon. The token card generates a random and unique security code every minute. The code combines with the PIN to provide a unique password every minute. The password must be presented with the ACH transmission or batch release authorization and is used by Bank to authenticate the identity of Company and/or the person originating the transmission or release. Bank will verify each request to access the Service by determining if the Passcode is valid for the associated Operator ID and if the Operator ID used by the person requesting access is the Operator ID of one of the persons Company has designated as being authorized such access. Bank has no obligation to confirm in any other way the identity of any person making such a request.

If Company has requested self-administration of Company's access to the CEO, Bank will assign a Company ID code and will set up Company's first Company administrator ("FCA") by assigning a personal ID code and password to be used when the FCA first enters the CEO. The FCA can then set up additional Company administrators (who will have access to all services Company receive through the CEO), administrators and users. A User is an Operator. (Administrators and Users will have access only to the specific service(s) they are set up to access.) Any Company administrator: (a) can set up additional Company administrators, administrators and users, issuing them a password that will be changed upon first entry to the CEO and a personal ID code; (b) can reset passwords for all services; and (c) shall be required to immediately disable access to the CEO for any Company administrator, administrator or user who ceases to be a Company administrator, administrator or user. Administrators can set up additional administrators and users and reset passwords for the specific service(s) they are set up to access. Bank will not know the password of any Company administrator, administrator, or user except the initial password assigned to the FCA. Bank will give the Company administrators and the administrators a token card and a personal identification number ("PIN"), known only by them and Bank. Self-administration will allow a Company administrator or an administrator to initiate a request to Bank to reassign an existing token card to another Company administrator, administrator or user.

If Company has requested self-administration with dual control, Bank will assign a Company ID code and will set up Company's first two Company administrators (the FCAs) by assigning each a personal ID code and password to be used when each first enters the CEO. All actions which can be performed by a Company administrator or administrator in the preceding paragraph will require that one Company administrator or administrator with appropriate function access to initiate the action and a second Company administrator or administrator with appropriate function access to approve the action.

If Company does not have self-administration, Company's Security Administrator will determine which of Company's employees will be authorized to create/modify and to verify ACH transfer requests (each, an "Operator") and the dollar limits per transaction and per day assigned to each Operator and will communicate this information to Bank. Bank will set up the Operators by assigning each an Operator ID. The Security Administrator will also be responsible for communicating any changes in Operators or in Operator limits or authorization(s) to Bank and promptly reporting any lost or stolen token cards.

Secure File Transport - This procedure uses 128-bit SSL encryption and requires the use of a transmission ID, a transmission password, and a digital certificate.

Password - File Transmission - This procedure requires that a unique eight-digit code separately agreed upon in writing by Company and Bank be presented with Company's ACH file. Company may be required to change the code on a regular basis.

Password - Taped or Written Instructions - This procedure requires that Company present taped or written instructions in a tamper proof container accompanied by a unique code separately agreed upon in writing by Company and Bank.

2. **Security Procedure Protection.** Company and Bank will preserve the confidentiality of the security procedure. If Company becomes aware of a breach, or suspects that a breach may occur, it will immediately notify Bank in a matter affording Bank a reasonable opportunity to act on the information.
3. **Company Bound by Payment Orders.** Company will be bound by any payment order, whether or not authorized, issued in its name and accepted by Bank in compliance with the designated security procedure.
4. **Inconsistency of Name and Number.** If a payment order describes the receiver inconsistently by name and account number (i) payment may be made on the basis of the account number even if it identifies a person different from the named receiver (ii) Bank may in its sole discretion refuse to accept or may return the payment order. If a payment order describes a participating financial institution inconsistently by name and identification number, the identification number may be relied upon as the proper identification of the financial institution. If a payment order identifies a non-existent or unidentifiable person or account as the receiver or the receiver's account, Bank may in its sole discretion refuse to accept or may return the payment order.
5. **Terminology.** Unless specifically defined in this Security Procedure Agreement, terms used herein have the meanings, if any, provided in the Agreement and the other Service Documentation, as each may be amended from time to time.

COMMERCIAL ELECTRONIC OFFICESM ("CEO") SERVICE DESCRIPTION



1. **Description of the CEO Service.** The CEO Service will allow Company to enter Bank's CEO website and access those treasury management services offered through the CEO (each, a "Service") for which Company has enrolled. Company agrees to use the CEO only as provided in the Service Documentation (which term includes notices and information posted on the CEO website.) Persons entering the CEO for Company (the "Users") must also accept the Terms of Use for the CEO which appears on the CEO when a User initially logs on. Before Company may use a Service, Company must sign or accept the Service Documentation for that Service.
2. **Security Procedures.**
 - 2.1 Unless Company requests self-administration of its access to the CEO, Bank will give each User an ID code and a password to be used when the User first enters the CEO. (Self-administration may not be available for all services offered through the CEO.) Bank will also assign a Company ID code for use each time a User enters the CEO. Although the Company ID code and the ID codes for each User will remain the same for each entry into the CEO, the password Bank assigns to each User must be changed to a new password the User selects when the User first enters the CEO. Bank will not know the new passwords or any subsequent passwords selected by the Users.
 - 2.2 If Company requests self-administration of its access to the CEO, Bank will assign a Company ID code and will set up the first Company administrator ("FCA") by assigning a personal ID code and password to be used when the FCA first enters the CEO. The FCA can then set up additional Company administrators (who will have access to all Services Company receives through the CEO) and administrators or Users (each of whom will have access only to the specific Service(s) they are set up to access.) Any Company administrator: (a) can set up additional Company administrators, administrators and Users, issuing them a password and a personal ID code; (b) can reset passwords for all Services; and (c) shall be required to immediately disable access to the CEO for any Company administrator, administrator or User who ceases to be a Company administrator, administrator or User. Administrators can set up additional administrators and Users and reset passwords for the specific Service(s) they are set up to access. The Company ID and each personal ID code will remain the same for each entry into the CEO, but the password assigned to each Company administrator, administrator, and User must be changed to a new password they select when they first enter the CEO. Bank will not know the password of any Company administrator, administrator, or User except the initial password assigned to the FCA. Company's administrative contact with respect to the CEO will be the FCA.
 - 2.3 If Company requests self-administration of Company's access to the CEO, Bank will give the Company administrators and the administrators a token card and a personal identification number ("PIN"), known only by them and Bank, to use each time they give personal ID codes and passwords to Company administrators, administrators, and Users. Token cards and PINs will be given to Users by Bank only if they have access to a Service which requires a token card for access. The token card generates a random and unique security code for each token card every minute. The code combines with the PIN to provide a unique password (the "Passcode") every minute.
 - 2.4 Company will be able to manage and control who in Company has access to the CEO and the Services by the ID codes, passwords, token cards, PINs, and Passcodes. It is Company's responsibility to ensure that the ID codes, passwords, token cards, PINs, and Passcodes are known to, and used only by, persons who have been properly authorized by Company to access the CEO and use the Services through the CEO.

- 2.5 FAILURE TO PROTECT ID CODES, PASSWORDS, TOKEN CARDS, PINs, OR PASSCODES MAY ALLOW AN UNAUTHORIZED PARTY TO (1) USE THE SERVICES, (2) CORRECT, CHANGE, VERIFY, OR SEND DATA USED WITH THE SERVICES, (3) SEND INFORMATION AND COMMUNICATIONS TO, OR RECEIVE INFORMATION AND COMMUNICATIONS FROM, BANK OR (4) ACCESS COMPANY'S ELECTRONIC COMMUNICATIONS AND FINANCIAL DATA. ALL ENTRIES INTO THE CEO, ALL COMMUNICATIONS SENT, AND ALL USES OF THE SERVICES, THROUGH COMPANY'S ID CODES, PASSWORDS, TOKEN CARDS, PINs, OR PASSCODES WILL BE DEEMED TO BE ENTRIES, COMMUNICATIONS, AND USES AUTHORIZED BY COMPANY AND BE BINDING UPON COMPANY. COMPANY ASSUMES THE ENTIRE RISK FOR THE FRAUDULENT OR UNAUTHORIZED USE OF ALL ID CODES, PASSWORDS, TOKEN CARDS, PINs, AND PASSCODES. Company acknowledges the importance of developing internal procedures to limit such risk, which procedures will include, at a minimum, (a) if Company is not on self-administration, notifying Bank immediately when any new person becomes a User or when any existing User stops being a User, (b) if Company is on self-administration, disabling access to the CEO immediately for each Company administrator, administrator, and User who stops being a Company administrator, administrator, or User, and (c) not keeping, in any form or in any place, lists of ID codes, passwords, PINs or Passcodes.
- 2.6 Company agrees to notify Bank immediately when Company becomes aware of any loss or theft of, or any unauthorized use of, any ID codes, passwords, token cards, Pins, or Passcodes. Company also agrees to notify Bank immediately when Company becomes aware of any unauthorized entry into the CEO.
3. **Financial Information.** Financial market data, quotes, news, research, and other financial information developed by third parties and transmitted to Bank (collectively, "Financial Information") will be available at the CEO. The posting of any Financial Information or any other information or data at the CEO will not be a recommendation by Bank that any particular Service or transaction is suitable or appropriate for Company or that Company should receive or in any way use any Service. Bank does not guarantee the accuracy, completeness, timeliness or correct sequencing of any Financial Information, nor is it in any way responsible for the actions or omissions of the third parties developing or transmitting Financial Information or for any decision made or action taken by Company in reliance upon any Financial Information.
4. **Use of Certain Software to Access the CEO.** In using the CEO, Company will be sending financial and other data as well as electronic messages directly to Bank through the Internet. Company acknowledges that when the Internet, or any other electronic communications facilities, are used to transmit or receive data and messages, the data and the messages may be accessed by unauthorized third parties. To reduce the likelihood of such third party access, Company agrees to transmit and receive data and messages through the CEO using only software, including, but not limited to, browser software, or other access devices that support the Secure Socket Layer (SSL) protocol or other protocols required by, or acceptable to, Bank, and to follow the Bank log-on procedures that support such protocols.
5. **Disclaimers.** Bank will not be Company's advisor or fiduciary with respect to this Agreement or any Service.
6. **Limitation of Liability.** Bank will not be liable to Company for any direct or indirect damages or losses suffered or incurred by Company in connection with the CEO, any of the Services, any Financial Information, any other information or data Company receives through the CEO, or any failure to provide, or delay in providing, access to the CEO, any Service, or any Financial Information, except to the extent any Service Documentation specifically provides otherwise and except to the extent such damages or losses arise directly from the negligence or willful misconduct of Bank.

7. **Restricting or Terminating Access to the CEO.** In addition to, and not in substitution for, any provision in this Agreement or any of the other Service Documentation, Company understands and agrees that Bank will not in any way be obligated to permit Users access to any Financial Information or the use of any Service through the CEO if (a) such use or access is not in accordance with any term or condition applicable to the Service or the CEO or to the information to be accessed, (b) such use or access is not permitted by any state or federal law or regulation, (c) Bank has reasonable cause to believe that such use or access may not be authorized by Company or any third person whose authorization Bank believes is necessary for such use or access, or (d) Bank has reasonable cause to deny such use or access for Company's protection or the protection of Bank. If any Service cannot be used through the CEO, Bank will make reasonable efforts for such Service to be used by other means. Bank shall not have liability to Company for any losses or damages Company may suffer or incur as a result of any such termination.
8. **Survival.** Sections 3,6,7 and 8 will survive termination of the Service.
9. **Terminology.** Unless specifically defined in this Service Description, capitalized terms used in this Service Description have the meanings, if any, provided in the Master Agreement for Treasury Management Services (the "Agreement"), as amended from time to time.



PUBLIC SECTOR

Wells Fargo Corporate Card

Important Public Entity Information (please print in black ink)

Thank you for your interest in the Wells Fargo Corporate Card program offered by Wells Fargo Bank, N.A. Please complete the requested information below (you may be required to submit financial statements).

Business Information

Public Entity Name <i>City of Palo Alto</i>		Doing Business As	
Address (No P.O. Box) <i>250 Hamilton Ave. 4th Floor</i>		City <i>Palo Alto</i>	State <i>CA</i>
Zip Code <i>94301</i>		Gross Annual Revenue \$	
Phone Number <i>(650) 329-2362</i>	Fax Number <i>(650) 323-8356</i>	Taxpayer ID# (TIN) <i>94 6000389</i>	
Debt per Capita (if applicable) \$	E-mail Address <i>Tarun Narayan Cityofpaloalto.org</i>		Country in which your business is headquartered, if not U.S.

Embossed Public Entity Name (As it should appear on the credit card. 23 character limit, including spaces).

City of Palo Alto

Nature of Public Entity (please select only one):

- Federal
- State
- Local (city, town, county)
- Public Utility
- Public Education Institution
- Public Hospital
- Improvements
- Convention Authority
- Other (please describe)

Type of Products/Services

Public Entity Banking Information

Institution/Bank Name <i>Wells Fargo</i>	Checking Account Number <i># 4121076145</i>	Checking Account Balance (current) <i>\$ 0 - New Acct.</i>	Unrestricted Investment Balance \$
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Other Types of Relationships with Wells Fargo: Depository Lending Other

Requested Card Information

Number of Cards Requested <i># 16</i>	Total Credit Line Requested <i>\$ 55,000</i>
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Billing

- Consolidated—One bill sent to the Public Entity.
- Individual—Bill sent to and paid by each cardholder

Program Maintenance

Program Manager for Maintenance (person with authority to request additional credit line, new cardholders and changes to any of your accounts).

First Name <i>Tarun</i>	Last Name <i>Narayan</i>	Phone Number <i>(650) 329-2362</i>	Fax Number <i>(650) 323-8356</i>
<i>Debra</i>	<i>Remley</i>	<i>(650) 329-2692</i>	<i>(650) 323-1741</i>



MASTER AGREEMENT FOR TREASURY MANAGEMENT SERVICES

The Service Documentation described below contains the terms under which Wells Fargo provides treasury management services ("Services"). Wells Fargo Bank, N. A. ("Bank") and the Company to which the Services will be provided are identified in the Acceptance of Services ("Acceptance").

Bank and Company agree:

1. **Service Documentation.** The Service Documentation includes:
 - 1.1 The Service Description for each Service.
 - 1.2 The Acceptance.
 - 1.3 This Master Agreement for Treasury Management Services ("Master Agreement").
 - 1.4 The account agreement for the business or commercial deposit account(s) (each, an "Account") that Company or Company's affiliate or subsidiary maintains at Bank or Bank's affiliate in connection with a Service. The account agreement includes the Dispute Resolution Program that Company and Bank agree to use to resolve any disagreements between Company and Bank regarding accounts and Services governed by the Service Documentation.
 - 1.5 User Guides which include software, software licenses, reset diskettes, price schedules, specifications, instructions, and notices.
 - 1.6 The set-up form(s) for each Service.

The Service Documentation also applies to any Service that is provided by an affiliate of Bank and any Service that is used by an affiliate or a subsidiary of Company. "Bank" includes each such affiliate, and "Company" includes each such affiliate and subsidiary. All terms defined in this Master Agreement shall have the same meaning when used in the Service Documentation. If there is a conflict among the documents that make up the Service Documentation, the documents will govern in the order set forth above. Company acknowledges receiving a copy of the Service Documentation for each Service it requested when it entered into this Master Agreement.

2. **Services.** Bank and Company will agree upon the Service(s) to be provided.
3. **Changes to Services.** Bank may change (or add to) the terms and fees in the Service Documentation at any time upon prior written notification. If Company discontinues using the affected Service before the change becomes effective, it will not be bound by the change. If Company continues to use a Service after the change becomes effective, it will be bound by the change.
4. **Term and Termination.** Unless terminated sooner in accordance with the Service Documentation, this Master Agreement and all Services will continue in effect until terminated by either party upon thirty (30) days prior written notice to the other party (unless a Service is terminated sooner in accordance with the Service Documentation). Bank may terminate any Service following notice to Company of a breach of any provision of the Service Documentation and Company's failure to cure the breach within fifteen (15) days of the date of such notice. Bank may also terminate any Service without notice to Company if Company is subject to a petition under the U. S. Bankruptcy Code or if Bank determines, in its sole discretion, that a material adverse change has occurred in Company's ability to perform its obligations under the Service Documentation. The termination of a Service will not affect Company's or Bank's rights with respect to transactions which occurred before termination. Bank shall not be liable to Company for any losses or damages Company may incur as a result of any termination of any Service.
5. **Service Fees.** Company shall pay Bank the fees described in the Service Documentation and any taxes applicable to each Service, however designated, exclusive of taxes based on Bank's net income. Bank may debit Company's account(s) with Bank for any fees not covered by earnings credits and any taxes that are due, or it may send an invoice to Company for such amounts, which Company shall promptly pay. Bank may assess finance charges at a rate of 1.5% per month (18% per annum) or the highest rate permitted by law, whichever is less, on any invoiced fees or taxes that are not paid within thirty (30) days of the due date and shall apply payments and other reductions of amounts owed first to unpaid interest and then to other fees and charges.

6. **Confidential Information.** Unless otherwise provided in the Service Documentation, all User Guides and computer programs provided pursuant to this Master Agreement constitute Bank's or its vendor's confidential information ("Confidential Information"). Bank or its vendor will remain the sole owner of all such Confidential Information, and Company will not acquire any interest in or rights to it as a result of Company's use of any Service except as set forth in the Service Documentation. Company will maintain the confidentiality of the Confidential Information and will not disclose (or permit its employees or agents to disclose), copy, transfer, sublicense or otherwise make any of it available to any person or entity, other than its employees who have a need to use the Confidential Information in connection with the applicable Service. Company shall notify Bank immediately if it knows or suspects that there has been any unauthorized disclosure, possession, use or knowledge (each, an "Unauthorized Use") of any Confidential Information, and if it is responsible for the Unauthorized Use, it will, at its expense, promptly take all actions, including without limitation initiating court proceedings to recover possession or prevent further Unauthorized Use of the Confidential Information and obtain redress for any injury caused to Bank as a result of such Unauthorized Use. In addition, except as permitted by applicable law, Company may not decompile, reverse engineer, disassemble, modify, or create derivative works of any computer program provided pursuant to this Master Agreement.
7. **Third Party Networks; Use of Required Software.** If Bank determines that any funds transfer or communications network, Internet service provider, or other system(s) it has selected to provide a Service is unavailable, inaccessible or otherwise unsuitable for use by Bank or Company, Bank may, upon notice to Company, suspend or discontinue the affected Service. Company shall use and maintain in good working order (and at its own expense) software, hardware and other equipment necessary for Company to use the Service(s) in accordance with the Service Documentation.
8. **No Representations or Warranties of Bank or Software Vendor.** Neither Bank nor any software vendor makes any express or implied representations or warranties with respect to the Services or any software used in connection with the Services including without limitation any warranty as to the merchantability or fitness for a particular purpose, other than those expressly set forth in the Service Documentation.
9. **Liability and Indemnification.**
 - 9.1 Bank will perform each Service in accordance with reasonable commercial standards applicable to Bank's business; laws, regulations and operating circulars governing the activities of Bank; applicable funds transfer system(s) and clearinghouse rules; and the Service Documentation.
 - 9.2 Bank is under no obligation to honor, in whole or in part, any entry, file, batch release, payment order, transaction or instruction (each, an "Order"), which a) exceeds Company's available funds on deposit in an Account with Bank related to the Order, unless otherwise provided in the Service Documentation; b) is not in accordance with the Service Documentation or Bank's applicable policies, procedures or practices as Bank may from time to time establish and make available to Company; c) Bank has reason to believe may not have been duly authorized, should not be honored for its or Company's protection, or involves funds subject to a hold, dispute, restriction or legal process that prevents their withdrawal; or d) would possibly result in Bank violating any applicable rule or regulation of any federal or state regulatory authority including without limitation any Federal Reserve risk control program or guidelines such as the limitations on Bank's intra-day net funds position.
 - 9.3 Company shall promptly furnish written proof of loss to Bank and notify Bank if it becomes aware of any third party claim related to a Service. Company shall cooperate fully (and at its own expense) with Bank in recovering a loss. If Company is reimbursed by or on behalf of Bank, Bank or its designee will be subrogated to all rights of Company.
 - 9.4 Any claim, action or proceeding against Bank for losses or damages arising from a Service, including Bank's honoring or dishonoring a check covered by a Service, must be brought within one (1) year from the date of the act or omission or in the case of a check from the date the check was first paid or returned by Bank.
 - 9.5 Bank will have no liability for failure to perform or delay in performing a Service if the failure or delay is due to circumstances beyond Bank's reasonable control.
 - 9.6 Except in the case of Bank's gross negligence or intentional misconduct, Company shall indemnify and hold Bank, its directors, officers, employees and agents harmless from all losses or damages that arise out of a) the performance of a Service in accordance with the Service Documentation including without limitation any warranty Bank is required to make to a third party in connection with a Service; b) an act or omission of any agent, courier or authorized representative of Company; and c) if the Service includes a license or sublicense of any software to Company, the use or distribution of the software by Company or any person gaining access to the software through Company that is inconsistent with the license or sublicense.

3.2 Commercial Electronic Office (CEOSM) Wire Transfer Service (or WellsNet Wire Transfer Service.)

3.2.1 Availability of Self-Administration. If you request Self-Administration of your access to the CEO, most of the set-up and administration of your access to CEO services (including the CEO Wire Transfer Service) will be performed by your Company Administrator rather than Bank. Three levels of access authorization are available: *Company Administrator, Administrator and Operator.* A "Company Administrator" has access to *all* services you receive through the CEO and is able to set up and administer access for other Company Administrators, Administrators and Operators for all such services. An "Administrator" has access to specific CEO services and can set up other Administrators and Operators for such specific services. "Operators" are authorized to access specific services and functions (for example, the create/modify function or the verify function for wire transfer requests) within those services, but they are not authorized to set up or administer access for such services or functions.

3.2.1.1 No Self-Administration. If you do not have Self-Administration, your designated security administrator will determine Operators and the dollar limits per transaction and per day assigned to each Operator and will communicate this information to Bank. Bank will set up the Operators by assigning each a personal ID code. Your security administrator will also be responsible for communicating any changes in Operators or in Operator limits or authorization(s) to Bank. You will promptly report to Bank any lost or stolen token cards.

3.2.1.2 Self-Administration. If you have requested Self-Administration, Bank will assign a Company ID code and will set up your first Company Administrator by assigning a personal ID code and password to be used when he/she first enters the CEO number. He/She can then set up additional Company Administrators, Administrators or Operators. Any Company Administrator: (a) can set up additional Company Administrators, Administrators and Operators (issuing each a password that will be changed upon first entry to the CEO) and a personal ID code; (b) can reset passwords for all services; and (c) shall be required to immediately disable access to the CEO for any Company Administrator, Administrator or Operator who ceases to be a Company Administrator, Administrator or Operator. An Administrator can set up additional Administrators and Operators and reset passwords for the specific service(s) he/she is set up to access. Bank will not know the password of any Company Administrator, Administrator, or Operator except the initial password assigned to the first Company Administrator. Bank will give each Company Administrator and Administrator a token card and a PIN, known only by them individually and Bank. Self-Administration will also allow a Company Administrator or an Administrator to initiate a request to Bank to reassign an existing token card to another Company Administrator, Administrator or Operator.

3.2.1.3 Self-Administration with Dual Control. If you have requested Self-Administration with dual control, Bank will assign a Company ID code and will set up your first *two* Company Administrators by assigning each a personal ID code and password to be used when each first enters the CEO. All actions that can be performed by a Company Administrator or an Administrator in Section 3.2.1.2 will require that one Company Administrator (or Administrator with appropriate function access) initiate the action and a second Company Administrator (or Administrator with appropriate function access) approve the action.

3.2.2 Token Cards. Bank will assign a token card to each Operator. The token card generates a random and unique security code every minute. The code combines with a PIN to provide a unique password (the "Passcode") every minute. The PIN is set by each Operator individually upon first logon. The Passcode must be presented with each request to access the Service and is used by Bank to authenticate the identity of Company and/or the person originating the request. Bank will verify each request to access the Service by determining if the Passcode is valid for the associated personal ID code for the Operator and if the personal ID code used by the person requesting access is the personal ID code of one of the persons you have designated in writing as being authorized such access. Bank has no obligation to confirm in any other way the identity of any person making such a request.

3.2.3 Non-Repetitive Requests. For domestic and international non-repetitive wire transfer requests, Operators who create/modify such requests additionally will be required to use a Password which is initially provided to the Operator by Bank, or by a Company Administrator or Administrator if you have Self-Administration, and is changed by the Operator upon first logon.

3.3 Electronic Commerce/Payment Manager Services. (Check applicable box.)

3.3.1 Password- File Transmission (Non-Encrypted). This procedure requires that a unique eight-digit code separately agreed upon in writing by you and Bank be presented with your wire file. You may be required to change the code on a regular basis

3.3.2 Secure File Transport (Encrypted). This procedure uses 128-bit SSL (Secure Sockets Layer) encryption and requires the use of a transmission ID and a transmission password. Use of a digital certificate is optional.

Section 4 - Additional Provisions

4.1 Separation of Operator Function. You may separate among Operators using the Wire Transfer Service the ability to create/modify and to verify wire transfer requests. When an Operator is authorized to create/modify both domestic and international repetitive and non-repetitive transfer requests, Bank requires that you assign a separate Operator to verify these transactions. Bank requires that you separate such functions to reduce your risk of suffering a loss resulting from an unauthorized or fraudulent wire

transfers

4.2 Additional Actions by Bank. Any actions Bank takes to detect erroneous wire transfer requests, or any actions Bank takes beyond those described above in an attempt to detect unauthorized requests or instructions will be taken at Bank's sole discretion. No matter how many times Bank takes these actions they will not become part of Bank's standard procedures for attempting to detect such erroneous or unauthorized requests or instructions, and Bank will not in any situation be liable for failing to take or to correctly perform these actions.

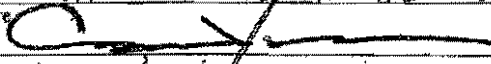
4.3 Protection of Passwords, PINS, etc. It is your responsibility to ensure that the ID codes, passwords, token cards, PINs, and Passcodes are known to, and used only by, persons who have been properly authorized by you to use the Wire Transfer Service. Bank, in its sole discretion, may cancel or reissue any PIN it believes may have been compromised, including, without limitation, a PIN that has never been acknowledged as having been received and any PIN that has been used by anyone other than the intended authorized user.

NOTE: Customer is NOT REQUIRED to complete Sections 5 and 6 below if it has accepted a wire transfer security procedure by signing the Acceptance of Service.

Section 5 - Individual(s) authorized to receive information regarding the security procedure

Name <i>Tarun A. Narayan</i>	Name <i>Carl Yeats</i>
Name <i>Joseph V. Scurio</i>	Name <i>Myrna McCalieb</i>

Section 6 - Customer Approvals - Signature(s) as required by certificate of authority on signature card

Legal Name of Customer <i>City of Palo Alto</i>	Tax ID/SSN <i>94-6000389</i>
Printed Name of Authorized Signer <i>Carl Yeats</i>	Printed Name of Authorized Signer
Title <i>Director of Administrative Serv</i>	Title
Signature X 	Signature X
Date <i>1 01/03/05</i>	Date

Section 7 - Bank Approvals

Bank Name	RAU/CC/AU	
Banker/Officer Name	MAC	
Banker/Officer Signature X	Phone Number ()	Date



Contract for Deposit of Moneys

THIS CONTRACT, relating to the deposit of moneys, is made as of the _____ day of December, 2004, between Carl L. Yeats ("Treasurer") acting in his or her official capacity as Treasurer of CITY OF PALO ALTO ("Depositor"), and WELLS FARGO BANK, NATIONAL ASSOCIATION ("Bank"), having a shareholder's equity of \$18,229,000,000.00 on December 31, 2003, and is made with reference to the following facts:

WHEREAS, the Treasurer proposes to deposit in the Bank from time to time, moneys in his or her custody in an aggregate amount on deposit at any one time not to exceed the total shareholder's equity of the Bank, and said moneys will be deposited subject to Title 5, Division 2, Part 1, Chapter 4, Article 2 (commencing with Section 53630) of the Government Code of the State of California (the "Local Agency Deposit Security Law").

WHEREAS, the Government Code requires the Treasurer to enter into a contract with the Bank setting forth the conditions upon which said moneys are deposited.

WHEREAS, in the judgment of the Treasurer, this Contract is to the public advantage.

NOW, THEREFORE, the parties agree as follows:

1. This Contract cancels and supersedes any previous contracts between the Treasurer and the Bank relating to the method of collateralization of Depositor's deposits. To the extent not inconsistent herewith, any such deposit shall be subject to the terms and conditions of the Bank's standard disclosure statement (as in effect from time to time) for deposits of that type.

2. This contract, but not deposits then held hereunder, is subject to termination by the Treasurer or the Bank at any time upon 30 days' written notice. Deposits may be withdrawn in accordance with the agreement of the parties and applicable federal and state statutes, rules and regulations. This contract is subject to modification or termination upon enactment of any statute, rule, or regulation, state or federal, which, in the opinion of the Administrator of Local Agency Security of the State of California (the "Administrator"), is inconsistent herewith, including any change relative to the payment of interest upon moneys so deposited by the Treasurer. The Treasurer may withdraw Depositor's deposits from the Bank immediately upon receiving notice from the Administrator that the Bank has failed to pay assessments, fines or penalties assessed by the Administrator. The Treasurer may immediately upon receiving notice from the Administrator withdraw authorization for the placement of securities with the Agent of the Depositor in the event that the Agent of the Depository fails to pay fines or penalties assessed by the Administrator.

3. Interest shall accrue on any moneys so deposited as permitted by any act of Congress of the United States or by any rule or regulation of any department or agency of the Federal Government. If interest may legally be paid on the account into which the moneys are deposited, then all moneys deposited shall bear interest at a rate agreed upon by the Treasurer and the Bank.

4. The Bank shall issue to the Treasurer for each deposit a receipt on a form agreed to by the Bank and the Treasurer, stating the interest to be paid (if any), the duration of the deposit (if appropriate), the frequency of interest payments (if any) and the terms of withdrawal. Each such deposit receipt is by reference made a part of this contract.

PUBLIC SECTOR

Wells Fargo Corporate Card



Documentation

(NOTE: before signing and submitting this application please follow and review the information below. Authorization documentation must be provided for all requests).

To help the government fight the funding of terrorism and money laundering activities, U.S. Federal law requires financial institutions to obtain, verify and record information that identifies each person (individuals and businesses) who opens an account.

What this means for you: When you open an account, we will ask for your name, address, date of birth, and other information that will allow us to identify you. We may also ask to see your driver's license or other identifying documents.

For requests of \$20,000 or LESS, please provide:

- A letter from your legal counsel indicating the individual authorized to contract.
- Other information that may be requested (dependent on credit evaluation):
 - Three years audited financial statements.
 - Additional documentation as outlined by individual states or local statutes.

For requests GREATER than \$20,000, please provide:

- A letter from your legal counsel or a certified resolution as to the authority of signer to enter into the contractual agreement contemplated by this application.
- A formal document showing that the signing entity has the authority to issue debt and that when issued it will be valid and enforceable.
- If applicable, schedule of agencies that will participate in the program. The schedule will indicate that the signing entity will have liability for all scheduled agencies and cardholders.
- Three years audited financial statements may also be requested.
- Additional documentation may be required as outlined by individual states or local statutes.

Disclosures

I understand our Wells Fargo Corporate Card program will be subject to Corporate Liability rules, payment in full required each month. I accept on behalf of the Public Entity named above ("Applicant") your offer to apply for a Wells Fargo Corporate Card. I accept the terms and conditions of the Customer Agreement that will be provided to Applicant upon approval of this Application.

Please read carefully: By signing below, I certify that I am an Authorized Officer, authorized to submit this application on behalf of the Public Entity and that all information and documents provided in connection with this application, including federal and state income tax returns (if any), are true, correct, and complete. I authorize Wells Fargo Bank, N.A. ("Bank") to obtain balance and payoff information on all accounts requiring payoff as a condition of approving this application and to obtain business reports from and to report credit information to others, including the Internal Revenue Service and state taxing authorities, about the Public Entity, and if accepted, from time to time thereafter. I agree to notify Bank promptly of any material change in such information. I acknowledge that (i) this application is subject to final approval of the Applicant, and that (ii) additional information may be required in order for the Bank to make a final credit decision. I agree to pay Bank's costs and attorney's fees in enforcing the Customer Agreement.

I further agree that a facsimile of my signature or use of any feature of Wells Fargo Corporate Card may be used as evidence of the foregoing authorizations, acceptances and agreements.

Annual Fee: Up to 50 cards = \$10 per card, 51+ cards = \$0 per card.

Authorizing Officer #1 (person authorized to issue debt)		Authorizing Officer #2 (2nd person authorized to issue debt, if required by public entity)	
First Name	Last Name	First Name	Last Name
Carl	Yeats		
Office Phone # (650) 329-2450		Office Phone # ()	
Title Director of Admin. Svcs		Title	
Country of Citizenship <input checked="" type="radio"/> U.S. <input type="radio"/> Other:		Country of Citizenship <input type="radio"/> U.S. <input type="radio"/> Other:	

Signatures (required)

Authorizing Officer #1	
	01/03/05
Signature	Date
Authorizing Officer #2	
Signature	Date

For Bank Use Only (please print clearly). THIS INFORMATION MUST BE COMPLETED IN FULL.

Wells Fargo Banker (if applicable)	Employee I.D. #	Store Name	
Store Street Address	City	State	Zip Code
MAC #	AU#	Phone Number	Fax Number
		()	()

Please send completed application and necessary paperwork to:

Wells Fargo Business Direct, MAC #S1000-020, P.O. Box 29499, Phoenix, AZ 85038-9499 OR Fax: 1-888-831-5567

**Public Sector
Wells Fargo Corporate Card**

Employee Name	Employee Title	Monthly Credit Limit	Social Security #	Business Phone	Use Hire Date for Birthday	Billing Address
1 Baum, Gary M.	City Attorney	\$ 2,500	946000389	(650) 329-2171	07/14/04	City Attorney's Office, 250 Hamilton Ave., 8th Floor, Palo Alto, CA 94301
2 Benest, Frank	City Manager	5,000	946000389	(650) 329-2563	04/10/00	City Manager's Office, 250 Hamilton Ave., 7th Floor, Palo Alto, CA 94301
3 Emslie, Steve	Director Planning & Community Environment	2,500	946000389	(650) 329-2354	02/04/02	Planning & Community Environment, 250 Hamilton Ave., 5th Floor, Palo Alto, CA 94301
4 Erickson, Sharon	City Auditor	2,500	946000389	(650) 329-2629	07/16/01	City Auditor's Office, 250 Hamilton Ave., 7th Floor, Palo Alto, CA 94301
5 Harrison, Emily	Assistant City Manager	2,500	946000389	(650) 329-2533	11/23/87	City Manager's Office, 250 Hamilton Ave., 7th Floor, Palo Alto, CA 94301
6 Johnson, Lynne	Police Chief	5,000	946000389	(650) 329-2115	02/03/75	Police Department, 250 Hamilton Ave., 1st Floor, Palo Alto, CA 94301
7 Loomis, Leslie	Director Human Resources	2,500	946000389	(650) 329-2124	04/15/02	Human Resources Department, 250 Hamilton Ave., Mezzanine Level, Palo Alto, CA 94301
8 James, Richard	Director, Community Services	2,500	946000389	(650) 463-4951	08/06/79	Community Services Department, 1305 Middlefield Road, Palo Alto, CA 94301
9 Roberts, Glenn	Director Public Works	2,500	946000389	(650) 329-2325	04/19/93	Public Works, 250 Hamilton Ave., 6th Floor, Palo Alto, CA 94301
10 Rogers, Donna	City Clerk	2,500	946000389	(650) 329-2226	02/16/99	City Clerk's Office, 250 Hamilton Ave., 7th Floor, Palo Alto, CA 94301
11 Simpson, Paula	Library Director	2,500	946000389	(650) 329-2403	03/22/04	Library Department, 270 Forest Ave., Palo Alto, CA 94301
12 Ulrich, John	Director Utilities	5,000	946000389	(650) 329-2277	04/26/99	Utilities Department, 250 Hamilton Ave., 3rd Floor, Palo Alto, CA 94301
13 Yeats, Carl	Director Administrative Services	10,000	946000389	(650) 329-2450	05/04/98	Admin. Svcs. Department, 250 Hamilton Ave., 4th Floor, Palo Alto, CA 94301
14 Beecham, Bern	City Council Member	2,500	946000389	(650) 329-2362	01/10/00	City Clerk's Office, 250 Hamilton Ave., 7th Floor, Palo Alto, CA 94301
15 Kleinberg, Judy	City Council Member	2,500	946000389	(650) 329-2362	01/10/00	City Clerk's Office, 250 Hamilton Ave., 7th Floor, Palo Alto, CA 94301
16 Mossar, Dena	City Council Member	2,500	946000389	(650) 329-2362	01/01/98	City Clerk's Office, 250 Hamilton Ave., 7th Floor, Palo Alto, CA 94301
		<u>\$ 55,000</u>				

a) Card Type: All (all credit cards)

b) Cash Access (Allows an employee to withdraw cash): No (all credit cards)

c) Charges on all credit cards will be paid in full each month through a pre-authorized automatic deduction from the City's Wells Fargo "General" checking account (# 4121076145)

b) Mail the credit cards issuance to:

Tarun Narayan
City of Palo Alto
250 Hamilton Avenue, 4th Floor
Palo Alto, CA 94301

c) Mail billing statements to respective address shown above



Authorization for Automatic Payment

If you would like to set up Automatic Payment, please complete the following information and include a voided check from the account where the payment will be made. If you have any questions, please call a Commercial Card Representative at 1-877-727-4801.

Customer name (please print)

City of Palo Alto

Address

City

State

Zip

250 Hamilton Ave. 4th Floor | Palo Alto | CA | 94301

Credit card number

Telephone

Applies to all cards to be issued | (650) 329-2362

PAYMENT AMOUNT

Payment amount to be made (Check one): Statement Balance in Full
 Minimum Payment Due

FINANCIAL INSTITUTION ACCOUNT

Please provide information on the account to be debited:

Routing Transit Number found on the bottom left corner of the check

121000248

Account Number found on the bottom center of the check

4121076145

IMPORTANT: Please return a voided check with this form.

CUSTOMER AUTHORIZATION

I authorize the Wells Fargo Commercial Card Department to debit the account number at the Financial Institution listed above for my monthly credit card payment. Wells Fargo Commercial Card will deduct each monthly payment for the minimum due or statement balance as I requested above. I understand the debit to my financial institution account will occur on the due date shown on my current billing statement. I understand that if the debit is returned for insufficient funds, my credit card payment will be reversed and I will be charged a fee of ~~\$35~~ per RFP No. 109043

This authority is to remain in full force and effect until Wells Fargo Commercial Card and the Financial Institution have received written or verbal notice from me of termination of this Automatic Payment service in such time and manner as to afford Wells Fargo Commercial Card and the Financial Institution a reasonable opportunity to act on it. I also understand that the Financial Institution and Wells Fargo Commercial Card each reserve the right to terminate this Automatic Payment service, or my participation therein, at any time by written notice to me.

Signature

Date

01/03/05

Return completed authorization form to:
Wells Fargo Commercial Card Department
U 1252-032
PO Box 30003
Salt Lake City, UT 84130

The fax number is: (801) 246-8270

Please keep a copy for your records.

bankwide in the United States, or any other country. Where the applicable jurisdiction has been designated in the documents, notices by Wells Fargo Bank, N.A. ("Wells Fargo") or its affiliate, including Wells Fargo Bank, N.A. ("Wells Fargo Bank"), shall apply. Wells Fargo Bank, N.A. is a member of the Wells Fargo Bank Group ("Wells Fargo Bank Group").

TRANSFER OF ACCOUNTS. Wells Fargo Bank, N.A. may transfer any or all of your Accounts to another Wells Fargo Bank, N.A. or to a Wells Fargo Bank, N.A. in another country. You agree that the transfer of any Account to another Wells Fargo Bank, N.A. shall be deemed to be an assignment of the Account to the new bank. You agree to indemnify and hold Wells Fargo Bank, N.A. harmless from all liability, claims, damages, costs and expenses of any kind, including reasonable attorneys' fees, arising from the transfer of any Account to another Wells Fargo Bank, N.A.

FORFEITURE OF INTEREST. Wells Fargo Bank, N.A. may, at its sole discretion, suspend or reduce the interest rate on any Account if you fail to make payments as required or if you fail to comply with the terms of any Account. The interest rate on any Account may also be reduced if you fail to comply with the terms of any Account. Wells Fargo Bank, N.A. reserves the right to change the interest rate on any Account at any time without notice.

ASSIGNMENT OF ACCOUNTS. You agree to assign and transfer, and to authorize Wells Fargo Bank, N.A. to assign and transfer, any or all of your Accounts to any Wells Fargo Bank, N.A. or to any other bank or financial institution. You agree to execute all documents and to take all other actions necessary to carry out the terms of this assignment. You agree to hold Wells Fargo Bank, N.A. harmless from all liability, claims, damages, costs and expenses of any kind, including reasonable attorneys' fees, arising from the assignment of any Account to another bank or financial institution.

CONSENT TO RELEASE AND WAIVER OF RIGHTS. You agree to release and waive, and to authorize Wells Fargo Bank, N.A. to release and waive, all of your rights, claims, damages, costs and expenses of any kind, including reasonable attorneys' fees, arising from the use of any Account. You agree to execute all documents and to take all other actions necessary to carry out the terms of this release and waiver. You agree to hold Wells Fargo Bank, N.A. harmless from all liability, claims, damages, costs and expenses of any kind, including reasonable attorneys' fees, arising from the release and waiver of any of your rights, claims, damages, costs and expenses of any kind.

ASSIGNMENT OF RIGHTS. You agree to assign and transfer, and to authorize Wells Fargo Bank, N.A. to assign and transfer, all of your rights, claims, damages, costs and expenses of any kind, including reasonable attorneys' fees, arising from the use of any Account. You agree to execute all documents and to take all other actions necessary to carry out the terms of this assignment. You agree to hold Wells Fargo Bank, N.A. harmless from all liability, claims, damages, costs and expenses of any kind, including reasonable attorneys' fees, arising from the assignment of any of your rights, claims, damages, costs and expenses of any kind.

WELLS FARGO BANK, N.A. is a member of the Wells Fargo Bank Group. Wells Fargo Bank, N.A. is a member of the Wells Fargo Bank Group. Wells Fargo Bank, N.A. is a member of the Wells Fargo Bank Group. Wells Fargo Bank, N.A. is a member of the Wells Fargo Bank Group. Wells Fargo Bank, N.A. is a member of the Wells Fargo Bank Group.

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Wells Fargo Corporate Card

Customer Agreement
Effective February 20, 2004

This agreement ("Agreement") governs the Wells Fargo Corporate Card Account ("Account"). The Account is a credit card account ("Account") that is used to purchase goods and services ("Goods and Services"). The Account is issued to you ("Customer") by Wells Fargo Bank, N.A. ("Wells Fargo Bank, N.A.") as a member of the Wells Fargo Bank Group ("Wells Fargo Bank Group").

Wells Fargo Bank, N.A. is a member of the Wells Fargo Bank Group. Wells Fargo Bank, N.A. is a member of the Wells Fargo Bank Group. Wells Fargo Bank, N.A. is a member of the Wells Fargo Bank Group. Wells Fargo Bank, N.A. is a member of the Wells Fargo Bank Group. Wells Fargo Bank, N.A. is a member of the Wells Fargo Bank Group.

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Check statements: If agreed to, you may be required to sign for checks and statements, and subject to availability of credit, cash as a means to pay 100% of the Cash Line Advance to the Account. All Accounts may be advanced with a check or cash. All Accounts may be advanced with a check or cash. All Accounts may be advanced with a check or cash. All Accounts may be advanced with a check or cash.

CREDIT LINE: The Cash Line is an Account shown on each of the monthly periodic (Billed) statements issued for the Account. Customer agrees not to use or permit the use of an Account, including any Sub Account, in any way that will cause an Account to exceed its Cash Line. If an Account's Cash Line is exceeded, Bank may, at its option, close the Account or the Sub Account or remove any of its other services under the Agreement.

BILLING OPTION: Each statement that we receive and pay to is to our own bill and is not bill. Customer will receive such required payments.

Customer Billing: Customer's periodic payments or other designated representatives will receive a periodic statement for charges and authorization by Customer.

PERIODIC PAYMENTS: Customer will receive a periodic statement every month that details each Account, including each Sub Account, credit Customer's "Minimum Payment" in which case the Account will be reported as "not in good standing" to the credit bureaus. Customer will receive a statement for each month that details each Account, including each Sub Account, credit Customer's "Minimum Payment" in which case the Account will be reported as "not in good standing" to the credit bureaus.

Payments to be credited to an Account will be applied in the order determined by Bank. Bank may accept checks without "Payment in Full" or with notes of minor debts without being any of Bank's rights under the Agreement, and Customer will remain obligated to pay any future amounts owed to Bank. All other communications, concerning disputed amounts, including any checks or payments received by Customer, but any payment accepted, payment in full of the amount owed or payment received with other conditions, including a third party's signature, shall not constitute a payment in full of the amount owed to Bank.

Bank may, at its discretion, withhold a portion of the available Credit Line on the Account up to the amount of any overpayment, which is not a check or other payment instrument it received.

PERIODIC PAYMENTS: The first periodic charge is based on the opening date for the Account. The second periodic charge is based on the Account to which it applies to the bill. The method used to determine the balance of interest on the Account is based on the average daily balance.

A. Finance Charge: The periodic finance charge is based on the opening date for the Account. The method used to determine the balance of interest on the Account is based on the average daily balance.

Monthly Periodic Rate: The Monthly Periodic Rate will be the same as the rate in effect on the date of the opening of the Account. The rate will be subject to change from time to time.

Periodic Rate: If you are a student, the Monthly Periodic Rate will be determined by dividing the Year Rate by 12. If you are not a student, the Monthly Periodic Rate will be determined by dividing the Year Rate by 12. If you are not a student, the Monthly Periodic Rate will be determined by dividing the Year Rate by 12.

Minimum Finance Charge: The Minimum Finance Charge is calculated by applying the Monthly Periodic Rate to the balance of the Account at the end of the billing period. The Minimum Finance Charge will be the greater of the amount calculated by this method or the amount specified in the table below.

When the amount of a new purchase, withdrawal, fee and finance charge added to the Account at the end of the billing period is less than the amount specified in the table below, the Minimum Finance Charge will be the amount specified in the table below.

When the amount of a new purchase, withdrawal, fee and finance charge added to the Account at the end of the billing period is greater than the amount specified in the table below, the Minimum Finance Charge will be the amount specified in the table below.

When the amount of a new purchase, withdrawal, fee and finance charge added to the Account at the end of the billing period is equal to the amount specified in the table below, the Minimum Finance Charge will be the amount specified in the table below.

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When the amount of a new purchase, withdrawal, fee and finance charge added to the Account at the end of the billing period is equal to the amount specified in the table below, the Minimum Finance Charge will be the amount specified in the table below.

Late Charge: If you do not make a payment by the due date, we will charge you a late charge. The late charge will be based on the amount of the payment that is late. The late charge will be based on the amount of the payment that is late.

Overpayment: If you make a payment that is more than the amount due, we will credit the amount of the overpayment to your account. The overpayment will be credited to your account.

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Minimum Payment: The minimum payment is the amount of money that you must pay each month to keep your account in good standing. The minimum payment is based on the amount of the balance on your account.

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Wire Transfer Services Security Procedure Agreement

See the Wire Transfer Reference Guide for required documentation and complete instructions.

Section 1 - Agreement

<input checked="" type="checkbox"/> NEW	Account Number: <u>4121076145</u>
<input type="checkbox"/> REPLACEMENT	

This agreement is made this day of December, ~~2007~~²⁰⁰⁴ by and between City of Palo Alto ("you or "your") and

Wells Fargo Bank _____, N.A. ("Bank"). By signing below or, if applicable, on the Acceptance of Service, you acknowledge receiving and agreeing to be bound by these terms and conditions and those referred to in Bank's Wire Transfer Customer Setup Form (the "Setup Form") and the Wire Transfer Services Agreement or the Master Agreement for Treasury Management Services and Wire Transfer Services Description and, if applicable, the CEO Service Description. You understand that in any instructions to transfer funds by wire from accounts you maintain at Bank ("Orders"), Bank may rely solely (i) on the account number of the person ("Beneficiary") who is to receive the wire transfer rather than the Beneficiary's name, and (ii) if provided by you, on the identification number of any other financial institution through or to which the funds are to be transferred, rather than the name of the financial institution. You agree that you are bound by any Order, whether or not authorized, issued in your name and accepted by Bank in compliance with the security procedure selected by you.

Section 2 - Standard Security Procedures

- 2.1 Voice Initiated Orders.** Bank's standard security procedures consist of confirming that the personal identification number ("PIN") that accompanies an Order corresponds with a valid PIN assigned to you on voice-initiated Orders. A PIN is required for all voice-initiated transfers.
- 2.2 Terminal Initiated Orders.** Bank's standard security procedures for terminal-initiated Orders (including Orders placed via the Internet) consist of RSA SecurID® or other system security features offered by Bank.

Section 3 - Additional Security Procedures for Specific Services. (Unless designated as "optional", the following security procedures are required in addition to the Standard Security Procedures.)

- 3.1 Voice-Initiated, Non-Repetitive Wires.**
- 3.1.1** **Telephone Verification. (Optional)** By initialing this box, you have agreed that Bank will make a reasonable attempt to telephone a person(s) designated by you on Bank's most current Setup Form, to verify that a voice-initiated, non-repetitive Order is authorized if it exceeds \$. (If no amount is designated, \$500,000 will be used.) If Bank is unable to complete the call, the Order will *not* be processed. Bank will *not* telephone to verify a Repetitive Order. A "Repetitive Order" is an Order to Bank to pay a specified amount of money to a previously designated Beneficiary at a previously designated Beneficiary's financial institution.

- 9.7 Bank will only be liable to Company for its direct monetary losses or damages due to Bank's negligence or breach of this Master Agreement. Except in the case of Bank's gross negligence or intentional misconduct, Bank's liability to Company will be limited to an amount not to exceed ten (10) times Bank fees incurred during the calendar month immediately preceding the calendar month in which such loss or damages were incurred (or, if no Bank fees were incurred in such month, Bank fees incurred in the month in which the losses or damages were incurred). In no event will either party to this Master Agreement be liable to the other party for any special, consequential, incidental (including without limitation court costs and attorneys' fees), indirect, or punitive losses or damages, whether any claim is based on contract or tort, or whether the likelihood of such losses or damages was known to the other party and regardless of the form of the claim or action.

10. General.

- 10.1 The Service Documentation will be governed by substantive federal laws, regulations and rules and, to the extent such laws, regulations and rules are not applicable, those of the state in which the principal office of the Bank identified on the Acceptance is located, without regard to conflicts of laws principles. Any portion of the Service Documentation which is inconsistent with applicable laws, regulations or rules will be deemed modified and applied in a manner consistent therewith, and Bank will incur no liability to Company as a result of the inconsistency or modification and application. If any portion of the Service Documentation is deemed unenforceable or invalid, it will not otherwise affect the enforceability or validity of the Service Documentation.
- 10.2 The Service Documentation is the entire agreement between Bank and Company and supersedes all prior representations, conditions, warranties, understandings, proposals or agreements regarding a Service. No course of dealing or waiver of any right on one occasion will constitute a modification of the Service Documentation or be a waiver of that right on a subsequent occasion.
- 10.3 Company agrees to provide Bank promptly upon Bank's request any existing financial statements or other information pertaining to Company's financial condition or any previously unprepared financial statements which Bank may require Company to prepare and/or to be audited or reviewed by independent certified public accountants acceptable to Bank.
- 10.4 Company expressly warrants that a Service will not be used in a manner which violates any federal or state law including without limitation any sanction or control administered by the Office of Foreign Assets Control or Bureau of Export Administration.
- 10.5 Sections 4, 5, 6, 8, 9, 10.4 and 10.5 of this Master Agreement will survive termination of this Master Agreement.
- 10.6 Either party may provide notice to the other party by mail, personal delivery, or electronic transmission. Bank shall use the most recent address for Company in Bank's records, and any notice from Bank will be effective when sent. Company shall use the address where Company's relationship manager or other manager is located and address any notice to the attention of such manager. Any notice from Company will be effective when actually received by Bank. Bank will be entitled to rely on any notice from Company that it believes in good faith was authorized by an authorized representative of Company and, except as expressly stated in the Service Documentation, shall have no obligation to verify the signature (including an electronic signature). Each party will have a reasonable time after receipt of any notice to act on it.
- 10.7 All uses of the Services through Company's ID codes, passwords, token cards, PINs, or passcodes (each, a "Code") will be deemed to be authorized by and binding on Company. Company's failure to protect Codes may allow an unauthorized party to a) use the Services, b) access Company's electronic communications and financial data, and c) send or receive information and communications to Bank. Unencrypted electronic transmissions are not secure and Company assumes the entire risk for unauthorized use of Codes and any unencrypted electronic transmissions.
- 10.8 Company may not assign or transfer its rights or obligations with respect to the Service Documentation without Bank's prior written consent. Bank may assign its rights and obligations with respect to the Service Documentation to any successor by merger, consolidation or corporate reorganization.
- 10.9 ~~Unless otherwise provided in the Service Documentation, the term "Banking Day" means that part of a business day occurring prior to the cutoff time determined in accordance with Bank's applicable funds availability policy.~~