

**CITY OF SAN ANTONIO
FINANCE DEPARTMENT
CITY COUNCIL AGENDA MEMORANDUM**

TO: Sheryl Sculley, City Manager

FROM: Ben Gorzell Jr., CPA, Acting Director of Finance

SUBJECT: Renewal of Depository Services Contract & Extension of Merchant Banking Services Contract

DATE: March 2, 2006

SUMMARY AND RECOMMENDATIONS

Consideration of the following matters in connection with renewal of the City's Depository Services Contract with Frost National Bank and extension of the City's Merchant Banking Services Contract with Chase Paymentech Solutions, LLC:

- A. This Ordinance authorizes the renewal of the Depository Services Contract with Frost National Bank to provide depository banking and related financial services to the City of San Antonio, for an additional one (1) year term commencing on July 1, 2006 through June 30, 2007, under the same terms and conditions.
- B. This Ordinance authorizes the extension of the Merchant Banking Services Contract with Chase Paymentech Solutions, LLC, for the authorization, capture, processing and settlement of credit cards, debit cards, stored value cards, and other non-cash payment card transactions, for an additional nine-month term, commencing October 1, 2006, and ending June 30, 2007, under the same terms and conditions.

Staff recommends approval of these Ordinances.

BACKGROUND INFORMATION

The City maintains depository bank services that will safeguard the City's deposits and ensure secure and efficient processing of the City's monetary collections and disbursements. The current Depository Services Contract is a product of a competitive bid process. In 2002, bank depository services were solicited through the request for proposal (RFP) process. Four financial institutions, which include Frost National Bank, Bank of America, Bank One, and Wells Fargo submitted proposals to the City. After the review and analysis process, the Selection Committee recommended and City Council approved Frost National Bank to provide depository banking and related financial services for three (3) years, commencing on July 1, 2002, through June 30, 2005, with an option to renew for two (2) additional one (1) year terms.

Frost National Bank has a long history of providing the City with depository banking services and has demonstrated its commitment to provide quality service to the City, and has assisted the

City in the evaluation and implementation of new banking services and products. The City extended the Depository Services Contract for one year through ordinance number 100756 on April 28, 2005. The City and the Depository wish to renew and extend the existing Depository Services Contract making it effective for an additional one (1) year term commencing July 1, 2006 and terminating on June 30, 2007.

In addition to depository banking services, the City maintains merchant banking services with Chase Paymentech Solutions, LLC which provides for authorization, capture, processing, and settlement of credit cards, debit cards, stored value cards, and non-cash payment transactions. The current Merchant Banking Services Contract is also a product of a competitive bid process. In 2000, merchant banking services were solicited through a RFP process. Three firms, which include Chase Paymentech Solutions, LLC, Bank of America, and NDC e-Commerce submitted proposals to the City. After the review and analysis process, the Evaluation Committee recommended and City Council approved Chase Paymentech Solutions, LLC to provide merchant banking services for three (3) years, commencing on September 1, 2000, through September 30, 2003, with an option to renew for one (1) additional three (3) year period.

The City extended the Merchant Banking Services Contract for a three year period through Ordinance 98119 on September 4, 2003. The City and Chase Paymentech Solutions, LLC wish to renew and extend the existing Merchant Banking Services Contract under the same terms and conditions making it effective for an additional nine (9) month term which will commence October 1, 2006, and end June 30, 2007.

Chase Paymentech Solutions, LLC has a successful history of providing the City with merchant banking services. The City currently accepts credit card payments at twenty-seven (27) locations. The City plans to add an additional twenty-three (23) locations this year for a total of fifty (50) locations. During FY 2005, credit card sales totaled \$ 24.6 million. Credit cards that are currently accepted include Visa, MasterCard, American Express, Discover, Diner's Club, and Carte Blanche credit cards.

With the approval of these Ordinances, the Depository Services Contract and the Merchant Banking Services Contract will both expire on June 30, 2007. This will allow the City to issue a comprehensive Request for Proposal (RFP) to solicit for both depository and merchant banking services. The comprehensive RFP process will provide an option and the flexibility to negotiate a contract which incorporates both depository banking services and merchant banking services that is most advantageous to the City by broadening the scope of services. A single contract may assist the City with utilizing more uniform and methodical processes and may also provide the City with better rates, more efficient account reconciliation processes through improved technologies, enhanced security measures, as well as timely and user-friendly electronic reporting tools.

POLICY ANALYSIS

The City's banking policies and procedures are governed by various Federal and State statutes and the City Charter.

FISCAL IMPACT

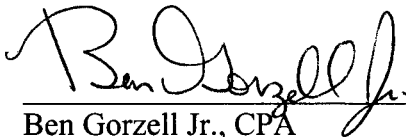
Fees for depository and merchant banking services will be based on the existing Depository Services Contract and Merchant Banking Services Contract, respectively. Both Contracts are being extended under the same terms and conditions.

COORDINATION

This action was coordinated with the City Manager's Office and the City Attorney's Office.

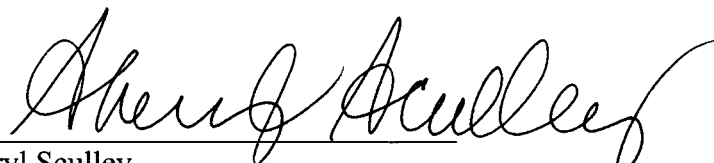
SUPPLEMENTAL COMMENTS

The disclosures required by the City's Ethics Ordinance for Frost National Bank and Chase Paymentech Solutions, LLC are attached.



Ben Gorzell Jr., CPA
Acting Director of Finance

Approved for Council Consideration:



Sheryl Sculley
City Manager

City of San Antonio
Discretionary Contracts Disclosure

*For use of this form, see Section 2-59 through 2-61 of the City Code (Ethics Code)
Attach additional sheets if space provided is not sufficient.*

(1) Identify any individual or business entity¹ that is a **party** to the discretionary contract:

Frost National Bank

(2) Identify any individual or business entity which is a **partner, parent** or **subsidiary** business entity, of any individual or business entity identified above in Box (1):

☐ No partner, parent or subsidiary; or

List partner, parent or subsidiary of each party to the contract and identify the corresponding party:

Cullen/Frost Bankers, Inc. (parent company)

(3) Identify any individual or business entity that would be a **subcontractor** on the discretionary contract.

☒ No subcontractor(s); or

List subcontractors: Although Frost Bank uses various partners/sub-contractors for services, the Bank has no plans to subcontract this depository agreement or hire any subcontractors specifically to perform this contract.

(4) Identify any **lobbyist** or **public relations firm** employed by any party to the discretionary contract for purposes related to seeking the discretionary contract.

☒ No lobbyist or public relations firm employed; or

List lobbyists or public relations firms:

None to my knowledge

¹ A business entity means a sole proprietorship, partnership, firm, corporation, holding company, joint-stock company, receivership, trust, unincorporated association, or any other entity recognized by law. A sole proprietor should list the name of the individual and the d/b/a, if any.

(5) Political Contributions

List all political contributions totaling one hundred dollars (\$100) or more within the past twenty-four (24) months made to any *current* or *former member* of City Council, any *candidate* for City Council, or to any *political action committee* that contributes to City Council elections, by any individual or business entity whose identity must be disclosed under Box (1), (2), (3) or (4) above, or by the officers, owners of any business entity listed in Box (1), (2) or (3):

| | | | |
|--|---------------|---------|-----------------------|
| <input type="checkbox"/> No contributions made; If contributions made, list below: | | | |
| By Whom Made: | To Whom Made: | Amount: | Date of Contribution: |
| See attached list | | | |

(6) Disclosures in Proposals


Any individual or business entity seeking a discretionary contract with the city must disclose any known facts which, reasonably understood, raise a question² as to whether any city official or employee would violate Section 2-43 of the City Code (Ethics Code), ("conflicts of interest") by participating in official action relating to the discretionary contract.

☒ Party not aware of facts which would raise a "conflicts-of-interest" issue under Section 2-43 of the City Code; or

Party aware of the following facts:

None to my knowledge

This form is required to be supplemented in the event there is any change in the information before the discretionary contract is the subject of council action, and no later than five (5) business days after any change about which information is required to be filed, whichever occurs first.

| | | |
|---|--|--------------------------------------|
| Signature:  Tom Frost III | Title: Sr. Executive V.P. Company or D/B/A: Frost National Bank | Date: February 3, 2006 |
|---|--|--------------------------------------|

² For purposes of this rule, facts are "reasonably understood" to "raise a question" about the appropriateness of official action if a disinterested person would conclude that the facts, if true, require recusal or require careful consideration of whether or not recusal is required.

| <u>Employee</u> | <u>Donation Recipient</u> | <u>Amount</u> | <u>Date</u> |
|-----------------|---------------------------|---------------|-------------|
| Dick Evans | Julian Castro | 500 | 2/15/05 |
| | | 500 | 5/23/05 |
| | Ken Wolff | 50 | 8/6/04 |
| | | 100 | 1/25/05 |
| | Roger Flores | 100 | 10/19/04 |
| | | 100 | 3/7/05 |
| | Joel Williams | 100 | 3/3/04 |
| | | 100 | 3/7/05 |
| | Art Hall | 50 | 4/5/04 |
| | | 100 | 3/7/05 |
| | Patti Radle | 50 | 2/13/04 |
| | | 100 | 2/23/05 |
| | Ron Segovia | 50 | 1/28/04 |
| | | 50 | 6/15/04 |
| | Enrique Barrera | 50 | 8/5/04 |
| | Chip Hass | 50 | 5/18/04 |
| | | 100 | 3/30/05 |
| | Richard Perez | 50 | 8/16/04 |
| | Phil Hardberger | 1000 | 6/20/05 |
| | | 1000 | 1/9/06 |
| | Delicia Herrera | 100 | 7/20/05 |
| | Elena Guajardo | 100 | 12/16/05 |
| Tom C Frost | Carroll Schubert | 1000 | 2/16/05 |
| | Patti Radle | 50 | 2/11/04 |
| | | 250 | 9/1/04 |
| | | 100 | 2/24/05 |
| | Joel Williams | 50 | 3/3/04 |
| | | 100 | 3/8/05 |
| | Roger Flores | 100 | 10/14/04 |
| | | 100 | 3/4/05 |
| | Art Hall | 50 | 4/1/04 |
| | | 100 | 3/8/05 |
| | Ron Segovia | 50 | 1/30/04 |
| | Julian Castro | 1000 | 6/16/05 |
| | Roland Gutierrez | 100 | 11/4/05 |
| | Elena Guajardo | 100 | 12/13/05 |
| | Richard Perez | 50 | 8/16/04 |
| | | 100 | 7/28/05 |
| | Phil Hardberger | 1000 | 5/9/05 |
| | | 1000 | 6/28/05 |
| | Chip Hass | 50 | 5/19/04 |
| | | 100 | 3/28/05 |
| | Kevin Wolff | 50 | 8/11/04 |
| | | 100 | 1/24/05 |

| <u>FNB Employee</u> | <u>Donation Recipient</u> | <u>Amount</u> | <u>Date</u> |
|---------------------|---------------------------|---------------|-------------|
| Tom Frost III | Phil Hardberger | 250 | 3/3/05 |
| Pat Frost | Phil Hardberger | 500 | 11/04 |
| | | 500 | 2/05 |
| | | 1000 | 1/06 |
| | Kevin Wolff | 50 | 1/05 |
| | Roger Flores | 900 | 3/04 |
| | | 100 | 10/04 |
| | | 50 | 3/05 |
| | Joel Williams | 50 | 3/04 |
| | | 50 | 11/04 |
| | | 50 | 3/05 |
| | Ron Segovia | 50 | 1/04 |
| | | 50 | 6/04 |
| | Richard Perez | 50 | 8/04 |
| | | 100 | 3/05 |
| | Patti Radle | 50 | 2/04 |
| | | 50 | 2/05 |
| | | 100 | 7/05 |
| | Enrique Berrera | 50 | 8/04 |
| | Art Hall | 50 | 4/04 |
| | | 50 | 3/05 |
| | Chip Hass | 50 | 5/04 |
| | | 50 | 3/05 |
| | | 100 | 10/05 |
| | Elena Guajardo | 50 | 12/05 |
| | Roland Gutierrez | 100 | 1/05 |

City of San Antonio
Discretionary Contracts Disclosure

*For use of this form, see Section 2-59 through 2-61 of the City Code (Ethics Code)
Attach additional sheets if space provided is not sufficient.*

(1) Identify any individual or business entity¹ that is a *party* to the discretionary contract:

Pat Gordon, Group Manager, Strategic Relations
Donnie Wells, Relationship Management
Jenna Padilla, Relationship Management

(2) Identify any individual or business entity which is a *partner, parent* or *subsidiary* business entity, of any individual or business entity identified above in Box (1):

☐ **No partner, parent or subsidiary; or**

List partner, parent or subsidiary of each party to the contract and identify the corresponding party:

Paymentech Network Services, Inc., Tampa, Florida

(3) Identify any individual or business entity that would be a *subcontractor* on the discretionary contract.

☐ **No subcontractor(s); or**

List subcontractors:

Paymentech, L.P.
First Data Merchant Services

(4) Identify any *lobbyist* or *public relations firm* employed by any party to the discretionary contract for purposes related to seeking the discretionary contract.

¹ A *business entity* means a sole proprietorship, partnership, firm, corporation, holding company, joint-stock company, receivership, trust, unincorporated association, or any other entity recognized by law. A sole proprietor should list the name of the individual and the d/b/a, if any.

☒ No lobbyist or public relations firm employed; or

List lobbyists or public relations firms: N/A

(5) Political Contributions

List all political contributions totaling one hundred dollars (\$100) or more within the past twenty-four (24) months made to any *current or former member* of City Council, any *candidate* for City Council, or to any *political action committee* that contributes to City Council elections, by any individual or business entity whose identity must be disclosed under Box (1), (2), (3) or (4) above, or by the officers, owners of any business entity listed in Box (1), (2) or (3):

☒ No contributions made; If contributions made, list below:

| By Whom Made: | To Whom Made: | Amount: | Date of Contribution: |
|---------------|---------------|---------|-----------------------|
| N/A | | | |

(6) Disclosures in Proposals

Any individual or business entity seeking a discretionary contract with the city must disclose any known facts which, reasonably understood, raise a question² as to whether any city official or employee would violate Section 2-43 of the City Code (Ethics Code), ("conflicts of interest") by participating in official action relating to the discretionary contract.

☒ Party not aware of facts which would raise a "conflicts-of-interest" issue under Section 2-43 of the City Code; or

Party aware of the following facts:

N/A

This form is required to be supplemented in the event there is any change in the information before the discretionary contract is the subject of council action, and no later than five (5) business days after any change about which information is required to be filed, whichever occurs first.

Signature: Dominick Title: Relationship Manager Date: 2-13-06

² For purposes of this rule, facts are "reasonably understood" to "raise a question" about the appropriateness of official action if a disinterested person would conclude that the facts, if true, require recusal or require careful consideration of whether or not recusal is required.